The risks of inclusion: shifts in governance processes and upgrading opportunities for cocoa farmers in Ghana
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In this respect, ‘agency’ not only refers to the ability of people to accommodate, transform or resist (definition adapted from Post et al., 2002: 3), but also to the ability of the state and of the main drivers within a value chain to actualise change.

IMF = International Monetary Fund.

IFAD = International Fund for Agricultural Development.

TCC = Tropical Commodity Coalition.

Important reasons for this drop in cocoa reports in world’s largest cocoa producing country are bad management, diseases and rainfall.


IDRC = International Development Research Centre.

For a definition of agency see note 1.

Gereffi (1999) added a fifth type, the upgrading of marketing linkages, which refers to a shift to higher value added chains and lead firms. This last type of upgrading is generally not used.

This comment is also made by Gibbon and Ponte (2005: 92).

Kaplinsky (2000) noted that, from a developing country perspective, upgrading can be seen as the only way to avoid further reductions in incomes.

This involves also researchers from the “Value Chain Governance and endogenous growth” network, which is part of the Development Policy Research Network. The Value Chain network originated from the CERES research school and the thematic CERES network “Value Chains, social inclusion and local economic development” http://value-chains.global-connections.nl/content/value-chain-governance-and-endogenous-growthDPRN/CERES group (Access date 21 September 2009).

DFID = Department for International Development in the United Kingdom.

An example is the clean clothes campaign. This campaign calls for the consumer to boycott large discount retailers, such as Walmart and Aldi, as they do not take sufficient measures to ensure that no human rights have been violated in the production of their clothing.http://www.cleanclothes.org/ campaigns (Access date 3 July 2009)

Recent debates on value chains, however, are moving beyond this distinction between industrial organisation and agro-commodities and aim to develop a common framework, including services as a third area of study (personal communication Peter Knorrtinga, 2009).

In the Netherlands a number of development organisations and knowledge institutes utilise the GVC approach, for example: the Royal Tropical Institute, Icco Partner van Ondernemende Mensen (= Interkerkelijke organisatie voor ontwikkelings-samenwerking), HIVOS (= Humanist Institute for Development Cooperation) and SNV (= Netherlands Development Organisation).

Examples of international institutes include the FAO (= Food and Agriculture Organisation), USAID (= United States Agency for International Development) and IFAD (= International Fund for Agricultural Development).

In later work Gereffi, Humphrey and Sturgeon (2004) distinguish five types of ‘coordination’: market, modular, relational, captive and hierarchy.


UNCTAD = United Nations Conference on Trade and Development.

The most fundamental insight on clustering comes from Marshall’s ‘Principles of Economics’ (1920), which showed how clustering could help enterprises (especially small ones) remain competitive. Such advantages included: ‘a pool of specialised workers, easy access to suppliers of specialised inputs and services and the quick dissemination of new knowledge’. The external economies of Marshall did not cover joint action as a more ‘deliberate force at work’ (Schmitz and Nadvi, 1999: 1504).


http://www.boci.wur.nl/NR/rdonlyres/98CCE23E0FA2-4274-BCA0-20713CA1E125/40798/
The case studies in their edited volume, based on experiences with clustering in both developing and developed countries, show the limitations. Despite the existence of opportunities to learn and upgrade from both domestic and foreign organisations and in spite of opportunities to connect to domestic or global value chains, clusters are not equally able to take advantage of those external linkages.


Some examples of other approaches that link different governance levels: Approaches that link GVC to livelihood (cf. Barrientos et al. 2003; Bolwig et al, 2008; Helmsing and Cartwright, 2009). The livelihood approach helps understand economic activities and their impact on poverty and is useful to understand internal power structures and the composition of households. Approaches that link GVC to convention theory and work on improving Africa’s marginalisation in the global economy (cf. Gibbon and Ponte, 2005). Convention theory can provide a better understanding of the normative dimensions of governance and its consumption related aspects. The link with political science and conventional trade theory will contribute to generating an understanding of this marginalisation and the type of integration faced by African countries, farms and firms. Recently there are also scholars linking the GVC approach to the Business System model (cf. Andriesse et al, 2009; Oosterveer and Hoi, 2009). The Business System perspective (cf. Whitley, 1998, 2001, 2005) focuses on economic processes as embedded in country-specific social and political institutions and identifies dynamics mostly as endogenous, evolutionary, and national.

