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POLICY BRIEF

The Rise of Collaborative Partnership Arrangements to Enhance Private Actors' Participation in Ghana's Cocoa Value Chain

INTRODUCTION

The growing importance of global value chains has gained attention of policy makers, international organizations, as well as consumers. While policy makers have been challenged to enact and implement regulations that can ensure food safety and food security along agro-food chains, the monitoring and implementation of such policy efforts often go beyond the scope of local governments. Moreover, there is pressure on governments, industry players, and business communities to include primary producers and haulers of raw materials (mostly smallholder farmers) in decision-making processes. International donors, NGOs and related pressure groups are increasingly calling for inclusive value chain partnerships in agro-food commodities, especially in developing economies.



Source: CORIP Cocoa pod at demonstration farm; Kuffour Camp, Bibiani District

THE PROBLEM

Ghana's cocoa value chain has been dominated by the Government of Ghana through its Ministry of Finance and COCOBOD. Decision-making in the cocoa value chain is top-down in nature. Ghana's government takes a dominant role in coordination, as well as in the implementation of major interventions. These interventions are strongly motivated by the government's effort to protect smallholder farmers from unfair pricing and sales policies that could be dictated by middle men and cocoa merchants locally and internationally.

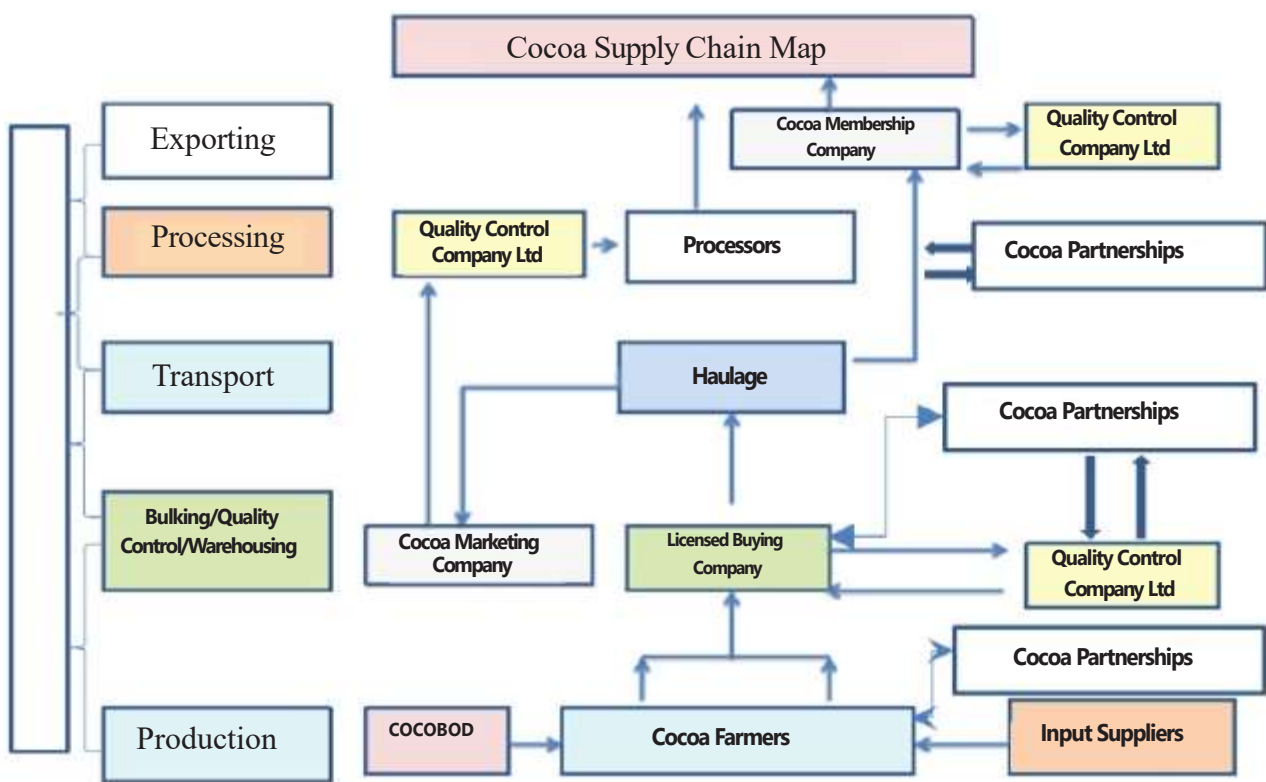
Ghana's government aims to ensure that cocoa farmers receive not less than 70% of the international sales price (FOB) of the commodity determined at the international market. The Government of Ghana through COCOBOD further aims to ensure that the needed inputs such as fertilizers, insecticides and extension services are provided to farmers at either no or subsidized cost. Practitioners, researchers, private companies and smallholder farmers, however, note that the incentives provided by Ghana's government do not necessarily meet the needs of the 3.2 million cocoa farmers in the country.

This is so because these subsidised inputs do not arrive in time for all farmers. Most farmers count on these inputs and do not commit themselves to buying the available ones from private dealers. These arrangements notwithstanding, industrial and international organizations such as the International Labour Organization (ILO), International Cocoa Organization (ICCO), Fairtrade International, World Cocoa Foundation, Mondelez, Cargill, OLAM International, and The European Union have suggested the

need to include private actors to have a bigger role, such as in the decision-making processes, as well as management, and co-creation of the cocoa value chain.

