Fairtrade certified cocoa in West Africa: Taking stock and key issues for moving ahead

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Content

1) Background of the study

2) Methodology

3) Findings
   - Context analysis
   - Cooperative assessment
   - Household assessment

4) Implications and the way forward
Background

Collaboration with Fairtrade International and Fairtrade Africa

• ICRAF and Bioversity commissioned to conduct baseline research in Ghana and CdI (2013): 6 coops, 300 hh

• Collaboration expanded to include coops involved in Fairtrade Sourcing Program (2014): adding 3 coops, 300 hh

• Major outputs: MS Access database, 2 country reports, press conference (ISM 2016), articles (*Sweet Vision* 61 (3): 14-17)

**Objective:** generate a multi-dimensional baseline that provides a basis for future monitoring, impact assessment and learning
Relevance / Urgency

• **High stakes:** industry strives to achieve **sustainability by 2020**

• **Overall challenge:** persistent problems in cocoa sector ➔ poverty, low productivity, weak coops, child labour, weak infrastructure, ...

• **Opportunity for standard systems:** industry needs **third-party evidence** to demonstrate progress towards sustainability

• **Challenges for standard systems:** **sound baseline data** needed for credible evidence on impact; also: competition between schemes

• **FT challenge:** lack of solid information on outcomes/impacts of FT cocoa in W Africa; long-term strategy for engagement

• **Few quick fixes:** need for **joint learning among stakeholders** for addressing bottlenecks at different levels in the system
Move towards a sustainable cocoa sector

Growing importance of certification to provide evidence of the industry's social, environmental and economic impacts.

But ... limited credible evidence about the achievements of the industry and the contributions of sustainability standards.

Robust measuring and joint learning enable standard systems, development agencies and committed companies to continuously improve impact.
**Fairtrade cocoa expands in Ghana & CdI**

<table>
<thead>
<tr>
<th>Volume sold (MT)</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cote d'Ivoire</td>
<td>3,459</td>
<td>6,381</td>
<td>21,107</td>
<td>12,704</td>
<td>21,549</td>
</tr>
<tr>
<td>Ghana</td>
<td>21,852</td>
<td>21,839</td>
<td>29,275</td>
<td>31,310</td>
<td>26,725</td>
</tr>
<tr>
<td>Total</td>
<td>25,311</td>
<td>28,220</td>
<td>50,382</td>
<td>44,014</td>
<td>48,274</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Fairtrade certified Coops</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cote d'Ivoire</td>
<td>12</td>
<td>20</td>
<td>52</td>
<td>52</td>
<td>43</td>
</tr>
<tr>
<td>Ghana</td>
<td>1</td>
<td>3</td>
<td>5</td>
<td>11</td>
<td>11</td>
</tr>
<tr>
<td>Total</td>
<td>13</td>
<td>23</td>
<td>57</td>
<td>63</td>
<td>54</td>
</tr>
</tbody>
</table>

**From 2010 to 2014:**
- CdI sales of FT cocoa taking off: up from 3K MT to 22K MT
- Ghana: FT cocoa sales increased to 27K MT (+20%)
- N° of FT coops: from 1 to 11 (Ghana); more than tripled in CdI
FT theory of change

Fairtrade Vision: A world in which all small producers and workers can enjoy secure and sustainable livelihoods, fulfill their potential and decide on their future

**Sustainable Livelihoods**
- Improved household income, assets & standard of living
- Less risk & vulnerability (food insecurity, debt, old age)
- Improved access to basic services (education, health, water, etc.)
- Increased environmental resilience & sustainability of rural communities

**Empowerment**
- Increased equality, cooperation & unity within households & communities
- Dignity, confidence, self-esteem & sense of control over future

