A Cocoa Life in Ghana
A STUDY OF PARTNERSHIP CAPACITY TO INFLUENCE VALUE CHAIN UPGRADE OF SMALLHOLDER FARMERS

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ABSTRACT

Partnerships between state actors, private companies and civil society organisation are increasingly being promoted as new organisational models with the capacity to solve complex problems related to global value chains (GVCs). Nevertheless, much ambiguity remains around the benefits of such partnerships to smallholder farmers in developing countries (DCs). This thesis seeks to add new insights into this field of study by examining a partnership in the GVC for cocoa. Through a case study of the Cocoa Life (CL) partnership in Ghana, the thesis explores and explains the partnership’s capacity to influence the upgrading possibilities of Ghanaian smallholder cocoa farmers.

Based on empirical finding from fieldwork in Ghana, the thesis empirically analyses the input-output structure, the territoriality, the governance structures and the institutional environment of the GVC for cocoa. The study combines insights from GVC analysis with literature on partnerships to argue that the CL partnership has improved the farmers’ capacity to comply with increasing GVC requirements and overcome constraints in the institutional environment causing improved upgrading possibilities for smallholder farmers in the GVC for cocoa.

The thesis discovers that the CL partnership has improved process, product and volume upgrading possibilities for the smallholder cocoa farmers who are part of the CL program in Ghana. Through the establishment of farmer co-operatives and stronger business ties with international chocolate companies, the farmers have improve their access to knowledge, new technologies and high yielding inputs. As a result, the smallholders have been able to increase their productivity and incomes from cocoa by adhering to improved agronomic practices and becoming Fairtrade certified. This has increased the cocoa farmers’ benefits from GVC participation and reduced their exposure to risk.

Another key finding of the research is that the influence of the CL partnership is restricted to a relatively small group of cocoa farmers and that the majority of smallholder farmers in Ghana are unable to upgrade their position in the GVC. Doing so, the study contributes with further insights on the capacity of partnerships to address social, environmental and economic problems in GVCs and argues that partnership initiatives can be important initiators of change in global agricultural trade but also serve as mechanisms to further corporate interests of lead firms.
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<table>
<thead>
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<th>Description</th>
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<tbody>
<tr>
<td>CCP</td>
<td>Cadbury Cocoa Partnership</td>
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<tr>
<td>CEA</td>
<td>Community Extension Agent</td>
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<td>CHED</td>
<td>Cocoa Health and Extension Division</td>
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<td>CL</td>
<td>Cocoa Life</td>
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<td>CMC</td>
<td>Cocoa Marketing Company</td>
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<td>Cocobod</td>
<td>Ghana Cocoa Board</td>
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<td>CRIG</td>
<td>Cocoa Research Institute of Ghana</td>
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<tr>
<td>CSR</td>
<td>Corporate Social Responsibility</td>
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<tr>
<td>DC</td>
<td>Developing Country</td>
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<td>ESP</td>
<td>Environmental Sustainability and Policy for Cocoa Production in Ghana Project</td>
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<tr>
<td>GVC</td>
<td>Global Value Chain</td>
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<tr>
<td>ICCO</td>
<td>International Cocoa Organisation</td>
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<tr>
<td>LBC</td>
<td>Licensed Buying Company</td>
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<tr>
<td>MNC</td>
<td>Multinational Corporation</td>
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<tr>
<td>NGO</td>
<td>Non-governmental Organisation</td>
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<tr>
<td>UNCTAD</td>
<td>United Nations Conference on Trade and Development</td>
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<tr>
<td>UNDP</td>
<td>United Nations Development Programme</td>
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<td>USD</td>
<td>United States Dollars</td>
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1. INTRODUCTION

Intensified economic globalisation has reshaped global production- and trade patterns and has given rise to geographically fragmented production systems. Today, buyers and suppliers around the world are connected in global value chains (GVCs) where they perform a range of value adding activities required to bring goods and services from producer to consumer (Gereffi 2014). The emergence of GVCs has meant that developing countries (DCs) have the possibility to connect with international markets and hereby enhance their position in the global economy (Gereffi et al. 2005). Especially trade in tropical agricultural products is important for DCs’ inclusion in the world economy and for their economic development, as they often depend heavily on the export of these products (Talbot 2009).

Since the 1920’s, West Africa has been the most important cocoa producing region in the world (Fold 2002). On a global scale, Ghana is the second largest exporter of cocoa and accounts for 22 percent of global net export (ICCO 2012, p.16). Cocoa production makes up approximately one fourth of the country’s total export earnings (ICCO 2012) and engages more than 720,000 smallholder farmers in Ghana (Barrientos & Asenso-Okyere 2008). Consequently, Ghana’s cocoa sector has the potential to contribute to overall economic prosperity in the country and support economic and social development of smallholder farmers in rural areas (Barrientos & Asenso-Okyere 2008).

Cocoa is one of the agricultural crops, which can only be profitably grown in the tropics but is mainly consumed in North American and European markets (Talbot 2002: Talbot 2009). As with most agricultural value chains, the GVC for cocoa is characterised by asymmetrical power relations, where large multinational corporations (MNCs) control performance requirements and set the terms of participation for small producers in the chain (Gibbon & Ponte 2005). Low cocoa productivity and growing consumers awareness of the social origins of chocolate, has put pressure on MNCs to assure social and economic sustainability in their value chains (Barrientos 2011). As a result, most large chocolate companies are increasingly enforcing rules and standards on upstream producers in the GVC to control their cocoa sourcing practices (Barrientos 2015). Through such private regulative initiatives, MNCs are able to determine how small producers are inserted within the GVCs and shape the social, economic and environmental outcomes in the producing countries (Neilson & Pritchard 2009). The institutional environment in which the smallholder producers are embedded define their
capacities to comply with demanding GVC requirements and to improve their benefits from chain participation. Thus, the upgrading possibilities for upstream producers hinge on the governance structures put in place by lead firms in the GVC and the institutional environment in which they are embedded (Neilson & Pritchard 2009).

Following the media exposure of labour right violations and environmental degradation in cocoa producing countries, chocolate brand manufacturers and international cocoa grinders have experienced increased pressure from civil society organisations and consumers to take responsibility for the conditions at production level in the GVC (Fold 2005). In order to address issues such as poor labour conditions, low productivity and poverty in the farmer communities, most lead firms in the GVC for cocoa have taken an active part in establishing partnership initiatives that promote socially and environmentally responsible practices (Bitzer 2012). Most of these partnership initiatives are part of the MNCs’ corporate social responsibility (CSR) strategies to protect corporate reputation and brand value (Bitzer 2012; Bitzer, Glasbergen & Leroy 2012). Through these collaborative efforts with civil society organisations and the public sector, the chocolate companies can demonstrate ethical business behaviour and meet the growing demand for high quality chocolate products (Bitzer 2012). In the global chocolate industry, partnerships have also emerged to address threats to future supplies of cocoa and secure a stable and abundant production of quality beans in light of the decreasing yields in some cocoa-growing regions (Fold 2005; Bitzer et al. 2012).

While there is general consensus on the potential capacity of such partnerships to address complex social and environmental problems related to GVCs and fill global governance gaps, much uncertainty remains around the benefits to smallholder farmers in DCs (Bitzer 2012). This scepticism is grounded in the fact that partnerships are often initiated, funded and implemented by MNCs and fail to actively involve local stakeholders in the decision making process. Thus, some argue that partnerships largely serve as mechanisms to further corporate interests while their contribution to development remains contested (Bitzer, Van Wijk, Helmsing & Van der Linden 2009).
1.1 Research Purpose

Against this backdrop, the thesis seeks to further the research on partnerships in GVCs and their influence on smallholder producers in DCs through a case study of the Cocoa Life (CL) partnership in Ghana between Mondelēz International, Ghana Cocoa Board (Cocobod) and UNDP. The case study explores the influence of the CL partnership on the upgrading possibilities of the Ghanaian smallholder cocoa farmers and explains what has caused the observed upgrading possibilities to occur. To do so, the study combines insights from GVC analysis and upgrading theory with literature on partnerships to argue that the CL partnership has improved the farmers’ capacity to meet GVC requirements and hereby enhanced their possibilities to improve their position in the GVC for cocoa. However, the thesis also argues that this influence is restricted to a relatively small group of cocoa farmers and that the majority of smallholder farmers in Ghana are unable to upgrade their position in the GVC. Doing so, the study contributes to the discussion on the capacity of partnerships to address social, environmental and economic problems in GVCs and argues that the institutional environment in which the stakeholders are embedded can constrain the influence of partnership initiatives.

In order to guide the research process, the following research question is formulated:

How and why has the Cocoa Life partnership influenced the Ghanaian smallholder cocoa farmers’ upgrading possibilities in the global value chain for cocoa?

To answer the research question, the study takes point of departure in the GVC framework initially developed by Gereffi in 1994 to map the configuration of the GVC for cocoa in which the CL partnership operates. This framework is a useful tool to outline the value adding processes and identify economic actors and governance structures in the chain. Yet, this thesis mainly draws on Neilson & Pritchard’s (2009) work on value chain struggles in the South Indian tea and coffee GVCs. In their work, they present a redefined GVC framework that emphasises the importance of territoriality and the institutional setting of GVCs. They argue that governance structures intermesh with the institutional environment in producing countries causing value chain struggles for small producers in the chain. Based on their work, this study examines the governance and institutional structures in the GVC for cocoa and analyses the value chain struggles, which have emerged as a result of their interplay. Grounded in this
analysis, the upgrading possibilities of Ghanaian smallholder farmers are defined and the influence of the partnership is discussed based on its ability to resolve value chain struggles and improve the upgrading possibilities for smallholder farmers in the chain.