This definition was adapted from Boschma and Kloosterman (2005: 400).

Boschma and Kloosterman (2005: 399-400) use this argument to analyse interactive learning and innovation processes, proposing a more open attitude when assessing the relevance of spatial scales. The scales should be an integral part of the study instead of basing them on presuppositions.

There are high levels of concentrations among cocoa processors and chocolate manufacturers. The cocoa sector is dominated by only a small number of large multinationals (see Chapter 4 for more details).

The Round Table for a Sustainable Cocoa Economy in 2007 is referred to as RSCE1. The second Round Table meeting is referred to as RSCE2.

Without exception all representatives of public agencies that I interviewed in 2003 had obtained a higher position by 2005.

MMYE = Ministry of Manpower, Youth and Employment

If I introduced a topic which was very interesting for the farmers, a joint response (‘aha!’) was often given. Or if a question had made them angry different farmers would stand up and protest loudly. This gave us quite a good idea regarding the relevance and importance of the topic for the farmers.


IPPRI-ODI = International Food Policy Research Institute – Overseas Development Institute


STCP = Sustainable Tree Crop Programme

In processing my quantitative data for my statistical analysis of correlations, I have used the data gathered in 2005. I mainly use ordinal and nominal variables. There are some exceptions (for example yield and age); in this case I divided the variables into different categories. I used ‘Gamma’ and Cramer’s V to present the strength (and in case of Gamma also the direction) of relations between variables. I use ‘Gamma’ to present the correlations between ordinal variables, including bipartite nominal variables, namely: gender (female = 0, male = 1), working together (not working together = 0, working together = 1) and migrant (migrants = 0, non-migrants= 1). To indicate the relationships between ordinal and nominal variables, which is only the case for ‘Region’, I used Cramer’s V. The level of significance is labelled with an asterisk (*) as follows: Approx Sig. 0,05 – 0,1 = *; Approx. Sig. 0,01 – 0,05 = **; Approx. Sig. < 0,01 = ***.

I left out ‘investigator triangulation’, which involves using several different investigators in an evaluation project.

Of course my inability to communicate with farmers in their local language was primarily a handicap not an asset.

For example, during the period when I conducted the interviews in 2005, many of the farmers had their cocoa rejected by the buying companies because of problems with ‘purple beans’ (Chapter 5 and 6). Regardless of the topics that I tried to raise in the discussion, the farmers always came ‘back to the beans’, as this disease threatened them directly at that moment in time.

ISSER = Institute of Statistical Social and Economic Research.
While they remained largely silent during the plenary session, the farmers were very active in the working groups where a lively discussion developed.


For 2003-04 it is estimated that between 120,000 and 150,000 tonnes was smuggled from Cote d'Ivoire into Ghana (Ruf, 2007b; Brooks et al, 2007 in World Bank, 2007b). Therefore increase in production is often estimated higher.

I interviewed 173 farmers in 2003, of which 103 were traced back in 2005. In 2005 I interviewed in total 210 farmers, of which 107 ‘new’

Production in the Volta region, another cocoa growing region is marginal (913 tonnes in 2002/03, 1,909 tonnes in 2003/04 (Anim-Kwapong and Frimpong, 2004).


For the cocoa processing industry (cocoa grinders) it is estimated that by the mid-1990s the top ten corporations conducted 70 per cent of all cocoa grindings, with three corporate giants accounting for 50 per cent (Archer Daniels Midland (ADM), Cargill Inc. and Barry Callebaut [http://www.eftafairtrade.org]). (Access date 21 September 2009).


Besides environmental and social criteria also health issues became increasingly important in the cocoa sector, including positive health effects (improving hart-conditions) and negative health effects (cf. obesity).

Response to open question in the industry survey.

