



# Reforming cocoa certification: addressing unsustainable cocoa production in Ghana

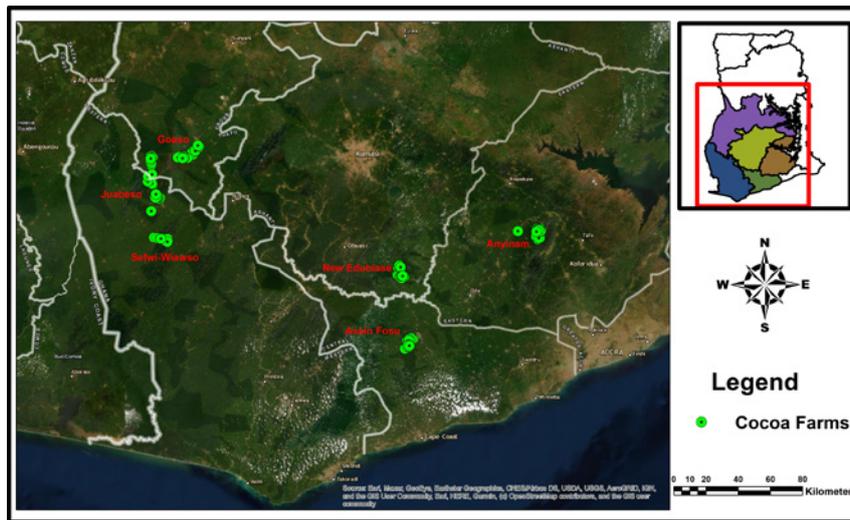


## Policy recommendations

- 1. Standardized certification scheme**  
Ghana COCOBOD should collaborate with relevant CSO's including GCCP to finalise the development and use of a single standardized certification scheme that integrates the strengths of the existing standards.
- 2. Mandate certification standards**  
CSOs must start discussions to make cocoa certification mandatory for all LBCs. Ghana COCOBOD should lead the enactment and enforcement of legislation to mandate LBCs to comply with sustainability protocols.
- 3. Promote cooperatives**  
Ghana COCOBOD, LBCs, and CSOs should strengthen cocoa farmer associations and devise strategic approaches to reach more cocoa farmers.
- 4. Develop attractive and educative training programmes**  
Ghana COCOBOD, LBCs, and CSOs should invest more in developing attractive and educative training programmes and make them available to farmers.
- 5. Map and monitor remaining forest**  
The on-going mapping efforts should be increased and must trace and monitor where remaining forest patches are, their position in the landscape and to whom they belong.

## Overview

Ghana's cocoa-forest landscape is the most targeted environment for zero-deforestation by certification schemes and forestry interventions. Yet, the landscape is fraught with massive agricultural expansion and cocoa encroachment into protected forest areas (Figure 1). The volume of certified cocoa in Ghana increased from 352,689 MT in 2015 to 530,617 MT in 2018 without a noticeable improvement in the reduction of deforestation in the landscape (Bymolt et al., 2018; Rainforest Alliance, 2018; UTZ, 2018). This apparent inability of certification standards and practices to reduce cocoa-led deforestation and improve forest cover stems from a low promotion of certification standards by Licensed Buying Companies (LBCs), LBCs not being consistent with cocoa farmers, farmers' low adoption of cooperatives and sustainability standards,



**Figure 1: Location of cocoa farms in Juaboso District and Sefwi-Wiawso Municipality.**

Note: 39 and 50 cocoa farms were randomly selected in Assin North and Atiwa East, respectively, for the study. 10% of farms in Assin North and 14% in Atewa East were located in protected forests.

Source: F.K. Agyei et al., 2020

and challenges associated with tracing certified cocoa<sup>1</sup>. This policy brief will make a case that good agricultural practices, required by certification, lead to higher yields and also pace a change that would support reduction of deforestation in the landscape and improve income for farmers, but it requires implementing a comprehensive cocoa-forest management policy that enforces compliance of sustainable cocoa practices. The first step is to officially adopt compulsory forest sensitive sustainability standards that all LBCs and farmers must comply with. In the second step, cooperatives should be promoted and become available to all farmers. Finally, traceability exercises should be coordinated, monitored and enforced. Tallying all this with an independent auditor to routinely provide the necessary audit and reflections on cocoa matters in Ghana.