1.2 Scope and Delimitations

This paper focuses on exploring the influence of the case partnership on the upgrading opportunities of the Ghanaian smallholder farmers in the GVC for cocoa and explaining what has caused this to happen. Therefore, the study focuses on the upstream value adding processes and the smallholder farmers in the GVC. Consequently, the analysis is mostly dealing with actors, structures and dynamics in the local context in Ghana instead of the overall value adding flows in the movement of cocoa from producers to consumers on a global scale. While the study incorporates the national institutional setting in which the cocoa sector in Ghana is embedded, wider international regulatory frameworks and multilateral trade laws are not taken into account in the analysis of the institutional environment.

1.3 Thesis Outline

To answer the research question, the thesis is structured as followes. Chapter 2 gives a brief review of relevant literature on GVCs and partnerships and defines key concepts. Based on the literature review, chapter 3 develops an analytical framework that combines elements of GVC analysis, upgrading strategies and partnership literature in order to guide the data collection process and the analysis of empirical findings. Chapter 4 outlines the adopted methodology and underlying philosophical assumptions before chapter 5 gives a brief presentation of the case. Then, chapter 6 applies the analytical framework to map the configuration of the GVC for cocoa, analyse the governance structures and the institutional environment, and determine the upgrading possibilities for cocoa farmers in Ghana. Chapter 7 discusses the findings of the analysis and reflects on the theoretical and methodological choices in the thesis. Finally, chapter 8 concludes and answers the research question.

2. LITERATURE REVIEW

Initially, the literature review presents the area of GVC analysis. The review gives special attention to the analysis of tropical GVCs territorially anchored in DCs and defines the key concepts of governance, institutions, struggles and upgrading. Then, literature on partnerships
in GVCs is reviewed to present the theoretical arguments for how cross-sectoral collaboration can solve social and environmental problems along the chains.

2.1 Global Value Chain Approach

The GVC approach was essentially formulated and informed by Gereffi and Korzeniewicz’s work on Global Commodity Chains in 1994 and has become a central way to analyse the geographical fragmentation of production systems in the global economy (Neilson & Pritchard 2009, p.38). Today, the commodity chain term has largely been abandoned and replaced by the more embracing term of global value chain (Gibbon & Ponte 2005).

Based on the initial work, Gereffi formulated a framework to guide the analysis of global production activities with four analytical dimensions: i) the input-output structure, (ii) territoriality of the chain, (iii) the form of governance, and (iv) the institutional framework (Neilson & Pritchard 2009, p. 39). In his work, Gereffi emphasises the vertical relationships between buyers and suppliers, the coordination of activities, and the distribution of value among economic actors within the GVC (Gereffi 2014). As such, Gereffi’s work has focused largely on governance and upgrading aspects and has been criticised for neglecting the institutional context and the territoriality of GVCs (Fold 2008; Neilson & Pritchard 2009; Talbot 2002). Therefore, this study will draw on additional GVC research particularly on tropical and agricultural chains to develop an analytical framework that integrates the importance of institutions and territoriality.

2.2 Input-Output Structure and Territoriality

The input-output structure and territoriality of GVCs constitute the preliminary stages in GVC analysis. They are used to map the configuration of value adding activities carried out by economic actors in the chain and its geographical extent (Neilson & Pritchard 2009).

Research on tropical GVCs emphasises the importance of territoriality in GVC analysis, as these chains are commonly territorially anchored in DCs in the South due to agro-ecological requirements of the crops (Fold 2008; Talbot 2002). Since the colonial times, trade of tropical products have played an import role in the inclusion of the exporting countries into the world economy (Talbot 2009). Specifically tropical agricultural products such as coffee, tobacco, cotton, sugar, tea, and cocoa make up important export sectors in most DCs and link the poor rural population with global product markets (Gibbon 2001).
2.2.1 THE GLOBAL VALUE CHAIN FOR COCOA

Cocoa classifies as a tropical product because the crop can only be profitably grown in the tropics and the end product is mainly consumed in the North (Talbot 2002; Talbot 2009). Production and consumption are both highly concentrated with Côte d’Ivoire, Ghana and Indonesia accounting for more than three quarters of world cocoa export and Europe and the United States constituting the main chocolate consuming markets (Fold 2005). As there are rarely any domestic market for finished chocolate products (Fold 2002), cocoa producing countries are highly dependent on European and American imports (Fold 2005).

Cocoa grows on trees in tropical climates. The production normally peaks twice a year in cocoa producing countries but smallholder farmers can harvest ripe cocoa pods all year round (World Cocoa Foundation). Each pod contains about 30-40 beans with the cocoa nibs used for chocolate production inside (Talbot 2002). The pods are broken to remove the beans, which are then fermented for three to seven days before they must be dried in the sun (World Cocoa Foundation). The need for preliminary processing quickly after the harvest has meant that the cultivation and initial processing stages are controlled by producing country actors (Talbot 2009; Fold 2008). Smallholder cocoa farmers control these stages in the GVC as they are labour intensive and do not demand any advanced technology (Talbot 2002). Consequently, there are few economies of scales at the production end and cocoa is mostly grown by smallholder farmers in rural areas (Talbot 2002). When the beans are dry, they are packed and sold to local agents for export (World Cocoa Foundation). Once exported, the cocoa beans are shelled and roasted before the nibs are ground into a paste, often called cocoa liquor. This liquor can be used directly to manufacture chocolate but is mostly processed further to separate the cocoa powder and cocoa butter. This process is much more capital intensive and are often controlled by MNCs (Talbot 2002).

2.3 Governance

The governance dimension of GVC analysis is used to identify the actors who exercise the power to shape the allocation of resources and the distribution of profits and risks along the chain functions (Gereffi, Humphrey & Sturgeon 2005; Gereffi 2014). Hence, chain governance has traditionally been closely connected to the role of the lead firm (Fold 2008). Through its control of certain functions, the lead firm has the power to dictate the terms of participation for the other actors in the value chain (Gibbon & Ponte 2005). Gereffi linked
governance to the power relation within GVCs and formulated a dual model of governance, which distinguishes between buyer- and producer driven chains (Ponte & Gibbon 2005). Producer-driven chains are found mostly in capital-, technology-, or skill-intensive industries where the final-product manufacturers hold the power. Large retailers or branders with market shares and brand names to shape consumer consumption, on the other hand, dominate the buyer-driven chains. These buyers have generally diverted all production themselves and source their products from a global network of suppliers (Gereffi 2014).

The dichotomous governance model has received much criticism for its failure to capture more complicated and dynamic inter-firm power relations and explain the forces that influence GVC coordination (Fold 2002; Gibbon & Ponte 2005). Consequently, the dual model was replaced by a more elaborated version that identifies three factors, which influence the formation of the different governance structures: (i) the complexity of information and knowledge transfer, (ii) the extent to which such information can be codified, and (iii) the capabilities of actual and potential suppliers (Gereffi et al. 2005, p. 85). Based on these, a fivefold categorization of GVCs was elaborated by Gereffi et al. (2005, p. 83-84): (i) market, (ii) modular value chains, (iii) relational value chains, (iv) captive value chains, and (x) hierarchy. In the three types of value chains between market and hierarchy, the lead firm exercises different degrees of power over chain coordination.

Agricultural value chains are generally characterised by asymmetrical power relations, where downstream actors control the performance requirements and set the terms of participation for upstream traders and producers (Gibbon & Ponte 2005). Studies have found a general increase in buyer-drivennes in agricultural GVCs facilitated by trade- and financial liberalisation, changes in regulation, high level of retail concentration, outsourcing of lower value adding activities, and increasingly strict food safety regulation (Gibbon & Ponte 2005). According to Neilson & Pritchard (2009, p.5), the consolidation of downstream actors and the enhanced global reach of lead firms give MNCs the possibility to set value chain standards and impose sourcing requirements along the GVC. Such private sector initiatives have created a system of global private regulation where downstream actors enforce rules and requirements to product and process standards on upstream producer in order to monitor their supply base (Neilson & Pritchard 2009, p.238).
2.3.1 GOVERNANCE STRUCTURES IN THE GVC FOR COCOA

Two types of lead firms, the cocoa grinders and the chocolate brand manufacturers govern the GVC for cocoa. The chain is thus categorised as a “bi-polar” buyer-driven chain (Fold 2002). Since the 1990’s, the chocolate industry has experienced a rapid concentration with a declining number of individual grinders and chocolate manufacturers (Fold 2002). Today, the brand chocolate market is dominated by a few large multinational confectionary companies with substantial international brand portfolios (UNCTAD 2008). At the same time, a few transnational giants are dominating the cocoa grinding market (Fold 2002). The GVC for cocoa is also characterised by a high degree of vertical integration as the largest international grinding companies engage in activities ranging from trade in cocoa beans, grinding and intermediate chocolate manufacturing (UNCTAD 2008). In order to ensure stable and high volumes of cocoa supply the large grinders are increasingly internalizing purchasing functions and only few international trading companies are left (Fold 2002). As the cocoa grinders have started to manufacture intermediate chocolate products, they have acquired an important role as contract manufacturers to the chocolate brand manufacturers, delivering a broad range of products and benefiting from economies of scale (Fold 2002; Gibbon & Ponte 2005). This organisational split between the brand manufacturers and the contract manufactures allows for specialisation, where the first group focuses on product innovation and the latter on production process improvements (Fold 2002).