PSOM = Programma Samenwerking Opkomende Markten.

WHO = World Health Organisation


It is known as the ‘voluntary’ Harkin-Engel Protocol, signed on the first of October 2001.


It is estimated that together these programmes will reach around 300,000 cocoa farmers, of the 2 million West African farmers in total (around 14 per cent). There are also some initiatives planned by WCF and STCP; WCF is expected to support 150,000 farmers by 2010 and the STCP another 150,000 by 2012 via the ‘Gates Foundation’. So, the projections are that together individual and sector initiatives will reach around one third of all cocoa farmers in West Africa. These training programmes are expected to increase production levels by 25 per cent and to produce an additional 232,000 tonnes per year (TCC, 2009). Projects such as these that are still in planning stage are not included in the analysis.


Formerly it was the Ghana Standard Board, but at present the international Biscuit, Cocoa, Chocolate and Confectionary Alliance is the main responsible authority for analysing and testing residue levels in cocoa. Following EU regulation, cocoa beans with excess level of residues are rejected on the world market.


Global buyers are also involved in community development projects. For example, Cadbury Ghana Limited donated a total of forty wells per year to farmer communities where the Kuapa Kokoo Union is active. Also, as a consequence of signing the Harkin-Engels protocol, in Ghana manufacturers have become involved in educational programmes on farm and labour safety issues, in cooperation with Ghana Cocoa Research Institute (CRIG). Although these kinds of projects are appreciated by a small group of direct beneficiaries, they are not examined in great depth in my study as they have a limited scope.


The project is financed by a subsidy from the Cocoa Buffer Fund of the Dutch Ministry of Agriculture (LNV) and by in-kind contributions of ADM Cocoa B.V., Masterfoods B.V./Mars Inc. and IITA/STCP.


ISCOM = Institute for Sustainable Commodities.

RIAS = Rabo International Advisory Services.

Almost 58 per cent of the respondents answered that their family taught them how to produce good quality cocoa. Another 8 per cent mentioned family as one of the sources of knowledge (FS 2005).


CODAPEC = National Cocoa Diseases and Pests Control.


Annually banks charge between 28 and 36 per cent interest (Ministry of Finance, 1999).


101 Literally speaking, nnoboa means ‘mutual assistance in weeding, group action and mutual aid’. It is based on social, ethnic and family actors who are often connected to the area and its traditional land system. It is an expression of solidarity to the members of the traditional society; it is voluntary and performed without written rules or much formality. It tends to be temporary as the group dissolve after the completion of the task.’ (Department of Cooperatives, 1990: 147).

102 Based on personal communication Cocobod, (2007); Africa News, 4 October 2007.


106 Daily Graphic 16/11/05, personal communication LBCs and group discussions with farmers.

107 The impact of some global interventions on a producer-level will be discussed in more detail in Chapter 7.

108 Interview Kenneth Brew 2003, at that time responsible for monitoring and since 2005 promoted as Cocobod’s director of seed programme.

109 See also http://www.id21.org/id21ext/s7cmv1g1.html (Access date 15 August 2009).

110 Saurabh Mehra, WCF West Africa Committee and Stephan Weise, Program Manager, IITA/STCP stated this during their
presentation on their West Africa Strategy during the WCF Partnership Meeting Amsterdam, 23 May 2007.


112 For more information on Polly Hill see section 6.2.1.

113 For more information on these different regions check http://www.countryexpertise.nl/ghana/regions/bar.html (Access date 5 May 2009).

114 Whether or not these farmers became farm owners is positively related with the number of years they lived in the community where they currently work. Gamma 0.429*** (FS 2005).

115 When contracted parties are related the sharing arrangement can be different (division in two) (Takane, 2000: 383).

116 Cramer’s V 0.439*** (FS 2005).

117 There are different types of arrangements, varying on what is to be shared (the trees or the harvest) and varying on how the land is shared when the establishment of the farm is completed (share the land or return the land to the farm-owner) (Takane, 2000: 384).