**Make Trade Fair**
- Enhanced influence & status of small producers
- Fairer & more sustainable trading system

**Impacts**

**Contributing to Outcomes**
- Resilient & viable producer businesses
  - Good business management practices & systems
  - Increased productivity & quality
  - Individual joint ownership of productive assets
  - Development of markets
  - Enhanced negotiation power & control in supply chains
  - Increased profitability, reduced risk
- Strong & inclusive Small Producer Organizations
  - Strong & accountable leadership
  - Gender equality & equity
  - Inclusion of young adults
  - Improved terms & conditions for workers
- Enhanced benefits for producers & communities
  - Improved services & support for SPO members
  - Improved services & infrastructure in communities
  - Support for vulnerable & marginalized groups
- Protection of environment & adaptation to climate change
  - Elimination of harmful production practices
  - Sustainable management of natural resources
  - Development of environmentally sensitive & adaptive strategies
- Increased influence for small producers
  - Able to influence Fairtrade policies & regulations
  - Able to influence local & international policy
- Growth with integrity in Fairtrade
  - Growth in Fairtrade markets (local, regional, global)
  - Opportunities for businesses of all sizes
  - Preferential treatment for small producers
- Civil society influence on trade policy & practice
  - Government policy & business behavior influenced by public support for Fairtrade & trade justice

**Outputs**
- Fairer trade for producers
  - Significant & sustained access to Fairtrade markets
  - Supportive trading relations
  - Fair prices & protection from price volatility
- Strengthened Small Producer Organizations
  - Democracy, participation & transparency
  - Participation in Fairtrade networks & governance
- Increased knowledge & capacity
  - Increased management & technical capacity
  - Greater capacity to protect health & environment, & adapt to climate change
  - Increased awareness of human rights (labour, gender, child)
  - Understanding of Fairtrade principles & practices
- Increased awareness & commitment to trade justice
  - Business commitment to Fairtrade
  - Consumer awareness of Fairtrade
  - Civil society action around trade justice
  - Increased resources & support for Fairtrade producers & workers

**Fairtrade Interventions**
- Standards for supply chain businesses
  - Price guarantees
  - Fairtrade Premium
  - Pre-finance
  - Sustained trade
- Standards for Small Producer Organizations
  - Democracy, participation & transparency
  - Labour conditions
  - Environmental protection
- Building Fairtrade markets
  - Engaging with businesses
  - Fostering consumer awareness
- Support for Small Producer Organizations
  - Support for organizational strengthening & compliance with standards, including financial support
  - Facilitating market access
  - Facilitating support from others
- Developing networks and alliances
  - Building producer & worker networks
  - Mobilizing civil society
  - Forming strategic partnerships
Methodology: 5Capitals

Underlying principle: the greater the asset base at farmers and coop levels, the more adaptive capacity and development potential.

Why? Assessing the potential of value chain development to strengthen rural livelihoods and improve business performance.

For whom? funders, NGOs, cert. bodies, businesses.

Key features:
- Asset-based approach (Five capitals)
- Multi-scale: context, households, coops
- Focus on organizational learning
- Good match for FT theory of change

Disadvantages? embraces complexity, takes time, requires strong involvement by stakeholders and genuine interest in learning.
Methodological approach

3 Phases

1) **Context analysis**: focus on political-legal, institutional and macroeconomic factors with a bearing on the situation of cocoa growing households and cooperatives

2) **Household assessment**: livelihood assets and capacities of cocoa growing households (asset endowments / livelihood strategies)

3) **Enterprise assessment**: business assets and viability of cooperatives that link cocoa growers with markets (asset endowments / business strategy)

**Countries**: Ghana & Côte d'Ivoire

**Special considerations**: comparison groups, incorporation of cooperatives engaged with Fairtrade Sourcing Program (FSP)
## Indicators – Cooperative level

### 37 indicators

- **Human capital:** 5
- **Social capital:** 20
- **Physical capital:** 2
- **Financial capital:** 10

