



## VOICES FROM THE FIELD

# Ghana

A selection of background information, views, and issues mentioned by stakeholders in the cocoa industry and community, arranged by responsible agricultural investment dimension

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## Introduction

Interviews with executives from the case study company from Ghana,<sup>1</sup> as well as in-country fieldwork meetings and interviews with the company's stakeholders (employees, farmers, communities, NGOs, local businesses, officials, and others), generated a great deal of data and information. It was not possible to include all of this in the case study (without expanding it considerably), but the information is available for relevant future use.

The “voices from the field” provided below are a selection of background information, stories, issues of concern, accounts of benefits reaped by respondents from the company's activities and people's plans for their future. They provide insights into the context, situation, potential, and risks contained in this and similar commercial operations.

The “voices” are organised in the same fashion as the case study, so that they can be directly linked to the analysis there. After the first section (on industry and business background), the remaining vignettes are clustered in the same seven dimensions under which the findings were presented in the case study.

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<sup>1</sup> A licensed buying company in Ghana's Cocoa Industry.



## Industry and Business Background

### Examples of Farmers' Views of the Future

- “The future is not promising as production is in decline. In new farms, half the seedlings die before they reach maturity. There is a looming crisis of climate change, rain is more infrequent and unpredictable. One solution is the need to construct small farm dams to catch run-off; we also need more shade trees.”
- “Farmers have to be able to do well for the business to be attractive for children to take over. The future would be bright if we could use new hybrids.”
- “We want to see farmers receiving greater benefits from cocoa production. It is a long-term crop, and we are hopeful of a bright future.”
- “Those connected with farming and cocoa industry people should input more into policy formation and content of policy support packages. Some progress has been made but with minimal results.”
- “Agricultural students should get more exposure to practical farming to develop the experience required. One respondent recounted how when he was at school he started a nursery and sold seedlings and consequently learned very practical farming and business skills.”
- “We are wanting to expand to offset the downside of the industry.”
- “Purchasing clerks and farmers need tarpaulins to protect the beans from rain.”
- “We should get exposure to products from cocoa to better understand what our beans are used to make.”
- “We would prefer if premiums could be paid earlier when the main season finishes in May, instead of only receiving in July/August after the close of the full season.”
- “The next 10–15 years will be difficult to get farmhands.”

Source: Interviews with farmers. All interviews contained herein were conducted on the basis of confidentiality.

### Financial and Competitive Difficulties for Licensed Buying Companies in Ghana's Cocoa Industry

Syndicated loans—loans provided by a group of lenders—make up most of the Ghana Cocoa Board's (COCOBOD's) finance. Budget permitting, government funding is used to supplement existing finance. This enables COCOBOD to provide advanced finance to licensed buying companies (LBCs) to enable them to buy from farmers.

Until March 2022, LBCs paid ~14.8% interest (equal to the central bank lending rate) on loans. Since then, interest rates have risen to 17.3%. The amount of funding received by an



LBC is based on its performance in the previous season and availability of COCOBOD funds. For the company, this is usually only about 10% of a full season's financing requirements. The balance is sourced from local commercial banks at high rates of interest (about 21% prior to March 2022, now higher).

Finance is difficult to come by. Even after receiving approval for a loan, the case study company found that it was not able to draw down on the facility due to the bank having insufficient funds. Cocoa traders can advance finance to COCOBOD, which they can, in turn, lend to LBCs. However, if the company approaches a cocoa trader for finance, 70% of the purchase margin goes to the trader. The company restricts its use of this finance to cover between 200 and 500 metric tonnes.

Local Ghanaian LBCs are also in competition with multinational enterprises (MNEs), such as Olam (Singapore). MNEs are not only LBCs but are also registered traders, able to buy beans from COCOBOD and sell these on to cocoa millers and chocolatiers. This places MNE actors in a dominant position over Ghanaian LBCs.

Source: Interviews with the company management.

## The Company's Ghana COCOBOD Port Operations

The operational procedures at a COCOBOD port start with the arrival of the delivery from the LBC. When trucks arrive at the gate with a weigh bill, the driver first goes to the security department, which checks the waybill. If it is correct, they prepare an internal waybill, two copies of which are sent to the company office and used for COCOBOD programming. After this, the cargo is offloaded.