118 Cramer’s V 0.338*** (FS 2005).

119 The contract under which a caretaker works or whether the farmer is a migrant is not significantly related to yield.

120 WCF Newsletter, August 2007, Issue 31.

121 Mean is 16 and standard deviation is 25.

122 Mean 11 and standard deviation is 7.

123 Mean 19 and standard deviation is 32.

124 Mean 20 and standard deviation is 18.

125 Mean 12 and standard deviation is 12.

126 Gamma 0.564***.

127 The data for cocoa season 2003/04 (based on FS 2005) is less precise as farmers were asked about the number of bags and not the amount of kilograms they produced. In the farmer surveys the most trustworthy indicator for production capacity is the number of bags a farmer produce in a season (as they write down the number of bags sold to a buying company in their pass books), therefore this variable is used.

128 One bag of cocoa contains 62.5 kg of cocoa. One acre = 0.405 ha.

129 A negative consequence is that this development is likely to have negative effects on the environment (Van der Geest, K. et al, forthcoming; Gockowski, 2007).

130 The number of respondents obtaining a very strong position in the community or chain is relatively high. What has contributed to this is that as a researcher and visitor of a community you cannot bypass farmers’ with such high status.

131 High status farmers produced significantly higher yields. It is possible that this is a simple correlation as their high status could be due to the fact that they already produced high yields.


133 In a recent study of Ruf (2007b: 19) a trend is observed that a ‘new generation in their 20s or 30s is coming in’.


135 Gamma is 0.504***.

136 For male respondents this percentage was considerably lower, namely 60 per cent.

137 Gamma 0.478***.


139 Gamma 0.650***.

140 GCMA was established in 1928 and was a mayor buyer of cocoa for a long time. However, due to financial and managerial problems, since 1984 GCMA is no longer operational (GCMA, 2005).

141 For an overview go to Appendix 6.1

142 In 2003/04, almost 66 per cent of farm-owners received these services, versus 43 per cent of the caretakers (FS 2005).

143 The type of share contracts called Abunu (or yemayenkye) (do and let us share) in exchange for their tasks they receive half share of the cocoa harvest; under a Abusa (also known s Nhwesoo contract) tenants receive only one third of the harvest.

144 This relationship between type of contract and access to quality assistance is highly significant in the Western region Cramer’s V 0.540*** (FS 2005).

145 Gamma 0.384***.

146 For example, certification of cocoa can result in a higher price paid for this product. But getting a certificate is a costly procedure and the costs may outweigh the benefits.

147 For processors of cocoa price-differentiation does exist. Processing companies that process cocoa within Ghana can buy light-crop beans at a 20 per cent discount (Ministry of Finance, 1999).


151 High levels of purple beans are problematic for buyers, as these low-quality beans with a
purple colour produce cocoa liquor with less flavour and higher acidity.

152 According to a former Chief Entomologist at CRIG Dr. E. Owusu-Manu. Source Daily Graphic, (15 December 2005).


154 For season 2003/04, a quarter of the respondents indicated that they observed a decline in quality (FS 2005).


156 Source Daily Graphic 14-01-05 (Ghanian quality daily news paper).

157 I have no further data on other incentives provided by the farmer union.


160 Interview QCD (12 May 2003).

161 An important indication of this consistency and reliability is the relatively low level of testing (of bean quality and weights) of Ghana cocoa shipments by the buyers (which itself represents cost savings for international buyers) (Ministry of Finance, 1999).

162 Although recently this has dropped to as low as €15 per metric tonne.

163 Information obtained in interview with QCD (2003). Unfortunately I did not have access to sources that could verify these figures.

164 This was one of the conclusions of a workshop I organised in Ghana, with the title: ‘Towards a Sustainable Cocoa Chain, a Ghanaian Perspective’ (see also Laven, 2005a).

165 In Chapter 6 I explain the differences in position and how I determined these categories.

166 Gamma 0.279**.

167 Cramer’s V= 0.318***.

168 http://findarticles.com/p/articles/mi_m1052/is_/ai_6440781 (Access date 10 October 2009).