### Table: Area of impact, Theory of change and/or livelihood theme, Indicators

<table>
<thead>
<tr>
<th>Area of impact</th>
<th>Theory of change and/or livelihood theme</th>
<th>Indicators</th>
</tr>
</thead>
</table>
| Human                   | Capacities for business administration                                                                  | • Updated strategic and/or business plan that guides decision making  
• Mechanisms for sharing information with primary societies and members (what, how)  
• Member participation in decision making and policy formation  
• Up-to-date information on key operations for guiding decision making  
• Mechanisms for collecting and maintaining data that allows for planning and assessing effectiveness of organization (what, how, why) |
| Social                  | Buyer relations developed                                                                                  | • Nature of relations with licensed buying companies (LBC), such as contracts, services offered  
• Percentage of cocoa delivered to LBC  
• Percentage of total FT certified production rejected from cooperative union (CU) by buyers for defects or poor quality, in previous calendar year (if applicable)  
• Union selling minimum 30% exportable production on FT terms  
• Volume of FT certified production sold by CU (1) under Fairtrade conditions (FTMP and Premium) to Fairtrade certified buyers, (2) under Fairtrade conditions to non-Fairtrade certified buyers, (3) as non-Fairtrade, in previous calendar year  
• Total annual gross revenue for CU from sale of FT certified product (1) under FT conditions to FT certified buyers, (2) under FT conditions to non-FT certified buyers, in previous calendar year, and percentage of total CU revenue this represents  
• Satisfaction with the trading relationships with LBCs and Fairtrade importers (information exchanged, support provided, price)  
• Other standards systems- number and combination of certification to other sustainability standards (i.e. RFA, UTZ, Organic)  
• Management perceptions of benefits associated with participation in FT (% reporting each type of benefit) |
| Relations with members  |                                                                                                           | • Volume and value of cocoa channeled to LBC, according to level of processing, quality grades, certification  
• Number of registered farmers, number of registered primary societies - disaggregated by age and gender  
• Number of farmers who take part in general assembly, board meetings and other major events - by gender  
• Number of members since co-ops organizations - disaggregated by gender, with insights into reasons for changes |
| Gender equality and equity |                                                                                                           | • Percentage of female: 1) board members, 2) committee members, 3) general assembly meeting, 4) participants in training  
• Ability of women to engage in decision making, access to information and resources, training |
| Inclusion of youth and youth protection |                                                                                                           | • Percentage of youth (17-35) 1) board members, 2) committee members, 3) GAM, 4) participants in training  
• SPO has a child labour policy (no employment of children under 15 years) approved by General Assemblies and communicated to members—need to measure this |
| Relations with service providers |                                                                                                           | • Nature and strength of relations with NGO service providers  
• Nature and strength of relations with government agencies-coop dev, CocoaBod, etc.  
• Nature and strength of relations with banks-for own credit and for facilitating credit to members |
| Physical                | Individual and joint ownership of assets                                                                   | • Infrastructure owned or rented, such as building and warehouses  
• Equipment owned for business administration and provision of member services |
| Financial               | Improved services and support for cooperative members                                                     | • Services provided by cooperative to members, loans, inputs, technical guidance, etc.  
• Credit received from banks and other sources  
• Funds invested in community development - needs to be disaggregated by FT and Non-FT premium  
• Funds distributed to members as bonus  
• Number of members receiving support services Training on environmental management, child labour, chemical use, etc. |
|                         | Increased profitability and reduced risks for cooperatives                                                | • Activities carried out in the chain (e.g., production/extraction only (selling raw); post-harvest processing or drying; product transformation; trade/retailing)  
• Gross income from member and primary society due, fairtrade bonus and sale of services to members—e.g. fertilizers, transportation, etc.  
• General trend to increased/decreased yields, and reasons given for increase/decrease  
• Operating expenses  
• Investments made in providing member services |
## Indicators – Household level

### 25 indicators

- **Natural capital:** 9
- **Human capital:** 2
- **Social capital:** 2
- **Physical capital:** 4
- **Financial capital:** 5
- **Resilience:** 3