The company representatives observe the offloading to ensure it is done correctly. The Quality Control Company (QCC) has a programme to confirm the quality of the delivery. Bags that don't meet the quality standard are redirected to the company discrepancy store adjacent to the port warehouses. The company bears the cost of reconditioning (drying, sorting, etc.) depending on the quality issue.

From October to December, the quality is generally good, but from January to February, the rejection rate increases as there is less rainfall, resulting in the production of a higher proportion of black beans. The costs of reconditioning are passed back by the port office to be borne by the district manager's office. This acts as a disincentive for district managers to send poor-quality produce through. In some cases, district managers send staff to check the QCC rejections to confirm the quality of the produce themselves.

It is possible for the company to appeal the rejection and request a re-examination, which is sometimes successful. When QCC has cleared the delivery, a cocoa transfer receipt (CTR) is prepared that transfers ownership to the Cocoa Merchant Company (CMC), the trading arm of COCOBOD. A copy of the CTR is sent to the company head office as supporting documentation for the issue of an invoice for the beans to CMC. This is where payment delays occur, which are detrimental to the company's cash flow.

Source: Interviews with the company's Kumasi Inland Port staff.



## Dimension 1: Strategy and accountability on responsible agriculture

### Development of a Digitised System to Manage the Purchase Process

This process has been developed to try to prevent the theft of beans and enable COCOBOD to check that the goods received match the purchase order. The theft of beans from depots is becoming a significant challenge, with people stealing bags (on one occasion, the company lost 450 bags) and then selling the stolen goods to another LBC. On occasion, thieves are fully armed and break into safes in the office. This results in losses to LBCs and can also lead to double counting of volumes of beans received by COCOBOD.

A new digital cocoa management system is being implemented that should help to address this. All farmers are registered with a unique ID, and purchase clerks use a smartphone with a purchase app to record transactions. The app will block the purchase unless the farmer ID matches with central records. Currently, COCOBOD is registering farmers with geo-references to farm location, which will underpin the implementation of any traceability system. However, a 2021 pilot revealed that a lack of adequate network coverage poses a challenge to the digital management system.

The Government of Ghana is exploring the possibility of implementing a farmer pension fund, which would also make use of the same system of registration. Farmers would contribute 5% of sales value, and the government would contribute a further 1%. A decision now needs to be made regarding at what age to introduce the scheme, as many farmers are now near pensionable age.

Source: Interviews with company management.

## Dimension 2: Inclusive and transparent structure

### Reasons for Selecting the Company as the Buyer

“I have been a purchase clerk for 25 years and have worked with the company for the past 3. Previously, I was with FedCo. FedCo only gave commission on purchases, but there were many delays in payment. Sometimes, I was only paid half and the other half only came after 3-4 months. I could not sustain a purchase clerk business with such poor cash flow as farmers expect payment on delivery. The company, on the other hand, do pay on time and are also prepared to pay in advance to finance my purchase of beans from farmers.”

“We sell all our beans to the company because of the incentives given. In our experience, the maximum wait for money has been 1 week.”



“It is easy to do business with the company.”

Source: Interviews with the company’s purchase clerks.

## What Makes for a Reputable LBC

“The company has been the best LBC we have worked with, even better than a licensed organic LBC we worked with in the past, where it was challenging to get the premium from them and to get the money to buy the cocoa. We also worked with other LBCs who had financial issues and collapsed. We then moved to the company, who responded to our issues well when the co-op expanded. For example, requests for skills transfer, warehouses, tools, new scales, and a vehicle to assist with transport were supplied.”

Source: Interview with a farmer co-operative manager.

## Dimension 3: Safe and responsible agriculture and food systems and operations

### Roadside Retailer’s Perspective of Developments Over the Past 5 Years

“I’m from Berekum and set up my shop 5 years ago outside the COCOBOD Kumasi inland port. My main customers are workers and drivers. It has got busier over the years, and I have scaled up twice, from selling bananas, to oranges, to eggs, to mobile money. It’s a good business, and last year I built a more permanent shop. Seeing my success, a lot of other women have arrived and set up little shops or hawker stalls, which creates competition, but my business is still growing, and I’m wanting to increase the shop size again.