169 According to Anim-Kwapong and Frimpong (2004: 5-6) the short-term price-elasticity of supply is estimated at 0.3 per cent and the price elasticity of productivity per 5 year and 10 years is respectively 0.9 and 1.8.

170 Takane argued that the role of price incentives in cocoa production also needs to be reconsidered and placed in wider incentive structures that are embedded in local institutions. Another reason why farmers invest in their farms has to do with land rights; investments in trees is a way of claiming one’s land right (different authors in Takane, 2002: 391). An important conclusion of Takane’s study is that the farmer’s investment in trees ‘needs to be understood in terms of both short-term incentives to increase yields and long-term investments to strengthen land–rights’.

171 Environmentalists have opposed the use of this ingredient and recommend Cabamult as an environmentally friendly alternative. However, Cabamult, which is used by forty-five per cent of farmers (of whom less than twenty per cent used protective clothing) is from a human health perspective far more disastrous. According to one of the experts in this field, from the International Pesticide Application Research Centre in the UK, Lindane is more effective and relatively safe to handle (personal communication Bateman, 2007).

172 See also the short documentary “Bittersweet” by Anna Laven. http://www.geobrief.tv (Access date 2 October 2009).

173 The survey indicated that farmers who do not hold a special position in the community make significantly less use of protective clothes than farmers who hold such a position. Gamma 0.462***.

174 Farmers told me that when they first heard about the bonus system they were very excited. They went to the collection points with large jute bags, expecting a lot of cedis. They were very disappointed to find out that the bonus per bag was only marginal (Group discussions 2005).


176 Gamma 0.235*.


178 Mass spraying is not new. The first successful experiments with mass spraying date back to 1962/63 (ended in 1966), the second attempt was organised in 1973, and the third in 1975. Because of political instability there was no mass spraying for many years (interview CODAPEC, 2005).


180 I should stress that the expansion of cocoa farms in the Western Region led to a great loss in biodiversity: forests disappear, mono cropping (without shade) is promoted, and soils are being depleted This is due to the fact that cocoa production is concentrated in this area, which attracts buyers and services. Consequently, the man expansion of cocoa production also takes place in this region.

181 A recent publication of the Tropical Commodity Coalition for sustainable Tea Coffee Cocoa reveals that for 2012 there are two planned initiatives by individual companies (by Cadbury and by Cargill) in
Ghana (Tropical Commodity Coalition (TCC), 2009).

182 GCFS = Ghana Cocoa Farmers Survey.
183 Cramer’s V 0.343*** (FS 2005).
184 The mean number of visits to Brong Ahafo was 2.4, while for the Western Region this was 1.7 and for Ashanti region 2.0 (Teal et al., 2006: 15).
185 Gamma 0.191*.
188 In Ghana there were some examples of contract farming on palm oil plantations in the past. This turned out to be difficult as the state had to expropriate land owned by village communities and farm families. Traditional leaders have (chiefs and influential families, and the lawyers representing them have vehemently resisted this process (Daddieh, 1994: 197). Despite these problems the company involved (Unilever) finally managed to expropriate a sufficient area for farming.
190 Personal communication with AgroEco in 2009.
194 ‘To facilitate the work of the Union President and the work at the office of the President as a whole, the Trust provided the Union with a brand new Toyota Land Cruiser Prado.’ (Kuapa Kokoo Annual Report 2004: 10).
195 Kuapa Kokoo originally retained one third of the business and was closely involved in its development, while Body Shop International owned 14% of the shares at the time. When L’Oreal purchased the Body Shop in 2006 it donated its share to Kuapa Kokoo (http://www.divinechocolate.com/kuapa.htm).
196 Personal meeting with Managing Director, 2008.
198 During a visit to the Cocoa Processing Company in 2005 I observed that the other ingredients for making chocolate were imported from France (sugar), the Netherlands (milk) and Germany (machinery).
199 In 2006 the installed processing capacity was 65,000 tonne per year.
200 In 2009 ADM opened its factory with a processing facility of 65,000 tonne per year.
203 On the other hand farmers in Brong Ahafo had generally better access to inputs (Chapter 6).