<table>
<thead>
<tr>
<th>Area of impact</th>
<th>Theme in the theory of change and/or livelihood theme</th>
<th>Indicator</th>
<th>Data collected from household survey</th>
<th>Data collected by focus group, key informants, and secondary information</th>
</tr>
</thead>
</table>
| Livelihood asset - Natural | Access to land, production practices | Area under production  
• Tenure arrangements, disaggregated by gender  
• Area dedicated to cocoa  
• Average cocoa plantation age (renovations)  
• Cocoa production volume  
• Annual expenditure in fertilizers and agrochemicals  
• Incidence of pests and diseases | Production practices for cocoa - pre-plantation/fertilization, replanting, sharecrop management, sanitary harvesting  
Fertilizer and agrochemical application for cocoa (amount, type, factors facilitating purchase) | |
| Livelihood asset - Human | Productive capacity | Contribution of household members to cocoa production  
• Contribution of seasonal and year-round hired labor to cocoa production | | |
| Livelihood asset - Human | Access to education | Children of CU members attending school (II), disaggregated by gender  
Access to health services and worker safety | | Use of protective equipment for on-farm production, disaggregated by gender (chemicals)  
Availability of health services in community  
Perception of quality of health services | |
| Livelihood asset - Social | Equality, cooperation and unity in households and community | Knowledge of FT, including understanding of how payments from the UC are calculated by gender  
• Access to (satisfaction with) support services (from PS, others) received for cocoa production, by gender | Trust and satisfaction levels with FTS, UC, LBCs, by gender  
Understanding of decision making processes around Premium use by primary women, by gender | |
| Livelihood asset - Physical | Machinery and equipment for on-farm production | Tools and equipment for cocoa and other on-farm activities  
Perception of access to inputs: (1) sufficient for needs, (2) limited by supply restrictions, (3) limited by insufficient income | | Shared tools and equipment (primary society, cooperative union, and community levels) |
| Livelihood asset - Physical | Housing and production related equipment | Access to potable water, electricity, communications, and other basic infrastructure  
Transportation costs for delivery of cocoa | | |
| Livelihood asset - Financial | Income sources | Gross income from cocoa sales  
• Fairtrade bonus, satisfaction w/ bonus  
• Income from other sources  
• Investments in housing, on-farm production, education, and other key items/services | | |
| Livelihood asset - Financial | Financial services | Loans - sources, use, interest rates | | |
| Resilience | Ability to withstand shocks | Capacity to respond to general shocks through shifts in use of family labor | | |
### Sample design

<table>
<thead>
<tr>
<th></th>
<th>Ghana</th>
<th>Côte d'Ivoire</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>No of coops: sampled</strong></td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>(total)</td>
<td>(out of 11)</td>
<td>(out of 43)</td>
</tr>
<tr>
<td><strong>No of hh: sampled</strong></td>
<td>322</td>
<td>422</td>
</tr>
<tr>
<td>(total)</td>
<td>(out of 1,014 in 12 selected primary societies)</td>
<td>(out of 1,413)</td>
</tr>
<tr>
<td><strong>No of hh (comparison)</strong></td>
<td>80</td>
<td>103</td>
</tr>
</tbody>
</table>

![Map of regions]
Attribution / Contribution

- Focus on understanding context, appreciating stakeholders and their motives and actions, and being able to make a logical case for why changes took place.

- **Comparison group**: in same communities as Fairtrade certified households, with possible spillover effects.

- **Upside**: comprehensive, relatively inexpensive (smaller sample size), and highly compatible with joint learning involving stakeholders.

- **Downside**: complexity (multi-level data), need for comprehensive monitoring effort following baseline.
Results – Context: Value Chain

Côte d’Ivoire

<table>
<thead>
<tr>
<th>Cocoa farmers</th>
<th>→</th>
<th>Co-operatives</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>→</td>
<td>Local Traders</td>
</tr>
<tr>
<td></td>
<td>→</td>
<td>Local Grinders</td>
</tr>
</tbody>
</table>

Ghana

<table>
<thead>
<tr>
<th>Cocoa Farmers</th>
<th>→</th>
<th>Co-operatives</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>→</td>
<td>Licensed Buying Companies</td>
</tr>
<tr>
<td></td>
<td>→</td>
<td>Cocobod (industry regulator)</td>
</tr>
<tr>
<td></td>
<td>←</td>
<td>Local Grinders*</td>
</tr>
</tbody>
</table>

Exporters & International Traders of cocoa beans, semi-processed products

Grinders: processing cocoa into cocoa powder, cocoa butter and industrial chocolate**
Barry Callebaut, Cargill, ADM, Petra Foods, Blommer & others

Chocolate Companies: manufacturing chocolate for consumers***
Nestlé, Cadbury Schweppes, Cémoi, Ferrero, Kraft Foods, Mars, Hershey & others

Distributors ← Retailers ← Caterers ← Specialised Markets

Consumers

Key features:

- Strong State influence and support in Ghana
- Much less so in Cdl
- But: productivity some 15% higher in Cdl
- And: prices fetched by farmers also higher in Cdl (about 65% of FOB against 53% in Ghana)
# Results – Context: Enabling factors