Getting a licence to operate was difficult as it took 3 months when it normally should take 2 weeks. It cost me 250 cedis for the registration, which I have to renew annually for 50 cedis. At the time there was a shortage of capacity or paper in the government printing press, which created the delay.

I buy products wholesale and go to collect with a 3-wheel taxi every Saturday. I open Monday to Friday at 5:30 a.m., but I don’t have any lights and because it gets dark by 7 pm, I have to use a rechargeable lamp.”

Source: Interview with a roadside retailer.

### Good Agricultural Practice Training

Farmers and purchase clerks noted that the company has trained farmers on good agricultural practice (GAP) on farms. This has improved both yields and income, reduced the use of child labour, enabled farmers to buy school uniforms, and provided employment sewing school



bags. Training of farmers is focused on those who wish to become or are certified growers with the aim of improving yields and revenues

Beyond Beans field officers teach farmers GAP and document farmlands with a site plan. Costs for this are shared between the farmer and the company/Beyond Beans. The types of training mentioned by respondents included

- planting techniques
- pruning
- correct spacing and numbers of shade trees
- artificial pollination
- farming at an appropriate distance from streams and rivers
- collection of empty polybags and chemical containers. This prevents them from getting tangled around the trees, causing them to die
- spraying techniques to prevent pods from becoming diseased
- use of protective gear when spraying chemicals
- more frequent harvesting of beans: previously, farmers left the pods on the tree too long before harvesting, resulting in an inferior quality of beans.

The impact has been felt in increased yields. One farmer reported that his one parcel of land used to yield 3 bags of beans. After receiving training, it now yields 5 bags. Another reported an increase from 3 bags/acre to 10 bags/acre.

Areas where farmers identified further training needs included

- fertiliser application
- how to control termites in young seedlings
- financial training.

Farmers also requested an increase in the number of field officers to provide more regular on-farm visits, guidance, and training in GAP. They also expressed a preference for the company to carry out trainings on-farm.

## Dimension 4: Environmentally sustainable processes and products

### Company Challenges in Sourcing Beans in the Western Region

At 40,000 bags (2,560 mt), this area used to account for 50% of the Western Region's supply, but now struggles to deliver 10,000 bags. There used to be 10 district managers in the Western Region, sourcing 180,000 bags (11,520 mt), but today, there are only six, sourcing 30,000 bags (1,920 mt) between them. There are many challenges driving this decline in yields.



The changing climate is one challenge the region faces, with longer dry periods and insufficient rain throughout the year negatively impacting yields. The lower yields result in reduced farmer income to cover labour costs. This means many farmers are forced to rely on chemicals instead of more labour-intensive methods, such as hand-weeding. Farmers also struggle to access loans at low rates of interest. Currently, farmers have to borrow from local people in the form of personal loans, where the interest rate can be as much as 100% over 6 months.

Many older trees are dying, forcing some farmers to leave the sector. Those farmers that remain are trying hard to replant, but many of the new plantings die before reaching maturity due to drought. A changing environment means many trees are maturing more slowly, taking up to 7 years as opposed to the usual 4 years.

The company is not achieving the volumes of other LBCs because competitors are paying an additional GHS 25/bag to farmers at the end of the season as a purchase incentive. Many of these LBCs, however, are not doing any sustainability and certification projects to justify the additional premium.

Not many farmers are Rainforest Alliance and/or GlobalGAP certified, but implementing these programmes requires financial resources. The Debiso district is Rainforest Alliance certified in parts, with 40–50 purchase clerks in the district, each with about 20 Rainforest Alliance-certified farmers (i.e., 800–1,000 certified farmers in total). Expectations are that they could deliver 6,000 metric tonnes.

To increase the certification impact, the company needs an international consultant to source buyers requiring certified beans, one who is able and willing to pay premiums for them.

Source: Interviews with the company management.

## A Farmer's Interest in Converting to Organic

“I am preparing to get organic certification for my farms and want to bring nearby farmers on board to organic production if money is available to support the conversion. By having neighbours involved will prevent contamination because farms are close together.”