According to research on agricultural value chains, the nature of the crop has important implications for the governance structures and the sourcing practices in the GVC (Fold 2008; Talbot 2009). The need for immediate transformation of the cocoa beans and the rudimentary nature of the harvesting and initiate processing requirements make it possible for smallholder cocoa farmers to maintain control of these activities (Talbot 2009). The storability and transportability of intermediate chocolate products such as cocoa powder and cocoa butter create forward integration opportunities for upstream actors (Talbot 2002). Nevertheless, the two groups of lead firms still have the power to determine the terms of participation for smallholder producers and local traders, who “are price takers and have no influence on how the value chain is organized, even in their own countries” (Gibbon & Ponte 2005, p.118). The concentration downstream in the chain and the fragmentation of cocoa producers upstream has also meant that the share of value captured by the producers has declined (Barrientos 2015).
Today, concerns over socio-economic sustainability in the GVC for cocoa are growing. The chocolate manufactures have become aware of the vulnerability of cocoa sourcing and there is a growing awareness among consumers of the social origins of chocolate. The growing market segment for high quality certified chocolate serves as an indicator of the development in consumer awareness (Barrientos 2015). Hence, there is a pressure on MNCs to assure socially and environmentally responsible practices in their value chains especially at farmer level (Barrientos 2011). As a result, most large chocolate brand manufacturers are increasingly adopting certification schemes such as Fairtrade, Rainforest Alliance and UTZ for the cocoa they use in their production. Some MNCs have also established broader initiatives to address deeper development issues in cocoa producing countries and support cocoa farmers and their communities (Barrientos 2015). However, studies suggest that the main benefits from such initiatives are accrue to the large companies that are able to use standards to achieve strategic goals while the impact on producers are ambiguous. Therefore the standards can be regarded as new mechanisms for GVC governance, which keeps intact the power imbalances among the farmers and lead firms in the cocoa sector (Bitzer 2012, p.23).

2.4 Institutional Environment

While research on GVCs has predominantly focused on the internal dynamics of value chain governance, the importance of the institutional environment in which the value chain is situated is emphasised in recent research on agricultural GVCs (see Gibbon & Ponte 2005; Neilson & Pritchard 2009; Talbot 2009; Fold 2008). According to Neilson & Pritchard (2009), the institutional dimension is central to GVC analysis as it allows for an examination of the specificities of place and an understanding of the social and cultural context in which the economic actors are embedded. According to North (1990, p. 3, in Neilson & Pritchard 2009, p. 9) institutions are “the rules of the game in a society or, more formally, are the humanly devised constraints that shape human interaction”. Hence, the institutional environment represents a multi-scalar context in which economic actors are embedded and can explain the capacity and willingness of upstream producers to comply with private regulative initiatives and hereby participate in GVCs (Neilson & Pritchard 2009).

Accordingly, researchers have started to encourage a GVC approach that emphasises both institutional- and governance analysis and acknowledges that “(l)ead firms do not operate in an institutional and regulatory vacuum” (Gibbon & Ponte 2005, p. 85). Concurrently, Neilson
& Pritchard (2009, p. 9) argue for an institutionally enriched GVC approach, which acknowledges that institutions shape the internal organisation of GVCs. They argue that GVC governance and institutions are co-produced as governance structures intermesh with local institutional settings in producing countries. As such, “institutions shape governance forms, and governance is enacted through institutions” (Neilson & Pritchard 2009, p. 9).

2.4.1 VALUE CHAIN STRUGGLES

This iterative nexus in GVCs is characterised by “struggles” understood as conflicts and tensions of various kinds triggered by the interaction between universal governance structures and differentiated institutional environments. These struggles can shape how economic actors participate in the chain and determine the social, economic and environmental outcomes (Neilson & Pritchard 2009, p.9-10). In their study of the tea and coffee industries in South India, Neilson & Pritchard (2009) identified four types of struggles grounded within the production districts. They argue that struggles over supplier upgrading, labour and livelihood, environmental governance and the fate of smallholders have emerged as global private systems of chain governance have been imposed on upstream producers embedded in different multi-scalar institutional settings.

In line with previous research on tropical GVCs, Neilson & Pritchard (2009) find that the GVCs for South Indian coffee and tea are characterised by consolidation and forward integration. This has given rise to buyer-driven arrangements where lead firms set increasingly stringent compliance requirements for their sourcing arrangements in South India. International lead firms have instituted ethical production schemes and certification norms in the GVCs whereby producers have to comply with a series of quality parameters, rules of hygiene and food safety, and monitoring of labour and environmental baseline standards. The South Indian smallholder coffee- and tea producers are embedded in an institutionally thick environment with associations and commodity boards that represent their political interests and advocate for Indian industry concerns in international fora. Through such regional arrangements, the producers have rich institutional capacity to shape the GVCs for coffee and tea and meet the compliance requirements of lead firms (Neilson & Pritchard 2009). However, Neilson and Pritchard (2009) find that the private regulative initiatives installed by lead firms clash with the institutional environment in South India and create place-based struggles for the South Indian producers. Ethical production schemes imposed by lead tea companies have
triggered struggles over labour and livelihood for marginalised tea producers especially the uncertified smallholders, who do not sell their tea to foreign consumers. The externally authored sustainability agendas of lead firms in the GVC for coffee have also triggered struggles over environmental governance for coffee producers, as the baseline standards are not compatible with pre-existing local arrangements in the coffee sector.

2.4.2 THE INSTITUTIONAL ENVIRONMENT OF THE GVC FOR COCOA

Traditionally, the cocoa sector has been heavily regulated by the state (Fold 2002; Gibbon & Ponte 2005). Prior to the structural adjustment programmes of the 1990s, most West African countries had state marketing boards controlling the commercial activities linked to cocoa exports. As liberalisation and privatisation in most cocoa producing countries were enforced, the states withdrew from their negotiation- and quality-control functions and private profit-seeking actors took over (Fold 2002). Ghana is the only large cocoa producing country to have resisted this process and still have a state regulated marketing system today (Barrientos 2011).

In several cocoa producing countries, the abolition of state marketing boards caused deteriorating quality of crops as the private actors introduced new cost-saving methods (Fold 2002). Consequently, lead firms have augmented their upstream involvement and imposed new forms of private regulation in order to control and ensure their supplies of high quality cocoa (Fold 2005).

Private regulative initiatives in agricultural GVCs impose new demands and standards for e.g. quality, food safety and ethical production, which producers must comply with in order to participate in the international trade of agricultural products (Neilson & Pritchard 2009). However, smallholder cocoa farmers generally face a multitude of institutional constraints that limit their market access and upgrading opportunities in the GVCs (Bitzer et al. 2009). The majority of West African cocoa farmers are poor smallholders who often lack the knowledge, skills, infrastructure, and resources to meet and implement value chain standards (Barrientos 2015). In most cocoa producing countries, general market information and extension services are also scarce and can confine farmers’ abilities to comply with rigid standards (Bitzer, van Wijk, Helmsing & van der Linden 2009, p. 3). Furthermore, financial institutions are generally reluctant to provide credit to smallholder farmers because of the vulnerable nature of agriculture and farmers’ lack of collateral (van Wijk & Kwakkenbos 2008). Limited access to credit is likely to have a negative impact on the cocoa farmers’ access to inputs and equipment.
and restrain their ability to make improvements on their farms (Abbott 2013). Following the privatization of the cocoa sectors, price volatility and unpredictability of markets also impede investments in the agricultural sector (van Wijk & Kwakkenbos 2008, p. 74). Finally, smallholder farmers often lack the size capacity to lower production- and transaction costs through economies of scale (Bitzer et al. 2009, p.3). Forming producer organisations can help farmers pool resources, share risks, and create collective action, which will allow them to strengthen their bargaining power in the GVC (Bitzer et al. 2009; van Wijk & Kwakkenbos 2008). Nevertheless, restricted access to credit and poor rural infrastructure also cause problems for the operations of farmer co-operatives and make it difficult for them to purchase cocoa from the members (Abbott 2013).

2.5 Upgrading

The concept of ‘upgrading’ focuses on the ability of upstream producers to maintain or improve their position in the GVC (Gereffi 2014, p.12-13). Thus, the concept of upgrading adds insight into the processes by which value chain actors can progress from low-value to higher value activities and improve their position in GVC (Gereffi 2014). The underlying rationale for upgrading is that producers can acquire capabilities and access new markets by learning from the lead firm (Gibbon & Ponte 2005). However, according to Neilson and Pritchard (2009, p.211) “upgrading provides a bridge that links the institutional and governance dimensions of the GVC approach”. The researchers argue that the prospects of upgrading dependent on how the institutional setting of economic actors interrelates with the governance structures in the GVC. While, the governance structures put in place by lead firms have the potential to shape the social, economic and environmental outcomes for upstream actors, it is the institutional environments of the producers that dictates their capacity to comply with these agendas and participate in the GVC (Neilson & Pritchard 2009, p.211).

Humphrey and Schmitz (2002, in Neilson & Pritchard 2009, p. 44) distinguish between four classifications of upgrading, which are commonly referred to within the GVC framework:

1. Process upgrading is realised through improved efficiency by reorganising the production process or introducing technological innovations.
2. Product upgrading entails moving into more sophisticated product lines.
3. Functional upgrading is achieved by acquiring new functions in the chain and hereby increase the overall skill content of activities.
4. Inter-sectoral upgrading results from using the acquired knowledge to move into alternative chains in new industries.