<table>
<thead>
<tr>
<th>Enabling/disabling factors</th>
<th>Ghana</th>
<th>Côte d’Ivoire</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Factors outside of the reach of the cocoa coops and growers</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Policy/institutional support from the government</td>
<td>COCOBOD</td>
<td>OHADA - CCC</td>
</tr>
<tr>
<td>Technical assistance from NGOs/projects</td>
<td>Various</td>
<td>ANADER, SOCODEVI</td>
</tr>
<tr>
<td>Technical assistance from private sector</td>
<td>Cocoa Life, Mars, others</td>
<td>Cocoa Life, Mars, others</td>
</tr>
<tr>
<td>Market access and technical support from Fairtrade</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Access to financial services</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Producer prices for cocoa (as share of FOB price)</td>
<td>53%</td>
<td>65%</td>
</tr>
<tr>
<td>Share of Fairtrade cocoa sold under Fairtrade conditions</td>
<td>49%</td>
<td>20%</td>
</tr>
<tr>
<td><strong>Factors within the reach of the cocoa coops and growers</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Effective internal organization (coops)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Business management skills at coop level</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Socio-economic benefits of coop members</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Positive spillover effects to local communities</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Status</th>
<th>Effective, readily available, advanced, well developed, highly functional</th>
<th>Moderately effective, existent, developing, functional</th>
<th>Ineffective, unavailable, rudimentary/inexistent, underdeveloped, dysfunctional</th>
</tr>
</thead>
<tbody>
<tr>
<td>Policy/institutional support from the government</td>
<td>COCOBOD</td>
<td>OHADA - CCC</td>
<td></td>
</tr>
<tr>
<td>Technical assistance from NGOs/projects</td>
<td>Various</td>
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<td>49%</td>
<td>20%</td>
<td></td>
</tr>
</tbody>
</table>
• Number of child labor cases has increased by 21% across both countries (Côte d’Ivoire: +49%, Ghana: -3%)

• Bulk of increase attributable to substitution-effect as farmers shift from non-cocoa agriculture to cocoa-farming

• 21% increase in the number of child laborers in cocoa compares with:
  o 40% increase in cocoa tonnage produced
  o 41% increase in land under cocoa cultivation
  o 43% increase in the number of children living in cocoa-growing hh

• Cocoa is out-performing other agricultural sectors in lowering risks to children

• Children in cocoa-growing areas attending school up from 58% to 67% in Côte d’Ivoire and from 89% to 94% in Ghana (2013/14 compared to 2008/9)

• Working children also attending school up from 59% to 71% in Côte d’Ivoire and from 91% to 96% in Ghana

Tulane Report 2013/14
<table>
<thead>
<tr>
<th>Capital</th>
<th>Ghana</th>
<th>Côte d'Ivoire</th>
</tr>
</thead>
<tbody>
<tr>
<td>Human</td>
<td>Low business management skills, low formal education</td>
<td>Low to medium business management skills, low formal education</td>
</tr>
<tr>
<td>Social</td>
<td>Functioning primary societies with moderate to good social cohesion; moderate to good relations with LBCs and limited number of service providers</td>
<td>Functioning coops with moderate to good social cohesion; moderate relations with buyers and limited number of service providers</td>
</tr>
<tr>
<td>Physical</td>
<td>Poor storage and post-harvest (drying, fermenting) facilities, no processing equipment, very limited number of buildings and transport means</td>
<td>Poor storage and post-harvest (drying, fermenting) facilities, no processing equipment, very limited number of buildings and transport means</td>
</tr>
<tr>
<td>Financial</td>
<td>Fully dependent on Fairtrade premium for covering costs; low indebtedness / working capital</td>
<td>Significant income flows, moderate indebtedness, low working capital</td>
</tr>
</tbody>
</table>
Results – Enterprise: Social capital (Ghana)

Rapid accumulation of social capital, but gains are vulnerable to withdrawal of external support

- Rapid growth for 3 coops: membership more than doubled since creation
- Women with strong representation in membership body (32-42%) and in coop boards
- Coops remain highly dependent on a single NGO for business administration and training
- Buyers with limited engagement – only one coop has a written agreement with LBC (loans & inputs for farmers)
- 3 out of 4 coops sold 44-53% of their cocoa under Fairtrade terms in 2014 (national avg from 2011 to 2013: 68%)
Results – Enterprise: Social capital (Côte d'Ivoire)