However, at this moment some of these partnership arrangements being pursued overlap interventions leading to duplication, though they result in the improvement of Ghana's cocoa value chain in general. Increased participation of farmers and private companies in decision-making along the cocoa value chain can help to align the needs of value chain actors with incentives provided by government, as well as its international and industry players. The decision making power of private actors has increased, but the decision making power of farmers has not due to the activities of strategic partnerships such as the ones studied.

More involvement of private actors and smallholders in the value chain may help to attune and better coordinate activities of government and partnership arrangements. This brief draws on insights from two specific cases of inclusive partnerships and presents the main insights about private company (LBCs and International Companies) participation in decision-making along Ghana's cocoa value chain. Two of Ghana cocoa partnerships have been selected for this policy brief: The Cocoa Rehabilitation and Improvement Programme (CORIP) and Convergence of Science (COS-SIS). Both partnerships have focused on the improvement of Ghana's cocoa value chain at various levels.



Source: Cocoa Value Chain and areas of ongoing partnership interventions. Modified from COS-SIS Cocoa Initiative

APPROACHES: SELECTED GHANA COCOA PARTNERSHIPS

The two case studies of partnerships that have inclusive value chain participation are highlighted briefly.

Case Study 1: COS-SIS Cocoa Innovation 'Partnership' Platform:

Background: An innovation platform by the name Concertation and Innovation Group (CIG) was established with the aim to remove institutional constraints facing smallholder cocoa farmers.

Focus: This partnership initiative focused on 'A new way of thinking with implications for the cocoa sector'. The primary objective was to see whether organizational rules and procedures could be improved/fine-tuned to reduce waste of government resources and ultimately improve the economic incentive for smallholder cocoa productivity.

Outcome: The partnership was able to lobby to include smallholder farmer feedback on fixing of cocoa pricing between 2010 and 2012 Ghana cocoa season.

Case Study 2: CORIP

Background: Cocoa Rehabilitation and Improvement Programme was established by Royal Netherlands Embassy Ghana, with international partners, Ghana government, cocoa buying companies and Solidaridad West Africa as coordinator.

Focus: Improve communication, information and support to smallholder farmers in agricultural, productivity and business management at farm and household level in an effective and sustainable way through the setting up of Rural Service Centres (RSCs) in Cocoa growing communities.

Outcome: A variety of RSCs enabled farmers to improve agricultural production, and simulate rehabilitation of cocoa plantations., as well as the building of RSCs in selected cocoa growing



Source: Extension Staff of CORIP and CRIG on field monitoring in Sefwi Bekwai District

Outcomes

Partnerships have improved decision-making processes within Ghana's cocoa value chain. Though top-down in nature, private companies take more lead in the provision of inputs and incentives to farmers located within their areas of operation. As (international) companies actively participate in decision-making processes, their needs were also better served. Smallholder farmers however continue to have limited negotiation power, and mostly rely on LBCs, purchasing clerks and field extension officers to relay their concerns to higher authorities.



Source: Rural Service Centre (RSC) established by OLAM Ghana under CORIP in Sefwi

Whilst Ghana's government, through COCOBOD has in principle accepted, adopted and implemented many inclusive partnership initiatives to improve the cocoa value chain, it still remains that private actors such as input suppliers, large cocoa buying companies (LBCs), among others are less represented in the governance structure of the value chain.

Furthermore, several barriers still exist in effective private actor participation in decision-making processes along the value chain. For instance, private companies such as manufacturing companies, domestic buyers, haulers and suppliers of farm inputs need the approval of COCOBOD to deal with cocoa farmers at the base of the cocoa value chain. Moreover, since COCOBOD continues to supply highly subsidized farm inputs to farmers, it has become a challenge for private actors to venture into such areas of business effectively.

The sustainability of on-going or completed partnership arrangements among international stakeholders such as World Cocoa Foundation, International Cocoa Organization (ICCO), Fairtrade International, International Labor Organization (ILO), United Nations (UN), Cadbury International, CARGILL, etc. are also questioned because of the challenges encountered when implementing exit strategies to end the partnership. There have further been some overlaps and repetition on the core mission of most of these partnership initiatives as well. Local ownership, especially by LBCs of many cocoa related partnership arrangements has been limited at the time of this study.



Source: Focus Group Discussion with smallholder cocoa farmers at Sefwi

CONCLUSION

(International) companies' participation in stock taking, as well as outlining needs via networking sessions can help reduce overlaps amongst partnership initiatives. This will create possible collaboration with related activities. Private actor participation will improve and strengthen efficient, effective communication as well as create a feedback stream to productivity, haulage, and entire value chain governance. Government could further reduce bureaucratic procedures that might constrain such partnerships and value chain development. There is also the need to consider positioning farmer voice in negotiations that concerns Ghana's cocoa value chain.

IMPLICATIONS AND RECOMMENDATION

It is recommended that

(a) Ghana's government devolves and creates synergies that will enhance more participation of its private actors (companies and farmers) in its cocoa value chain.

(b) Extensive private actor participation in the governance structure, such as decision making, as well as the joint provision of inputs and related extension services at the primary production level of the cocoa value chain be encouraged and admonished.

(c) Ghana's government could maintain its core decision making prerogative, negotiating the cocoa price at the international market.

Ghana's government could provide the needed capacity building in the area of smallholder organisation. Such an effort may enable more efficient, fair and coordinated value chain functioning with less waste and duplication of efforts, as well as provision of incentives such as enhanced award schemes, affordable and improved seedlings, farm inputs, haulage services, safety wares and sustainable enabling environment.

It is further suggested that inclusive participation of private actors via innovation platforms could bring about the needed expertise, enhance, and to a large extent, ensure sustainability of the country's quality cocoa premium and improved value chain governance.

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