In their work, Riisgaard, Bolwig, Ponte, du Toit, Halberg & Matose (2010) take a broader perspective on value chain upgrading as they integrate the horizontal aspects of poverty, gender, labour and environmental concerns into GVC analysis to illustrate how value-chain dynamics affect communities and the environment. Consequently, the authors consider upgrading not only as the possibility for small producers to move up the chain, but also take into account other kinds of change that can influence value chain actors in DCs (Bolwig, Ponte, du Toit, Riisgaard & Halberg 2010). As such, they define upgrading as:

“a desirable change in chain participation that increases rewards and/or reduces exposure to risk – where rewards and risks are understood both in financial terms and with regard to outcomes related to poverty, gender, labour and the environment” (Riisgaard et al. 2010, p.196).

Riisgaard et al. (2010) argue that due to the constraints that buyer-drivenness can place on vulnerable upstream actors, interventions internal to the chain are rarely enough to induce significant change for small producers. Thus, upgrading of smallholders often requires the involvement of actors outside the GVC to influence the terms of chain participation. The modification of conditions inside the GVC often requires political leverage and financial and human resources from external sources not immediately available to smallholders. Hence, to mobilise such resources, producers can build stronger linkages with powerful chain actors or create alliances with external actors and hereby “increase the stake of powerful actors in the conditions of the producers” (Riisgaard et al. 2010, p.197). Producers can also improve their position and influence in the value chains by forming organisations and hereby take collective action on issues such as certification, marketing and lobbying for their interests. Accordingly, Riisgaard et al. (2010, p. 198-199) identify seven forms of upgrading for small producers. In addition to process, product and functional upgrading, they firstly introduce volume upgrading through increased crop yields or area. Secondly, they introduce functional downgrading where producers move one function down in the value chain if this is more profitable. The authors also argue for upgrading through improved value chain co-ordination. This can be achieved through vertical contractualisation with buyers or horizontal contractualisation with other producers. Vertical contractualisation entails increasing the use
of contracts between two value chain actors and build closer and longer-term business ties. Such contracts often involve higher performance requirements but can create learning opportunities and increased access to inputs and finance for producers. Horizontal contractualisation consists of agreements of co-operation among producers in the GVC. Collective action over input provision, marketing, certification, and crop insurance can reduce risk and lead to stronger producer bargaining power and can help producers achieve process, product and volume upgrading (Riisgaard et al. 2010).

2.6 Partnerships in Global Agricultural Value Chains

Partnerships between civil society organisations, government agencies and private actors have become an institutionalised platform for collaboration. These partnerships are increasingly promoted as new organisational models that have the potential to address complex social and environmental problems, which single actors have been unable to overcome alone (Bitzer 2012). Nevertheless, much ambiguity remains around the conceptual definition of partnerships and the assessment of their impact (Lund-Thomsen 2009). Partnerships exist in many different constellations and are presented under various terms in the literature including cross-sector partnerships, inter-sectoral partnerships, multi-stakeholder partnerships and public-private partnerships (Bitzer 2012).

Since the 1990s, partnerships in agricultural GVCs have seen considerable growth (Bitzer 2012). This trend is also detectible in the GVC for cocoa where a growing number of partnerships aiming to solve problems at production level have emerged (Bitzer, Glasbergen & Leroy 2012). Civil society organisations have sought to influence cocoa production practices through public critique of e.g. the use of child labour in the West-African cocoa sectors. Such critique has given rise to joint initiatives between lead firms and international non-governmental organisations (NGOs) to organise and coordinate chain-wide activities that promote responsible production practices (Fold 2005). Through collaboration, partners seek to promote socially and environmentally responsible production within the GVC and address issues such as poor labour conditions, environmental degradation and poverty among smallholder producers (Bitzer 2012, p.14). Hence, objectives of these partnerships often comprise increased market access and revenues for producers in the chain, capacity building for smallholder farmers, and promotion new production practices (Bitzer & Glasbergen 2010, p. 223).
Most partnerships in GVCs are initiatives formed by Northern-based MNCs and international NGOs but can vary in scope and content. Nevertheless, they are generally based on two common principles: (1) use the partners’ complementary resources and capabilities to address issues that one actor alone cannot address, and (2) adopt market-based approaches to development through collaboration with the private sector (Bitzer & Glasbergen 2015). As such, these partnerships combine resources and market knowledge of companies with capabilities and networks of state and civil society actors and coordinate the actions of actors in different positions within and outside the GVCs (Vellema, Ton, de Roo & van Wijk 2013). The partnership initiatives benefit from collaborative advantage, which is created as the partners’ comparative advantages complement each other. Hence, key drivers for partnerships are the possibility to exploit collaborative advantages, access specialised know-how and resources and spread the risk and responsibility with partners (Bitzer et al. 2009).

In the literature, the emergence and implications of partnerships are explained from a governance- and a development perspective. From the governance perspective, partnerships are perceived as new institutional arrangements with the potential to solve global governance problems. They have emerged as a result of accelerated globalisation and the cross-border nature of many contemporary problems, which has rendered governments incapable of solving problems effectively on their own. Consequently, private sector involvement has emerged as a response to the perceived governance gap and standards and certification have become key mechanisms for partnerships to solve global governance problems (Bitzer 2012). From the development perspective on the other hand, partnerships are perceived as new tools for achieving development objectives (Bitzer 2012, p. 14). Partnerships are explained as a reaction to the failure and inability of single actors such as the market, government, donor or civil society to solve global development problems (Bitzer 2012).

2.6.1 THE CAPACITY OF PARTNERSHIPS

Partnerships are often promoted as new institutional arrangement better equipped to address global challenges related GVCs. Nevertheless, the influence of partnerships remains unclear and researchers still debate whether they can live up to the expectations (Bitzer 2012; van Wijk & Kwakkenbos 2012). Bitzer (2012) has made a study that seeks to give a better understanding of the capacity of partnerships to promote change in global agrifood chains. In the article Bitzer (2012, p. 15) defines capacity of partnerships as “the ability to promote
sustainable change in global agrifood chains by means of pursuing distinct strategies and performing distinct functions”.

From a governance perspective, the capacity of partnerships to promote change is largely positive. The partnerships are seen as important agenda setters that introduce new baseline standards for acceptable business practices in agricultural GVCs. Furthermore, studies suggest that partnerships fill rule-setting functions, introduce good agricultural practices, and increase technical skills of smallholder farmers. As such, partnerships can fill gaps in DCs by improving access to information and services for producers. However, studies have found that MNCs accrue the main benefits of imposing standards along the GVC as they can use these to reach business goal such as brand strengthening and market development (Bitzer 2012, p.23).

From a development perspective partnerships are often perceived as "a new institutional arrangement that facilitates the capacity building of farmers, provides them with market access, conserves environmental resources, and raises rural incomes” (Bitzer & Glasbergen 2010, p.223). However, the development perspective questions the benefits for the smallholders as partnerships are often initiated, funded and implemented by MNCs and can serve as mechanisms to further corporate interests while taking attention from other issues (Bitzer 2012; van Wijk & Kwakkenbos 2012). There is also general scepticism among development researchers when it comes to the ability of partnerships to involve local stakeholders such as farmer organisations or government actors (Bitzer et al. 2009). Studies from the GVCs for coffee and cocoa show that even though producer organisations are often beneficiaries of partnership interventions and key actors in the implementation process, then they are rarely considered partners and seldom take part in the planning or design of interventions (Bitzer 2012). Producer organisations are important for local stakeholder involvement in partnerships as they act on behalf of individual farmers and serve as inlet to reach smallholder farmers. However, their lack of resources and capabilities as well as their diverse structure can make collaboration difficult and partnerships need to adapt to different producer organisations and local conditions in producing countries (Bitzer et al. 2009). The overall lack of involvement by local government actors in partnership initiatives is also emphasised as problematic for their effectiveness. The ability of partnership to induce change in the national institutional environment is largely dependent on the government’s implementation of supportive environments and back-up policies to sustain the institutional
change and diffuse them to other chains and sectors in the country (van Wijk & Kwakkenbos 2012).

3. ANALYTICAL FRAMEWORK

The following analytical framework combines elements of GVC analysis and partnership literature in order to propose an analytical model for understanding the influence of partnerships in agricultural GVCs on smallholder farmers’ upgrading possibilities. The framework defines key concepts, informs the data collection process and structures the analysis of empirical findings.

The first sections draw on the work of Neilson & Pritchard (2009) and explain the application of the GVC framework in the study. The subsequent section focuses on upgrading of smallholder farmers in GVCs and outlines specific upgrading strategies presented by Riisgaard et al. (2010). Then, the notion of partnership capacity is added to the framework in order to present the theoretical arguments for how partnerships can address social, economic and environmental problems at production level in GVCs. Finally, a model is constructed to illustrate and summarize the analytical framework of the study.

3.1 Global Value Chain Analysis

The study applies the four recognised dimensions of GVC analysis. According to Neilson & Pritchard (2009, p. 106), the essential starting point for a GVC analysis is to document the basic value adding processes, identify economic actors and outline geographical locations of the chain. Hence, the study initially maps the territoriality and input-output structure of the GVC for cocoa in order to construct a solid foundation for the subsequent analysis of the governance- and institutional dimensions (Neilson & Pritchard 2009).