- Membership increased by at least 30% since creation
- All 5 coops accessed services from NGOs (capacity building for members)
- All 5 coops had a child labour policy, environmental plan, but difficult to assess effective application of these policies
- Multiple certifications, including Fairtrade, but 2 of the 5 coops without access to Fairtrade buyers
- Fairtrade buyers have extended purchase agreements, with weekly, zero-interest advances for purchase of cocoa, but advances insufficient to meet quotas
## Results – Enterprise: Financial capital (Ghana)

<table>
<thead>
<tr>
<th>Union</th>
<th>Total volume sold in 2013/14 (MT)</th>
<th>% cocoa sold as Fairtrade</th>
<th>Premium received ($)</th>
<th>Bonus paid out to members</th>
<th>Expenses for other member benefits</th>
<th>Income from FT sales for coop administration and certification expenses</th>
<th>Net coop income per member</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coop1</td>
<td>5,537</td>
<td>36%</td>
<td>398,664</td>
<td>33% ($131,559)</td>
<td>51% ($203,318)</td>
<td>16% ($63,786)</td>
<td>$18</td>
</tr>
<tr>
<td>Coop2</td>
<td>1,500</td>
<td>53%</td>
<td>159,000</td>
<td>47% ($74,730)</td>
<td>35% ($55,650)</td>
<td>18% ($28,620)</td>
<td>$18</td>
</tr>
<tr>
<td>Coop3</td>
<td>1,483</td>
<td>44%</td>
<td>130,504</td>
<td>67% ($87,437)</td>
<td>16% ($20,880)</td>
<td>17% ($22,185)</td>
<td>$13</td>
</tr>
<tr>
<td>Coop4</td>
<td>814</td>
<td>98%</td>
<td>159,544</td>
<td>30% ($47,863)</td>
<td>43% ($68,603)</td>
<td>27% ($43,076)</td>
<td>$22</td>
</tr>
</tbody>
</table>

- **FT premium** only source of income. Small % of premium retained by the coop to cover basic operations. Limited investment capacity.
- Short term options for **financing growth**: greater access to FT markets. Long term, coops could be come LBCs – not clear if worth the expense.
- **Income per member** provides a simple metric to gage financial viability and investment capacity.
## Results – Enterprise: Financial capital (Côte d'Ivoire)

<table>
<thead>
<tr>
<th>Coop</th>
<th>Year</th>
<th>Fairtrade premium (USD)</th>
<th>% paid to members</th>
<th>% cooperative management</th>
<th>% purchase of inputs</th>
<th>% community development</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coop1</td>
<td>2013/14</td>
<td>45,535</td>
<td>50</td>
<td>25</td>
<td>25</td>
<td>25</td>
</tr>
<tr>
<td></td>
<td>2012/13</td>
<td>0</td>
<td>50</td>
<td>25</td>
<td>25</td>
<td>0</td>
</tr>
<tr>
<td>Coop4</td>
<td>2014/15</td>
<td>113,821</td>
<td>25</td>
<td>30</td>
<td>25</td>
<td>20</td>
</tr>
<tr>
<td></td>
<td>2013/14</td>
<td>50,308</td>
<td>25</td>
<td>30</td>
<td>25</td>
<td>20</td>
</tr>
<tr>
<td></td>
<td>2012/13</td>
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<td>0</td>
<td>0</td>
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</tr>
<tr>
<td>Coop5</td>
<td>2014/15</td>
<td>10,873</td>
<td>28</td>
<td>47</td>
<td>9</td>
<td>9</td>
</tr>
<tr>
<td></td>
<td>2013/14</td>
<td>7,069</td>
<td>31</td>
<td>42</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td></td>
<td>2012/13</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
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</tr>
</tbody>
</table>
## Results Synthesis – Households