Source: Interview with a cocoa farmer.

## The Benefits of Certification

“I farm 6 acres of cocoa inherited from my father, so am able to sell about 115 bags of organic beans to the company.”

“Farmers are better off now selling to the company as they give premiums for certified beans. Premiums are paid every season.”

“We used to sell to PBC some 8 years ago. There were, at times, issues of cash shortages at PBC to buy cocoa. Now we are better off with the company as cash is nearly always available; we are certified with Cocoa Life and get a premium of GHS 10/bag at the end of the season. We do not pay for certification; it is Cocoa Life that covers the annual cost.”



“We have all been certified for 5 years and have seen an increase in income. Also input acquisition has become easier.”

“We are better off now as the company gives a premium every season, and we have been able to expand our farms.”

Source: Interview with a cocoa farmer.

## Beyond Beans' Approach to Connecting Farmers With Chocolate Manufacturers

Cocoanect, a Dutch company focused on connecting farmers producing quality cocoa with chocolate manufacturers, started working with the company in 2017. In 2019, Cocoanect was bought out by Export Trading Group, and the name changed to Beyond Beans Foundation. Founded in 1967, Export Trading Group is a diversified agricultural conglomerate that owns and manages vertically integrated supply chains across five continents.

Beyond Beans sources cocoa certified under the Rainforest Alliance sustainability certification for clients such as Hershey, Nestle, Mars, and Ferrero. Beyond Beans has two LBC partners in Ghana: (i) the case study company, supplying 13,400 mt from 13,000 farmers (roughly 43% of the company's total 2021 purchases), and (ii) FedCo (a sister company of the company) supplying 4,500 mt from 6,000 farmers. The partnership is collaborative: Beyond Beans runs the sustainability certification programme while the company oversees the relationship with farmer groups.

The company sources farmer groups based on their willingness and ability to enter and comply with certification processes. Certification audits take place annually, and if the group passes the audits, they receive the Rainforest Alliance Certification. This ensures premium payments after the close of the season, which acts as an incentive for farmers to participate and comply.

To ensure that only certified beans enter the supply chain, highly accurate pre-harvest yield estimates (supported by a traceability system and reconciled to final harvest results to avoid adulteration of supply with non-certified beans) are required. Farms must be mapped, tree counts recorded, and yields estimated. Beyond Beans uses a dedicated app developed by the Ghanaian company Farmerline. Trees are counted manually on the farm and then recorded on the app. Yield estimation is carried out, then reported back to the farmer, the purchase clerk, and everyone else working with the group. If the farmer over-delivers against the estimate, this is flagged for follow-up to establish if non-certified beans are being added to deliveries and to establish where the excess originates from.

The premium payments as part of the Rainforest Alliance Certification encourage farmers to enter the program. Implementing the necessary checks and balances, however, requires significant levels of training and support for farmers to help implement GAP and integrated pest management. Capacity building takes place at the farm level. The program offers guidance, for example, on the use of chemicals, including briefings on the Food and Agriculture Organization and World Health Organization watchlist of hazardous ingredients.





The list of both banned and approved chemicals (along with their local trade names) is displayed in farmers' sheds in local villages. Participants are suspended from the farmer group if found to be using unapproved chemicals. Beyond Beans has field staff providing support to farmers in the acquisition and application of the correct chemicals.

Most groups struggle to meet sustainability requirements at the beginning of the process, and the risk of dropout is high. Beyond Beans is increasingly using digitalised tools, e.g., for conducting a farmer data survey, conducting a farm inspection survey, monitoring training attendance, record keeping, and traceability. Digitised procedures help eliminate human error and reduce operating costs, saving around 27% of implementation costs. Traceability is critical for the assurance that certified beans reach the correct destination. Some buyers allow for the blending of cocoa beans (certified and non-certified). Suppliers must then state the percentage of blending. For those who want 100% certified, this requires traceability across the whole supply chain. There are dedicated warehouses with COCOBOD for certified beans only to ensure traceability.

Source: Beyond Beans interview.