From the literature we know, that the GVC for cocoa is rooted in countries with tropical climates and that due to the nature of the crop and the initial processing needs cocoa is generally cultivated by smallholders (Talbot 2002). Therefore, the GVC mapping starts with the smallholder cocoa farmers in Ghana and the value adding stages that they control. Then, as most tropical GVCs are export dependent (Talbot 2002), the export channel for Ghanaian cocoa is described. Finally, the value adding stages outside Ghana, which are carried out before the chocolate finds its way to the consumers are defined.
In GVC analysis, the governance dimension is used to define chain coordination and identify the economic actors who possess the power to shape economic value distribution along the chain (Neilson & Pritchard 2009). In this study, it is relevant to identify the governance parameters controlled by the lead firm, as powerful downstream actors can determine the scope of activities along the chain and set the terms of participation for smallholder farmers further upstream in the GVC (Neilson & Pritchard 2009). Studies have suggested that buyer-driven governance forms often put pressure on upstream producers to comply with private standards for product specification, quality, food safety, and ethical and environmental responsible production practices (Neilson & Pritchard 2009). Furthermore, lead firms often determine price and payment conditions for suppliers (Bolwig et al. 2010). Hence, this study will look into power structures in the GVC for cocoa to define the actors that hold the lead firm position. Then, the rules and standards imposed on upstream producers by these powerful chain actors are analysed in order to determine the terms of participation for the cocoa value chain in Ghana.

The institutional environment represents the context in which economic actors along the chain are embedded and can be understood as a “set of fundamental political, social and legal ground rules that establishes the basis for production, exchange and distribution” (Davis & North 1971, p. 6 in Neilson & Pritchard 2009, p. 107). As such, the institutional environment includes public and private regulation, civil society influence, local/national politics, supporting sectors such as finance and transport, infrastructure, etc. (Bolwig et al. 2010). External actors, such as government agencies, large NOGs and certification bodies, can actively intervene in the GVCs and have an important say in how the chains are structured (Fold 2008). Consequently, the institutional framework is another important analytical dimension for this study as it interacts with the value chain governance structures and influences the upgrading possibilities of smallholder farmers (Bolwig et al. 2010; Neilson & Pritchard 2009).

Based on a previous study by Barrientos & Asenso-Okyere (2008) of the cocoa sector in Ghana, four interrelated groups of constraints to smallholder upgrading in the institutional environment are identified in Table 1 below. In order to focus the study, special attention will be given to these categories in the data collection to see, if these also apply to the case study.
<table>
<thead>
<tr>
<th>Production constraints</th>
<th>Market access constraints</th>
<th>Social constraints</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Lack of access to technology and knowledge due to:</td>
<td>2. Limited access to inputs and equipment due to:</td>
<td>3. Poor market access due to:</td>
</tr>
<tr>
<td>Poor level of farmers’ education and limited knowledge of new agronomic practices (p.56)</td>
<td>Low producer price of cocoa and profitability of cocoa production (p. 12;49)</td>
<td>Lack of transport and poor roads in cocoa growing regions (p.11)</td>
</tr>
<tr>
<td>High costs causing farmers to fail adopting improved agronomic practices to increase productivity (p.11)</td>
<td>Shortage of hired labour for farming activities and rising labour costs (p.11;49)</td>
<td>Low annual cocoa prices announced by Cocobod (depending on exchange rates and international demand) (p.63)</td>
</tr>
<tr>
<td>Poor provision and inadequacy of cocoa extension services (e.g. farmer training, introduction to innovations, supply of hybrid seedlings) (p.11;52;56)</td>
<td>Poor rural credit infrastructure (p.12) Limited access to working capital due to poor credit worthiness (p.77) Delayed payments by LBCs’ local buying clerks to cocoa farmers (p.57)</td>
<td>Length and breaks in cocoa purchasing periods create hardship when farmers are unable to sell their cocoa (p. 60)</td>
</tr>
<tr>
<td>Poor information system on fertiliser and lack of availability (p.60)</td>
<td>Limited access to and high costs of inputs and basic equipment (p. 68)</td>
<td>Lack of communication and poor information flow in cocoa growing areas (p. 82)</td>
</tr>
</tbody>
</table>

Table 1: Institutional constraints in the cocoa sector in Ghana  
Source: Barrientos & Asenso-Okyere (2008)

3.2 Value Chain Struggles

While lead firms can control the terms of participation along the GVCs, the ability and willingness of the upstream producers to comply with these terms depend on the institutional
environment in which they are embedded. The interplay of these two dimensions can result in struggles for smallholder farmers as the institutional setting negotiates the ability of the governance structures to determine their position in the chain and their benefits of participation (Neilson & Pritchard 2009, p.9). Thus, based on the analysis of governance structures and the institutional environment of Ghanaian smallholder cocoa farmers, possible value chain struggles in the GVC for cocoa are identified. As struggles shape the politics of engagement between upstream actors and lead firms (Neilson & Pritchard 2009, p.10), the analysis of value chain struggles in the GVC for cocoa are key to determine the upgrading possibilities for the cocoa farmers and discuss the influence of the CL partnership.

3.3 Upgrading of Smallholder Farmers

Upgrading refers to the ability of local producers to maintain or improve their position in GVCs (Gereffi 2014, p. 12-13). The definition applied in this study delineates upgrading as:

“a desirable change in chain participation that increases rewards and/or reduces exposure to risk – where rewards and risks are understood both in financial terms and with regard to outcomes related to poverty, gender, labour and the environment” (Riisgaard et al. 2010, p.196).

This broad definition is applied because it allows for consideration of partnerships’ influence on upgrading strategies and their implications for poverty and the environment.

Seven upgrading possibilities for smallholder farmers have been identified by Riisgaard et al. (2010, p. 198):

1. **Process upgrading**: improving efficiency or reducing externalities.
2. **Product upgrading**: moving into more sophisticated products with increased unit value (through compliance with buyer requirements).
3. **Volume upgrading**: increasing sales of product through increased yields or area.
4. **Functional upgrading**: taking on a new function in the chain.
5. **Functional downgrading**: moving one function down in the value chain if it is more profitable.
6. **Vertical contractualisation**: creating closer and long-term business ties with other actors in the chain to get more favourable transactions.
7. **Horizontal contractualisation**: making agreements of co-operation among producers in the chain in order to create collective action.
These seven upgrading strategies are applied in the analysis of empirical data to determine how the smallholder cocoa farmers can improve their position in the chain. The analysis of the farmers’ upgrading possibilities is grounded in the previous analysis of governance structures and the institutional environment. Based on this analysis the smallholder cocoa farmers’ capacity to pursue the different upgrading strategies are evaluated.

3.4 Capacity of Partnerships

For the purpose of this study, partnerships are defined as:

“voluntary arrangements between two or more parties from state, market and civil society, and are based on the idea of market-based collective action serving public interests as well as private interests” (Glasbergen 2007, in Bitzer et al. 2012, p. 355).

By utilizing the partners’ complementary resources and capabilities, partnerships have the potential to address complex social and environmental problems in GVCs (Bitzer 2012). Theoretically, partnerships have the capacity to bring about change in GVCs and increase market access and revenues for producers in the chain, facilitate capacity building for smallholders, and promote new production practices (Bitzer & Glasbergen 2010). From a governance perspective, partnerships have the capacity to establish new norms for business behaviour and introduce good agricultural practices through the enforcement of private regulative standards. However, from a development perspective the benefits of partnerships to smallholder farmers are more contested as such collaborations are often perceived as mechanisms to further corporate interests (Bitzer 2012; van Wijk & Kwakkenbos 2012). Against this backdrop, the study discusses to what extent the partnership in the GVC for cocoa has influenced the upgrading possibilities of the smallholder cocoa farmers. For this purpose, the extent of the partnership’s influence on the governance and institutional structures is key to determine how and why the partnership has influenced the upgrading opportunities of the farmers. This analytical structure is illustrated in Figure 1 below.
3.5 Analytical model

![Analytical Model](source)

**Figure 1:** Analytical Model

**Source:** Author’s own creation formulated based on Figure 1.1 in Neilson and Pritchard 2009, p.10

4. METHODOLOGY

This chapter reflects upon the philosophical framework applied in the thesis and discusses the choice of methods used to answer the research question: *How and why has the Cocoa Life partnership influenced the Ghanaian smallholder cocoa farmers’ upgrading possibilities in the global value chain for cocoa?* The following section provides a philosophical foundation for the study and presents the ontological and epistemological underpinnings. Then, the case study design is justified and the methodological choices for data collection and analysis are described and discussed with reflections on limitations and practical adequacy.

4.1 Critical Realism

Various philosophies of science guide researchers in their work and inform us on the nature of the object under investigation (ontology) and the methods for understanding and examining the research phenomenon (epistemology) (Bechara & Van de Ven 2007). For the purpose of
this study, a critical realist perspective is chosen to examine the influence of partnerships on the upgrading possibilities of smallholder farmers in GVCs.

Critical realism takes an objective ontology and regards reality as something that exists independently of human thought (Bechara & Van de Ven 2007). This realist ontology recognises the existence of a real world, which can be difficult to apprehend, as our knowledge of the world is fallible and subject to interpretation (Easton 2010). Critical realism divides reality into three levels and “distinguishes between the real world, the actual events that are created by the real world and the empirical events which we can actually capture and record” (Easton 2010, p.128). Accordingly, theory in social science can only capture some aspects of reality (Bechara & Van de Ven 2007, p.63).