## Background

Ghana is the second-largest producer of cocoa beans in the world, and is acclaimed as the leader in the quality of cocoa beans. Consequently, the demand for cocoa from Ghana is on the rise, fueling concerns for the long-term supply of cocoa beans due to low cocoa productivity, inadequate cultivable land and forest encroachment (Brobbeey and Agyei, 2019; Deppeler et al., 2014).

In the past three decades Ghana's cocoa-forest landscape has witnessed a massive influx of certification

schemes and forestry interventions to build up and train farmer groups to maintain sustainability standards and improve the revenues and incomes of cocoa farmers (Bymolt et al., 2018). However, cocoa certification is voluntary and few farmers are adopting standards, posing a major challenge to build the capacity of farmers to implement sustainability practices (Deppeler et al., 2014). Cocoa companies have pledged to source certified and traceable cocoas and are committed to mapping all cocoa farms in their direct supply chain (CFI implementation strategy 2018). Yet, traceability systems are fraught with challenges and are inadequate to exclude unsustainable practices in the cocoa-forest landscape (Lain, 2019; Saltini et al., 2013; Syahrudin, 2011). By identifying potential areas of certification-driven degradation or deforestation, we inform the ongoing discussion about certification-based approaches to improve sustainability in the cocoa sector. Such knowledge is needed to inform and advocate for necessary reforms in the management of sustainable cocoa supply chains.

## Results of detailed studies in cocoa producing communities

A study by Tropenbos Ghana on underlying drivers of cocoa encroachment in forest reserves in 2019, indicate that many of the underlying problems in the cocoa and forest sector are of a political, economic or cultural nature, including lack of clarity concerning

<sup>1</sup> The findings of this policy brief are based on a study that researched the sustainability impact of cocoa certification and traceability practices in Ghana. The study was based on literature review, interviews, participatory rural appraisal (PRA), and farm inspections in 18 cocoa-producing communities in the Atiwa East, Asunafo North, Assin North, Adansi South and Juaboso/Sefwi-Wiawso of Ghana (Tropenbos et al., 2020).



land and tree tenure, corruption, as well as poverty, low productivity and demographic characteristics. Without addressing these problems, deforestation won't be tackled effectively. Therefore the study stipulates that there is a great need for courage, determination, and strong incentives for change, to deal with conflicting interests to tackle these issues but without doing so the CFI will not be successful. To address underlying political and societal challenges it will require a willingness to create a deliberative process inclusive of all stakeholders. Cocoa certification and sustainability schemes remains a clear nexus in addressing these summatable challenges.

Several factors limit cocoa certification and traceability systems to improve forest cover and advance the income of cocoa farmers.

### **Low promotion of certification standards by LBCs**

Ghana COCOBOD<sup>2</sup> has mandated 36 LBCs to purchase cocoa from farmers and sell to COCOBOD. The LBCs have offices with district officers and purchasing clerks (PC) in the Cocoa Districts<sup>3</sup> where they trade with cocoa farmers. The LBCs are expected to promote cocoa certification, but compete for cocoa produced under conventional practices. Below 40% of the LBCs have fully taken up cocoa certification, several LBCs have been piloting certification in a few of their selected Cocoa Districts (Key Informant Interviews, February-April 2020). The low promotion of certification makes farmers continue with conventional farming practices which might be inadequate to promote cocoa sustainability.

### **Poor adoption of cooperatives and certification standards**

Cocoa certification training, inputs, and premiums are channeled through cooperatives to farmers. The majority of farmers (82%) in the study do not belong to any cooperative. Farmers who initially were members of cooperatives but have discontinued membership linked their withdrawal to the activities of purchasing clerks. The farmers make remarks including, "when I needed money to pay my wards fee the PC did not support me". Farmers are selective in the adoption of the social, economic, and environmental elements of certification standards — which results in significant limitations in outcomes of certification practices. Certified farmers obtain low premiums, which sometimes reduce net-benefit due to certification cost, and therefore, make the system unprofitable for the farmer (Fenger et al., 2017). Farmers complain cocoa prices are low and that does not motivate them in promoting sustainability at the farm level (Interview with cocoa farmers, March-May 2020). From figure 2 we can see overall adoption to be average.

### **Low access to cocoa training**

Certification standards and capacity-building activities are transferred to farmers through training lessons. An officer lamented, "I have over 3000 farmers under me who are to receive training and trees for planting in their farms, but not all of them attend the training regularly. Sometimes, about 1000 of the farmers are punctual but generally, I can see an improvement in their [farmers] involvement" (An officer of Kuapa Kookoo, 28/02/2020). 59% of the farmers indicated

<sup>2</sup> Ghana COCOBOD is responsible for the management of the production and marketing of cocoa in Ghana.