<table>
<thead>
<tr>
<th>Capital</th>
<th>Ghana</th>
<th>Côte d’Ivoire</th>
</tr>
</thead>
<tbody>
<tr>
<td>Natural</td>
<td>Small-medium farms (4.3 ha); usually low input management, but increasing uptake of practices (pruning, replanting), low productivity (475 kg/ha)</td>
<td>Slightly larger farms (6.2 ha), aging plantations, limited pruning, but some replanting; low productivity (432 kg/ha)</td>
</tr>
<tr>
<td>Human</td>
<td>About one third with access to training (e.g. cocoa management, gender, child protection) after joining coop; relevant use of hired labor (50% for harvest)</td>
<td>Roughly half the members with access to training on cocoa production since joining coop—about double that of non-members; notable use of hired labor (40% for harvest)</td>
</tr>
<tr>
<td>Social</td>
<td>Coop as only service provider; limited understanding of FT; all coops with demonstrated capacity to engage in FT</td>
<td>Gov as main service provider; limited understanding of FT; in two cases coops yet to sell cocoa on FT terms</td>
</tr>
<tr>
<td>Physical</td>
<td>Most with basic equipment, few with motorized sprayers (17%) or saws (2%); fertilizer use (50%); most without latrines (74%) and electricity (69%)</td>
<td>Most with basic equipment, few with motorized sprayers (11%) or saws (8%); fertilizer use (35%), most without electricity (67%)</td>
</tr>
<tr>
<td>Financial</td>
<td>Annual cocoa income close to $1,500 (FT premium $36); few (10%) with credit (by LBCs)</td>
<td>Annual cocoa income roughly $3,000; few (15%) with credit (by traders and coops)</td>
</tr>
</tbody>
</table>
Average cocoa yield was 475 kg/ha
... very close to the 5 year avg for Ghana (470 kg/ha)
... but about 15-25% below avg yields in Côte d'Ivoire
... however, considerable variation

kg/ha | Members | Non members
--- | --- | ---
Yield lower than <269 | 58 (23%) | 8 (24%) |
Yield between 267-462 | 57 (28%) | 10 (29%) |
Yield between 463-790 | 62 (24%) | 9 (27%) |
Yields >790 | 55 (24%) | 7 (21%) |

Yield potential in Ghana: 1,000-1,600 kg/ha
Average gross household income from cocoa: US$1,459 (2013/14) — cocoa production alone does not lift rural households out of poverty

Diversified income sources: agricultural crops (other than cocoa) comprised 33% of total income for nearly half the sample; for another 18%, small business activities comprised about 30% of total income

Fairtrade premium contributed some additional income — average annual premium received (2013/14) was US$36/member (range: US$24-51)
Results – Household: Financial capital (Ghana)

• If all cocoa sold under Fairtrade terms, households would have received a premium of US$74 (2013/14)
• Only 10% of members with access to credit of any kind
• 61% of those with access received in-kind credit from LBCs
• Remaining 39% received credit in cash (avg. US$201)

Putting findings into perspective
Annual premiums distributed by Kuapa Kokoo to members:
US$ 9.0 (Tampe 2010)
US$ 6.5-8.3 (Nelson et al. 2013)
But, higher investments by KK in communities and coop provided services for cocoa production/marketing
Issues emerging from baseline research

- Role of women (and other marginalized groups) in the coop and their capacity to influence coop governance
- Objectives of local stakeholders and their demand for services (consultative process)
- Potential for other service providers to engage with FT coops and their members: services offered, costs/modalities, possible benefits
- Sources of alternative financing, improved germplasm, and specific business development services for coop development
- Options for expanding cooperative services to include other crops and cocoa-based products for local/regional markets
- Need for expanded purchases of FT cocoa in CdI and Ghana

Addressing these issues has benefits for FT consolidation in other crops and in other regions
Limitations of the baseline

- Too many indicators: need to focus on critical elements that determine productive capacity at coop and hh levels
- Uncertainty on the accuracy of key indicators on cocoa production systems: farm size, soil fertility, productivity
- Limited insights into how cooperative policy translates into outcomes (e.g. child labor, environment, gender equity)
- Comparison group: some significant differences were noted, but difficult to assess the reasons behind the differences

Limitations can be addressed with a well-designed comprehensive system for M&E and joint learning
**Assessment of indicators – coop level**

This baseline had 32 indicators – having collected and analyzed the data we can provide suggestions for future baselines.