Compared to a ‘purely’ objective ontology, the critical realist epistemology accepts that knowledge production is a social practice and that observations and experiences of events in the empirical domain are subject to interpretations and contexts (Easton 2010, p.120). Theories are used to inform empirical observations, conceptualise and explain objects while also making claims about the entities’ causal powers. Since our knowledge of the world is theory-laden, impartial and value-free observations of events are not possible. While theory informs empirical investigations, empirical evidence from observations of actual events can in turn add to the investigation of contingent factors. Hereby, empirical knowledge also informs theories and can create new concepts (Sayer 1992).

4.1.1 THE CRITICAL REALIST RESEARCH APPROACH

The most fundamental aim of critical realism is seeking explanations to why observed events have happened (Easton 2010). Critical realists argue that entities with different powers and liabilities cause particular events to occur. These entities have necessary and contingent relations. According to Easton (2010, p.121), entities attain meaning when they are embedded in theoretical frameworks as the choice of framework governs the difference between their necessary and contingent relations with other entities.

To understand how entities cause events to occur critical realists seek to establish causal explanations. Mechanisms are at the centre of causal explanations and can be understood as “ways in which structured entities by means of their powers and liabilities act and cause particular events” (Easton 2010, p.122). These mechanisms are influenced by contingent
conditions that might cause them to produce different outcomes according to the context. The result of the critical realist research process must be to understand and explain the mechanisms that have caused the events under study to happen (Easton 2010).

The critical realist research approach supports the purpose of this study, as it seeks to understand and explain the mechanisms that have caused the upgrading opportunities of smallholder farmers in the GVC for cocoa (event) to happen. In order to construct a causal explanation to the observed upgrading possibilities of Ghanaian cocoa farmers, the study uses the analytical framework presented in the previous chapter to identify and conceptualise the entities, which have powers and liabilities to cause value chain upgrading. The framework is also used to guide the empirical investigation of the event in the field and explore the influence of contingent conditions in the local context in Ghana.

4.2 Critical Realist Case Study Method

Based on the above ontological and epistemological grounds, a case study methodology is chosen for the purpose of this study. Yin (2014, p.16) defines a case study as an “empirical inquiry that investigates a contemporary phenomenon (the “case”) in depth and within its real-world context, especially when the boundaries between phenomenon and context may not be clearly evident”. Thus, case study research is relevant for the purpose of this study as it aims to understand a real-world case and assumes that there are important contextual conditions relevant to the research. Critical realism provides a philosophical justification of the choice of method, as case studies allow the researcher to investigate a small number of entities in-depth in order to acquire a comprehensive understanding of why things are the way they are (Easton 2010, p.119).

According to Sayer (1992, p. 142-143) case research is an intensive research method as it investigates individual agents in their contexts and allows the researcher to understand causal processes in a limited number of cases. The first step in critical realist case study method is to define the research phenomenon and the boundaries of the case. Then a research question, which focuses on explaining the causes of the event associated with the research phenomenon is formulated (Easton 2010). In order to construct a causal explanation the researcher must identify the entities that characterise the research phenomenon and define their causal powers and liabilities. This process is guided by existing theoretical knowledge but is open for adaptation as empirical data is gathered (Easton 2010).
With a subjective epistemology, critical realism does not have a set of predefined methodologies for the data collection process. The research methods must be selected according to what fits the subject matter and allows to establish a plausible causal mechanism and answer the research question (Easton 2010 & Bechara & Van de Ven 2007). Since our observations of the world are fallible, the research is unlikely to provide a complete understanding of reality. Therefore, the researcher should rely on multiple data sources and critical reflection in the data analysis to determine the practical adequacy of the acquired knowledge (Easton 2010). As our understanding of the world is subjective, it is also necessary to incorporate empirical data with multiple perspectives along with theoretical and methodological triangulation to find the explanations that are closest to the current reality (Bechara & Van de Ven 2007).

4.2.1 CASE SELECTION

For this study, the case is the partnership between Mondelēz International, UNDP Ghana, and Ghana Cocoa Board under the Cocoa Life (CL) program, henceforth referred to as the case partnership. The case was chosen because it involves a private sector actor from an agricultural GVC territorially anchored in a DC as well as actors from the public sector and an international development aid organisation. These case selection criteria were informed by the preceding literature review and analytical framework. Furthermore, the case was selected due to the accessibility of relevant information and the willingness of key informants to cooperate, which made it possible to conduct a comprehensive field study. As the research focuses on the upgrading of smallholder farmers in a DC context, other factors such as the willingness of local stakeholders to support the research, accessibility to the research area and the safety and security situation in Ghana have also influenced the case selection process.

4.2.2 ABDUCTIVE RESEARCH PROCESS

The research process for this case study is abductive as it moves back and forward between theory and the empirical observations in the research work (Dubois & Gadde 2002). The study uses the analytical framework presented in chapter three as a preconception based on existing theory to guide and structure the various elements in the research process. The analytical framework defines key concepts and combines elements of GVC analysis and partnership literature because the different conceptual frameworks are thought to be compatible and complementary for the purpose of this study. As the research progressed, new issues and concepts were discovered from the field observations and the analysis of empirical findings.
Therefore the analytical framework has been adapted along the research process to fit the actual context of the case study.

According to Easton (2010, p. 123), identifying the entities that define the chosen research phenomenon and conceptualising these based on existing theoretical frameworks is a crucial element in critical realist case study research. From the GVC framework and partnership literature, some initial entities were identified prior to the field study. The GVC analytical framework identifies economic actors along the value chain and their individual powers and liabilities. Accordingly, Mondelēz was identified as the powerful buyer in the GVC and the smallholder cocoa farmers were identified as upstream suppliers. From the partnership literature, UNDP was characterised as the partner representing the civil society and Cocobod as the partner representing the state. All of these actors have powers and liabilities, which can influence activities along the GVC for cocoa. As the research progressed and further understanding of connections and relations among the entities was acquired, additional stakeholders relevant to the study were discovered. Accordingly, other stakeholders such as Fairtrade Africa and the Department of Co-operatives were identified as relevant sources of information as the field study progressed.

4.3 Data collection

One of the strengths of case study design is that it allows for flexibility in the data collection process and the opportunity to deal with a wide variety of sources and evidence. Thus, through triangulation of data sources, the phenomenon under study can be investigated from multiple perspectives (Yin 2014).

This study collects evidence from multiple sources in order to develop a holistic description of the case partnership and its influence on the Ghanaian smallholder cocoa farmers (Easton 2010). To seek triangulation and alternative explanations, primary and secondary data was collected from a variety of independent sources ranging from peer reviewed journal articles, published books, organisational reports and websites, semi-structured interviews and field observations. Primary data was collected during the field study, which took place in Ghana from 28 September until 27 October 2015. The field study in the cocoa sector in Ghana was conducted in order to gain first hand understanding of the case partnership, the local contextual factors and collect data through interactive interviews with key informants. In addition to the information collected from organisational reports and the semi-structured interviews,
observations from field visits to the cocoa communities in the Fanteakwa and Suhum/Kraboa
districts are also part of the data collection methods. Especially, observations on the living
conditions, infrastructure and farming equipment in the cocoa communities are useful
information collected during the field visits. The multi-method design was chosen in order to
create a more complete, holistic and contextual portrait of the case partnership and its influence
on the Ghanaian smallholder cocoa farmers. According to Sayer (1992, p. 246), testing in
intensive research designs is done through corroboration to assure that the results apply to the
different individuals studied as part of the case. By investigating the single case using different
sources of evidence, the study can corroborate results using information gathered from all
parties relevant to the partnership and contextual observations made in the field.

4.3.1 INTERACTIVE INTERVIEWS

Interactive interviews are a typical intensive research method as they allow the investigator to
gather information that is relevant to the different entities. While the questions are informed
by theory and observations are theory-laden, such interviews allow the researcher to adapt to
different respondents and learn from their interpretations and opinions (Sayer 1992). In
preparation for the field study in Ghana, organisational project documents, websites and
progress reports were surveyed in order to identify relevant interviewees. Through
communication with an employee at UNDP Ghana further insight into the partnership was
gained and contact with the project coordinator and the other partners was made. Prior to the
arrival in Ghana, initial interviews with UNDP and the project coordinator were organised
while the remaining of the 25 semi-structured interviews conducted during the field study were
organised as the research progressed and new information was gathered. The two initial
interviews were used to acquire knowledge of the structure of the partnership and discover
relations to other relevant entities. Additional secondary data sources such as baseline studi
and yearly work plans were also received from these interviewees. Based on this initial
information, interviews with representatives from Cocobod, Mondelēz, cocoa farmer co-
operatives, and other local stakeholders were organised and carried out.

The interviews can be divided into two main groups. The first group of interviewees represents
the case partnership and consist of interviews with UNDP (2), the ESP project coordinator (2),
Cocobod (2), and Mondelēz (1). The other group of interviewees represents local stakeholders
and consists of interviews with the Department of Co-operatives (1), Fairtrade Africa (1),
Cocoa Farmer Co-operative leaders (8), and individual cocoa farmers (7). Finally, a semi-structured interview with a local expert in the cocoa sector at the University of Ghana was also conducted

The interviewees were selected based on their connection to the CL program. The first group of interviewees all play key decision-making roles in the CL projects and were therefore relevant to interview in order to collect information on the partnership and the different CL interventions. The farmer co-operative leaders were selected as interviewees because they represent the individual cocoa farmers as beneficiaries of the CL program and typically have been involved in the CL program for a long time. In addition to the co-operative leaders, interviews with individual farmers were made in order to get information from the grassroots on the constraints to upgrading in the GVC. Interviews with cocoa farmers that are not engaged in the CL program were also conducted in order to compare their responses with those of the CL farmers. Finally, the interview with the professor at the University of Ghana serves as an additional and independent source of reference, which also provides historical evidence.