<sup>3</sup> Cocoa production areas in Ghana have been categorized into Cocoa Districts.

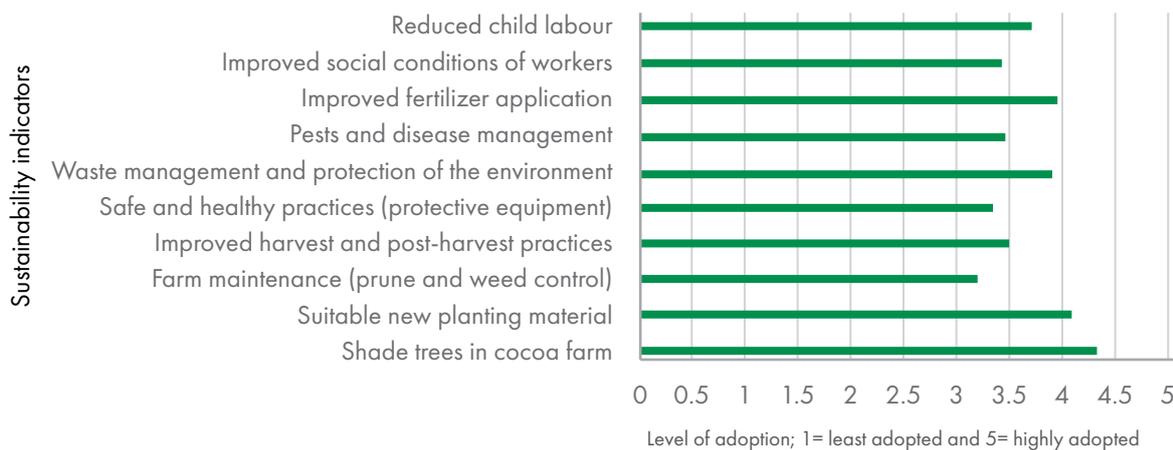


Figure 2: Level of adoption of sustainability standards. Source: F.K. Agyei et al., 2020

they have received cocoa training from several sources including LBCs, NGOs, COCOBOD, and Agricultural Extension Officers (Figure 3).

The trainings received per year was very low, 0.77 for farmers belonging to cooperatives and 0.23 for those not participating in an organized producer group. The relatively low training received by farmers is partly as a result of farmers' low participation in cooperatives which makes it difficult for COCOBOD and cocoa companies to arrange a more systematic meeting and training.

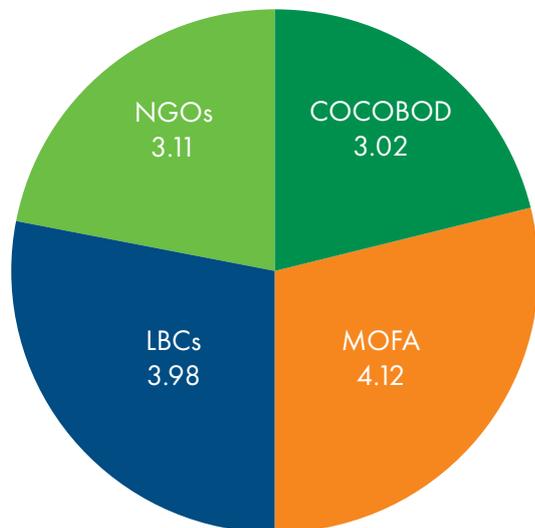


Figure 3: Farmers' level of satisfaction with services provided by bodies in the cocoa landscape; 1= least satisfied and 5= highly satisfied

### Loose farmer-LBC relationship

Cocoa farmers trade with a range of LBCs (Fedco, PBC, Best Link, Olam). They are not consistent with their choices of LBCs. Farmers sell cocoa beans to several LBCs at a time to partly fulfil debt with one LBC and generate new friendship with another. Farmers' decision to sell cocoa beans to LBCs is shaped by

factors including PC of LBCs providing financial and other services, and nearness of PC to the farmer.