## Dimension 5: Responsible treatment of stakeholders

### Reasons for Farming

“I hail from Bibiani (100 km west of Kumasi) and inherited 55 acres of land from my father and 35 acres from my mother. My father introduced me to cocoa farming as a young boy, and I developed a passion for farming. I attended agricultural college and then university, thereafter teaching agriculture and mathematics.

Of the land inherited from my mother at Bibiani, 25 acres has started yielding 80 bags. Another 15 acres at Bibiani (100 km west of Kumasi) achieves yields of 60 bags. I also currently lease 22.5 acres of land in Konongo, of which 11 acres are producing 44 bags. The other 11 acres is still to be developed.

Because I work, I have caretakers on all farms paid as sharecroppers. Caretakers are allowed to grow food crops on the undeveloped portions of the land.

I visit my farms over the weekends to see whether the training that has been done is being applied by the caretakers, but as owner I need to guide them. I also take the family children to the farms to expose them to what happens, so in future, the land will go to those who are passionate about farming.

The income from the farms is to benefit our family, and I share it with my siblings, and it is used to educate the children in the extended family.”

Source: Interview with a 65-year-old farmer.



## Targeted Policies to Boost Female Employment in the Cocoa Industry

Female education has improved massively in Ghana in recent years. However, women respondents indicated a need for specific policies and targets to encourage more women into the industry and boost female employment levels. Companies could, for example, set targets in employment policies to employ a minimum percentage of available positions to be reserved for women.

Cocoma is reportedly a successful women's farmer group that the company works with. The company is encouraging districts to found further women's groups, consisting of long-standing female farmers who are experienced but who struggle to make space in what is still a very male-dominated industry. The company reports taking steps to support these women's groups, helping to build their organisational capacities and providing training to build the confidence of women as individual farmers and as a group. Capacity building also includes making women aware of what they are eligible for in terms of credit and support in accessing further resources available to farmers. The company also facilitates and supports the training of village savings and loan associations, which are mainly women-based.

Source: Interview with women farmers.

## Dimension 6: Responsible human resource development

### Local Perspectives on Child Labour

The Ghana programme to eradicate the practice selects community leaders to play a central role in the programme. One such leader shared that they receive training on the undesirability and illegality of child labour. They have, in turn, been better able to educate farmers about the dangers of the practice, contributing to child labour falling out of use. Farmers also mentioned that the Ministry of Food and Agriculture extension agents likewise emphasise the unacceptability of child labour in their communications.

Some respondents mentioned that in the past farmers sometimes struggled to find adults to work on the farms, and so had their own children help with farm activities. However, one farmer interviewed stressed that the employment of children remains a serious issue in Ghana. It is a criminal matter to employ children, and conferences have been held to further promote the eradication of child labour. Another respondent felt there is a need for a balanced approach. He learnt about agriculture and cocoa production from his father when he was young by visiting the farm, and it was through this that he developed a passion for farming. He therefore felt that children should still be permitted to do light tasks, to help them learn about farming outside of school hours and with the type of work and limits on hours specified. Several respondents felt that Ghana's free education policy makes it possible for all children to attend school and not have to work as labourers.



Farmers reported to the field team that they hire labour predominantly for harvest. Labourers are often over the age of 25. Pay levels reported were GHS 50 per day for harvesting and GHS 40 per day for pod carrying (the former is usually carried out by men and the latter by women). It was also mentioned that it is at times difficult to hire labour when needed, due to people's other commitments. Harvesting and on-farm fermentation processes are time-critical events. If workers are not available, there is a risk of losing some of the crop or impairing the quality of the bean. This can create pressure on the family to use household children as a last resort, simply to ensure much-needed household income.

Source: Farmer group interview.

## Dimension 7: Financial transparency and benefit-sharing

### Voices From the Field – Contribution to the development of community social infrastructure

“If the company can contribute to small clinics or hospitals, this would have a big impact on farmers. The company is already operating deep within the villages and local areas, while governments might not touch these areas with services for years, whereas the company have the relationship to help develop the basic facilities. While education facilities are fairly well set up, health services are an issue, and those in the hinterland need a lot of support, but the government doesn't reach there.”

Source: Company staff interview.

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