Semi-structured interviews were chosen as the main channel of data collection, because they give the researcher the opportunity to cover the main themes discovered in the relevant literature while allowing the interviewees to share their own ideas and thoughts (Willis 2014, in Desai & Potter 2014). Thirteen individual interview guides were formulated based on the research question and the analytical framework. Even though, most of the guides are similarly constructed individual adaptation was necessary as the interviewees have different relations to the case partnership and are embedded in different contexts. The interview guides were useful tools to structure the interviews and explore key themes with respondents. They also made it easier for the interpreter to get to know the basic pattern of the interviews and formulate his questions to the cocoa farmers who did not speak English. For the interviews with government officials, the company manager and Union leaders the guides also gave a certain degree of formality, which is recommended in order to encourage involvement of the interviewees (Willis 20014, in Desai & Potter 2014).

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1 See Appendix 1 for table of interviewees.
2 See Appendix 2 for examples of interview guides.
4.3.2 RESEARCH CONTEXT AND DATA RECORDING

Due to the presence of double hermeneutics in any social science the researcher must continuously be aware of and examine the different meanings and interpretations that arise from context dependency (Sayer 1992). Because the data collection took place in a DC context, which in many aspects differs from the researcher’s own context, the researcher has sought to pay special attention to the interpretations of concepts and the context dependency of meaning. For this purpose, clarifying questions were asked during the interactive interviews if statements or interpretations seemed unclear. Furthermore, the semi-structured nature of the interviews made it possible to examine the interviewees’ own meanings and understandings of different concepts during the interviews. This was important as not all respondents were fully proficient in English and often used different concepts when referring to stakeholders and practices.

The majority of the interviews have been directly recorded and transcribed while only two interviews with representatives from governmental institutions were not directly recorded. Since the interviews were often conducted in very noisy environments, notes taken during and after the interviews supplement the direct recordings. Together, these two recordings should ensure the most accurate interview material and allow for examinations of different meanings to limit the risk of making wrong interpretations. All interviews were conducted at the interviewees’ office or in case of the cocoa farmers at their homes. This provided an insight into the environment of the interviewees, but also meant that most interviews were subject to interruptions from colleagues, family members or neighbours.

4.3.3 TRANSLATION

While the majority of the interviews were conducted in English and most of the interviewees were very proficient in this language a note on the use of interpretation during the field visits to the cocoa communities is due. As the field visits were organised very last moment, is was not possible to find a research assistant to help with the translation. Hence, I asked the union president in the Fanteakwa District if he could help me find a local person, who was not involved in the CL program to help with the translation. As a result, a local English-speaking farmer with first-hand knowledge of the local languages and the district became my translator.

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3 See enclosed CD-ROM for sound recordings and transcriptions of interviews.
for two days. He also showed me the cocoa farms in the forest and his local expertise made up for the fact that his English skills were not perfect (Bujra 2014, in Desai & Potter 2014). While we only had very short time to establish a good personal relation and mutual trust, I emphasised the importance of direct translations and asked him not to filter out details even if he did not find them important (Bujra 2014, in Desai & Potter 2014). However, since I did not have any other sources of translation to use in the transcription of these interviews, the full accounts of the interviewees might not be given in all the translated cases. This can conflict with the aim of examining interpretations and different meanings of concepts used by respondents.

4.4 Data Analysis

From the theory, we know that various GVC- and partnership actors have different powers, liabilities and structures, which can cause or hinder upgrading of smallholder farmers. While the analysis of the empirical observations is informed by this theoretical knowledge, the aim is to discover, if the causal mechanisms suggested by the theories are reflected in this particular case or whether the empirical suggests that other mechanisms have caused the observed events. The analysis also seeks to examine the contingent conditions under which the observed events have happened to understand the influence of local contextual factors. The analytical framework describes powers and structures of the identified entities and how these mechanisms are believed to cause certain upgrading possibilities for smallholder farmers.

However, since these powers can create different outcomes under different conditions, the local contextual factors in Ghana are important in the analysis of observed events to assure that the knowledge is practically adequate. As such, the study employs both deductive and inductive methods in order to identify the mechanisms that explain the upgrading possibilities of smallholder farmers in the GVC for cocoa in Ghana. Based on the theories, the collected empirical evidence is analysed for emerging patterns, while new empirical patterns from the observations also might appear and add to the practical adequacy of the causal explanation.

4.5 Practical Adequacy

Through empirical investigation our knowledge and beliefs of the world can be practically adequate, in the sense that our knowledge is useful to understand and explain an object or social phenomenon in a given context (Sayer 1992, p. 70). The practical adequacy of our knowledge consequently depends on the practical context in which it is applied. This means,
that a certain theory or method might be practically adequate for understanding some situations or answering some questions, while it might be less adequate for others (Sayer 1992).

The thesis moves between theory and the empirical observations in order to test the practical adequacy of the analytical framework, for explaining the cause of upgrading possibilities for the cocoa farmers and understand the influence of the partnership. The intensive research methods and multiple data sources used in this case study make it possible to collect empirical data, which takes into account practice and the structures of the world. By collecting data from various individuals relevant to the case and making observations of local contextual factors, the causal explanations can be tested through corroboration.

Furthermore, the study seeks to make an in-depth study the case partnership that allows the researcher to understand the realities on the ground in Ghana and explain the causal mechanism for upgrading of smallholder farmer in the GVC for cocoa. To do so, it has been necessary to make some delimitations in the scope of study. Therefore, some entities relevant to the study of the case partnership such as NGO partners in the CL program have not been included in the study. Furthermore, due to time constraints during the field study, only one cocoa producing region was visited out of seven possible regions in Ghana. These two delimitations combined with the lack of available data on the outreach of the CL partnership in Ghana means that the findings in this case study are built on in-depth study of some parts of the CL, which might not be extended to other aspects of the program or other parts of the country.

5. CASE PRESENTATION
Cocoa Life (CL) is a program launched in 2012 by Mondelez with the objective of empowering over 200,000 cocoa farmers in six cocoa producing countries (Mondelez International 2014). The CL program is an extension of the Cadbury Cocoa Partnership (CCP) initiated in 2008 to support cocoa farming in Ghana with about USD 70 million over a ten-year period (Mondelez International 2012). Ghana has been a key cocoa sourcing country for Cadbury for over 100 years. To ensure the future supply of quality Ghanaian cocoa, the chocolate company has sought to address social and economic challenges in the country through philanthropic and CSR activities (Barrientos 2011). After Kraft Foods took over Cadbury in 2011, the support for the CCP continued. Following Kraft Foods’ restructuring in 2012, the CCP was relaunched under Mondelez as the CL program (Barrientos 2015).
In Ghana, the CL program is active in 446 cocoa producing communities divided into 4 cohorts across seven districts (Interview Mensah) with cohort 1 and 2 involving more than 20,000 farmers⁴ (Mondelēz International 2012). The CL initiative is a partnership and is implemented in collaboration with NGO partners and domestic government departments. In Ghana, UNDP, Care International, World Vision and Volunteer Services Overseas (VSO) are present on the ground and provide support and assistance to the cocoa producing communities. Local alliances with Cocobod, the Department of Cooperatives and the District Assemblies are also integrated into the CL program. Together these partners have been instrumental in the creation of farmer co-operatives at community and district levels in the seven districts where CL operates (Mondelēz International 2012).

Today, the CL program covers activities directed at cocoa farmer communities under the five focus areas; Farming, Community, Livelihoods, Youth and Environment ⁵ (Mondelēz International 2015a). However, this study focuses only on the farming and environment areas where Mondelēz collaborates with Cocobod and UNDP. Under the farming focus area, Mondelēz aims at increasing farmers’ cocoa productivity and their net incomes from cocoa (Mondelēz International 2015a). The farming focus area also covers Mondelēz’ partnership with Cocobod on the provision of extension services. The aim of this partnership is to enhance the provision of extension services to farmers in CL communities. To achieve this, Mondelēz pays the salary and other benefits for a number of extension officers who are hired as Cocobod staff. The extension officers are then trained and posted in the CL communities, where they conduct training on good agronomic practices and farmer business skills. The extension officers also distribute fertilizer and other inputs in the communities (Interview Mensah).

The main objective of the environmental focus area is to increase farmer productivity on a given land through improvements in agronomic practices and intense cultivation on established farmland (Interview Mensah). To achieve this, the Environmental Sustainability and Policy for Cocoa Production in Ghana (ESP) project was initiated in 2012 as a partnership between UNDP, Mondelēz and Cocobod (UNDP Ghana). The project has a total budget of USD 1.7million funded by Mondelēz as part of the CL program (UNDP 2012). The ESP project was initially scheduled to run over four-year period, which has been extended until

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⁴ It has not been possible to get concrete data on the total number of farmers currently involved in the cohorts of the CL program in Ghana.

⁵ See Appendix 3 for the key performance indicators of Cocoa Life Ghana.
2016 with the possibility of further prolongation. (Interview Oh). The UNDP Ghana Office provides technical assistance and quality assurance in terms of financial management and works directly with Cocobod, who is responsible for the implementation of the project (Interview Oh).