### Mapping and monitoring of cocoa farms

Cocoa companies explained they have mapped farms supplying cocoa beans to them, and have information on the locations and characteristics of farms in their direct supply. In addition, PCs of LBCs live in cocoa producing villages and constantly visit farms and are able to detect farmers who engage in any wrongdoings and take appropriate actions. Company officials echoed that, "PC's live with famers in the same community, they know which famers sells to which cocoa buying company"; "PCs help famers in mapping on their farms so we get to know their farms" (Interview with LBCs, March-May 2020). However, several farmers in the study noted their cocoa farms have not been mapped. There is a risk of duplicating farmlands in mapping exercises because companies are not coordinating exercises. Also, different tools and platforms are used by different companies for information capture and storage which do not allow standardization at all levels. The on-going mapping works of Ecometrica, Forest 2020 and Forestry Commission should trace and monitor where remaining forest patches are (especially those off-reserve), their position in the landscape and to whom they belong.

### Registration of cocoa farmers and record keeping

LBCs noted they register farmers they buy cocoa from and keep track on the volume of cocoa each farmer sells to them. Information on new farmers is obtained from old members who live with them in the same villages. Record keeping can be problematic when capturing multiple information since cocoa farmers supply cocoa beans in pieces and from multiple sources and to multiple buyers. The study also established that farmers do sway officials with critical information and may

add cocoa from unsustainable sources to their supply. Farmers can sell cocoa from unsustainable sources to different companies. COCOBOD and NGOs should develop effective procedures and automated softwares to exclude illegal products.

## Discussion

The cocoa-forest landscape of Ghana has seen a high influx of certification schemes but continue to witness forest encroachment and degradation. Through interviews with a wide range of local and national stakeholders this study illustrates how several factors limit the effectiveness of cocoa certification and traceability

systems in Ghana. Current certification practices in the landscape maintain standards that exclude the poor from cocoa wealth and deter active local engagement in sustainable production. The study concludes that weak compliance, poor adoption and lack of enforcement of certification standards due to their voluntary nature and not being appealing economically to farmers — generally a low level of incentives, limit the effectiveness in achieving gains in the cocoa-forest landscape. Suggestions have been made for improvement which we think are not easy to implement but serve as a starting point for reforming cocoa certification to address unsustainable practices in the cocoa sector in Ghana.

## Policy recommendations

### Standardized certification scheme

The increased demand for sustainable, certified cocoa creates a competitive supply chain model all the way down to the farmer level, while at the same time there is increasing attention for solutions in the pre-competitive domain. This requires a balancing act between competition and pre-competitive cooperation. For that reason, it becomes relevant to analyse the cocoa sector through the incentives (and disincentives) for its sustainability. Ghana COCOBOD therefore should collaborate with relevant CSO's including GCCP to finalise the development and use of a single standardized certification scheme that integrates the strengths of the existing standards..

### Mandate certification standards

The pressure to speed up certification is risky: instead of using it as a means to stimulate sustainable change in all aspects, getting farmer groups certified becomes the goal. Sustainable cocoa production is a gradual process and takes time. Certification of cocoa farmers should not be done too quick: this could undermine the whole system of certification. CSOs must start discussions to make cocoa certification mandatory for all LBCs. Ghana COCOBOD should lead the enactment and enforcement of legislation to mandate LBCs to comply with sustainability protocols. We are proposing that the government set-up an independent auditor to bring fore the issues in the cocoa sector and propose solutions for the sector.

### Promote cooperatives

The incentives and interventions in place do not go far enough in stimulating farmer entrepreneurship. What doesn't help is that the perspective of farmers on sustainable cocoa production is not heard. Ghana COCOBOD, LBCs, and CSOs should strengthen existing cocoa farmer associations, encourage creation of new associations and devise strategic approaches to encourage more cocoa farmers to join. Chiefs and customary leaders have local legitimacy and should be involved in the formulation of Cocoa Farmer Associations.

### Develop attractive and educative training programs

Because there is not yet sufficient certified cocoa in the system, certificate holders start to compete for certified farmer groups. We are proposing that the private sector, Ghana COCOBOD, LBCs, and CSOs invest in capacity building of farmers (e.g. training, access to inputs, organization, credit) which contributes to increased productivity and higher incomes for farmers. On the other hand farmers are locked in to value chains in which they have little decision-making and little information.

### Map and monitor remaining forest

The on-going mapping works of Ecometrica, Forest 2020 and Forestry Commission should be intensified and must trace and monitor where remaining forest patches are (especially those in off-reserve areas), their position in the landscape and to whom they belong.

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