<table>
<thead>
<tr>
<th></th>
<th>Less critical</th>
<th>More critical</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Easy to measure</strong></td>
<td>Percentage of coops that consult with adults, youth, when deciding on FT premium use (overlap)</td>
<td>Membership size and growth</td>
</tr>
<tr>
<td></td>
<td>% of FT production rejected by coop</td>
<td>Number of registered members disaggregated by gender, age</td>
</tr>
<tr>
<td></td>
<td>Satisfaction with trading relationship with buyers (overlap)</td>
<td>Volume/value cocoa sold</td>
</tr>
<tr>
<td></td>
<td>Type of relationship with buyers (overlap)</td>
<td>Services provided to members</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Nature/strength of buyer relations</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Infrastructure owned/rented</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Tool and equipment</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Credit from banks and other sources</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Activities carried out in the chain</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Management perceptions of benefits associated with FT</td>
</tr>
<tr>
<td><strong>Difficult to</strong></td>
<td><strong>Trainings provided to members</strong></td>
<td><strong>Business administration capacity</strong></td>
</tr>
<tr>
<td><strong>measure (ditto)</strong></td>
<td></td>
<td><strong>Updated strategic plan that guides decisions</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>% female board, committee, general assembly</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Assessment of relations with coop members</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Strength of relations with NGOs, gov agencies</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Gross revenue, net revenue</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Member participation in decision making</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Mechanisms for sharing information with members</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Child labour policy</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Funds invested in community development</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Number members receiving training services</strong></td>
</tr>
</tbody>
</table>
### Assessment of indicators – hh level

This baseline had 25 indicators – having collected and analyzed the data we can provide suggestions for future baselines.

<table>
<thead>
<tr>
<th></th>
<th>Less critical</th>
<th>More critical</th>
</tr>
</thead>
</table>
| Easy to measure (in terms of level of effort and precision) | Satisfaction with prices  
Knowledge of FT  
Satisfaction with support services  
Contribution of hired labor to cocoa production | Tools and equipment  
Gross income from cocoa sales  
Access to credit  
Cocoa production volume  
Understanding of decision making around premium use |
| Difficult to measure (ditto) | Children of CU members attending school  
Production practices | Income from other sources  
Sales of assets  
Investments in housing, on-farm production, education  
Land ownership, tenure arrangements  
Area under production  
Area dedicated to cocoa  
Average cocoa plantation age  
Fertilizer application  
Capacity to respond to cocoa pests and diseases  
Contribution of household members to cocoa production  
Use of protective equipment |
Suggestions for future baselines

- Fewer indicators but deeper coverage of each indicator, with context-specific guidance for operationalization
- Expert consultation for identification of useful proxies for unobservable elements of cocoa production (e.g. soil fertility)
- Dive deep or take out ... or adopt differentiated approach:
  1) Ongoing monitoring of critical and easy-to-measure indicators
  2) Periodic assessment of critical but difficult-to-measure indicators
  3) Specific in-depth studies on a case-by-case basis
- Potential inaccuracies in data need to be understood and, if possible, corrections made (e.g. farm size reported by farmers)
- Stakeholder engagement in baseline design for defining indicators, data collection plans, and ways to address inaccuracies

Stakeholder engagement is critical for creating sense of ownership and facilitating joint learning and improvement
Suggested next steps

- Validate baseline findings with local stakeholders (coops, members, Cocobod (Ghana), buyers, NGOs, FT officials, others)
- Identify and address major information gaps for strategy development and planning
- Co-develop strategy for strengthening cocoa coops and farmers with them and other stakeholders
- Build partnerships needed for strategy implementation
- Design/implement innovative M&EL system:
  - Identify key indicators & develop strategy for operationalization
  - Plan for data collection, including actors engaged (coops, farmers, others)
  - Agree upon feedback loops and learning cycles for continued improvement

The baseline provides a starting point for designing interventions that guide the expansion of FT cocoa in W Africa.

Dedicated follow up with local stakeholders and diverse service providers will allow to fully harvest the benefits of investments so far.
Fairtrade as a catalyst for change

Fairtrade can make important contributions to improve conditions for farmers and coops.

For achieving impact at scale, Fairtrade needs to link with providers of technical, business and financial services.

Active engagement by Fairtrade with these service providers can make the difference.
Thank you!

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