The aim of the ESP project is:

“to create the institutional systems, tools and policies to mainstream environmental sustainability practices into Ghana’s cocoa production system and to avoid deforestation and enhance biodiversity conservation by incentivizing cocoa farmers to adopt environmentally friendly best practices” (UNDP 2015b, p.2).

This is to be achieved by (1) strengthening the institutional environment to make the policies more conducive for sustainable farming practices in the cocoa sector, and (2) working with farmers to promote environmental sustainable farming practices in order to rehabilitate cocoa landscapes and conserve forests (UNDP 2015b).

The ESP project is implemented by Cocobod’s two subsidiaries; Cocoa Health and Extension Division (CHED) and Cocoa Research Institute of Ghana (CRIG) (UNDP 2015b). CHED is responsible for providing training on best farming practices for cocoa farmers, which is carried out by community extension officers (Interview Wiafe). Through the collaboration with these subsidiaries, the ESP project also seeks to revise the extension training manuals and enhance the content on environmental sustainable production practices. Furthermore, the ESP project seeks to develop training modules and educate the extension officers on these new practices so they can teach the farmers (UNDP 2015b).

Since the liberalisation processes in the 1990’s, there has been a growing number of similar private sector led initiatives in the cocoa sector in Ghana. Today many of the large international chocolate companies have established outreach programmes in the cocoa communities and are collaborating with Cocobod on different projects related to cocoa production (Interview Sarpong).
6. EMPIRICAL FINDINGS AND ANALYSIS

The following sections present and analyse the empirical findings of the case study. Initially, the territoriality and input-output structure of the GVC for cocoa in Ghana are mapped in order to identify key value chain actors and the value adding activities. This mapping constitutes a point of departure for the subsequent analysis of governance structures in the GVC and the institutional environment. This in turn leads to an analysis of value chain struggles and upgrading possibilities for the smallholder farmers in the GVC for cocoa.

6.1 Territoriality and Input-Output Structure of the GVC for Cocoa

Cocoa cultivation originates from South America and was introduced to Ghana in the beginning of the 19th century by European missionaries (Ghana Cocoa Board (a)). Since then, cocoa production has become a central element in the Ghanaian economy. Today, cocoa production represents the country’s second largest export sector and made up 23% of total export earnings in 2009 (ICCO 2012, p. 17; 33). It is estimated that cocoa production employs more than 720,000 farmers scattered around the country’s seven cocoa producing regions, Eastern-, Ashanti-, Brong Ahafo-, Volta-, Central-, Western North and Western South Region (Barrientos & Asenso-Okyere 2008). The majority of the cocoa producers are smallholder farmers who either own the farm that they operate or are caretakers and operate a farm owned by another person (Barrientos & Asenso-Okyere 2008).

6.1.1 SMALLHOLDER COCOA FARMERS

The smallholder characteristics are reflected in the findings from the field study conducted in two cocoa districts in Ghana’s Eastern Region. In Fanteakwa and Suhum/Kraboa districts, most of the farms are between two and six acres. Besides cocoa, which is their main crop and income generating activity, the farmers also grow various food crops such as plantain, cassava, cocoyam, banana and corn for family consumption. All of the interviewed farmers have parents who were cocoa farmers from whom they have learned about the agronomic practices. Some farmers have also inherited the old family land and farms. The family’s history in cocoa farming is often the main reason for the farmers’ choice of occupation. According to Dr. Sarpong at the University of Ghana, most farmland in Ghana belongs to families. These landowners can chose to establish and operate their own farm on the land. However, it is also

6 See Appendix 4 for maps of Fanteakwa District and Suhum/Kraboa District
common for owners to have caretakers operating cocoa farms on their land. The local “abunu” and “abusa” systems are land-sharing arrangements that allow farmers to get access to land for cocoa farming (Interview Sarpong). In the abunu system, the output from the farm is shared in two between the owner of the land and the caretaker, who has established his own farm on the owner’s land. In the abusa system, the caretaker is given a third of the farm output and the owner of the land receives two parts as he/she has established the farm (Barrientos & Asenso-Okyere 2008, p. 37-38). From the interviews with the farmers, it is apparent, that it is customary for the farmers to be part of several of such land sharing arrangements or to own several small cocoa farms.

In the communities visited during the field study, cocoa farming is the main occupation. The village of Bosuso in the Fanteakwa district has an estimated population of around 9000. Out of these, about two thirds are expected to be farmers while only 193 of the approx. 6000 cocoa farmers are organised in the Bosuso cocoa farmer co-operative (Interview Bosuso Society Leaders). According to these estimate only 3.2% of the farmers in the Bosuso community are part of the co-operative. Low membership levels are found across the seven co-operative societies investigated in this study. According to the co-operative leaders, the organisations have between 42 and 193 members and Bosuso is the only society to have more than 100 members. To be part of the co-operative, the farmers must pay an initial entrance fee and shared capital together with a monthly membership fee. The co-operative societies are organised at district level under unions. According to the two Union Presidents, the Fanteakwa District Co-operative Cocoa Farmer Union currently has 29 member societies amounting to approx. 2500 members and the Suhum/Kraboa District Co-operative Cocoa Farmer Union has 57 member societies also amounting to approx. 2500 members. The co-operatives are registered with the Department of Co-operatives and have formal by-laws and audited accounts. Both societies and unions have a democratically elected executive board and a president that sits for four years. Finally, the two unions have been Fairtrade certified since 2012 and receive a yearly premium for the beans they can sell as Fairtrade cocoa.

6.1.2 COCOA CULTIVATION AND INITIAL PROCESSING

Typically, cocoa farmers live in the villages and have their farms in a distance of up to four miles away in a surrounding forested area. Since cocoa is a delicate and sensitive crop, it is best gown under the shade from larger forest trees where it is protected from wind and sun.
According to the best agronomic practices established by CRIG, shade management is important for the cocoa yield. Therefore, it is recommended to have smaller crop trees such as plantain or cocoyam to protect the young cocoa trees, while 15-18 larger and mature forest trees per hectare are recommended to give shade on established farms\(^7\) (CRIG 2010, p.26). Other good agronomic practices for cocoa farming include pruning, weeding under the trees, removal of mistletoe in the farm, soil fertilization and disease and pest control (CRIG 2010). Initially the farmers need tree seedlings to establish and maintain their cocoa farms. The farmers in the Fanteakwa district acquire nursed cocoa tree seedlings from either Cocobod’s Seed Production Unit or the Mondelēz nursery outside Tafo\(^8\). Other inputs needed on the farm include various chemicals to fight pests, insects, diseases and weeds and basic equipment such as rubber boots, cutlasses and machines for chemical- and fertiliser application. Chemicals and basic equipment are sold in inputs stores in the cocoa districts, while fertilizer must be obtained through Cocobod’s mass spraying program that offers free fertilizer to cocoa farmers. Cocobod also offers free high yielding seedlings to farmers and distributed 50 million seedlings to farmers across Ghana in 2014 (Interview Amengor). Furthermore, through CHED, Cocobod also provides agricultural extension services to cocoa farmer at community level. Cocobod have around 350 extension officers who provide training to the farmers on good agronomic practices and innovations in e.g. seedlings and chemicals (Interview Wiafe).

The farmers and their families do most of the work on the farms themselves but hire day labourers to help with e.g. the spraying of trees or harvesting and breaking of cocoa pods. The ripe cocoa pods are generally harvested twice a year. The major crop season takes place from October to January where after the light crop season takes over in the spring (Interview Adjeikrom Society Leaders). After the pods are harvested from the trees, they are broken by hand in order to get the fresh cocoa beans out. The beans are then fermented in the farm for six days before they are carried to the farmer’s house for drying. At the house, the beans are dried on an elevated mat in the sun for at least seven days. Here they are turned over regularly by hand before they are brought to the buying clerk in the village and sold\(^9\). Cocoa cultivation,

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\(^7\) See Appendix 5 for Photo 1 of how nursed cocoa seedlings are planted under other farm trees.

\(^8\) See Appendix 4 for Map of Fanteakwa District

\(^9\) See Appendix 5 for Photo 2-5 illustrating ripe cocoa pods, the road to and from the cocoa farms in the forest and the drying of cocoa beans outside the farmers’ houses in the village.
the transport of beans from the farm to the house and the drying of beans are very labour intensive processes that are primarily carried out by manual power.

6.1.3 EXPORT OF COCOA BEANS

When the cocoa beans are dry, the farmers sell them to a Licensed Buying Company (LBC). LBCs were introduced as private buyers of cocoa in 1993 after the state regulated cocoa sector in Ghana was partially liberalised (Barrientos & Asenso-Okyere 2008). However, the LBCs are still registered and overseen by Cocobod, who purchases the cocoa through its subsidiary, the Cocoa Marketing Company (CMC). The LBCs operate at village level with local buying clerk offices. Here the farmers’ cocoa is weighed, purchased and recorded in the farmer passbooks10. The buying clerk stores the cocoa beans at the office before the LBC moves them to a larger storage facility where Cocobod’s Quality Control Division tests the beans and seals the bags. Upon delivery of the sealed cocoa bags to Cocobod’s warehouses at the port sites, CMC pays the LBCs.

As there is only a small domestic market for chocolate in Ghana, more than 88% of cocoa beans produced in the country during the cocoa season 2010/2011 were exported11. The remaining cocoa beans are processed locally and generally constitute the light crop beans harvested during the lean season in Ghana. These beans are sold at lower prices than the exported major crop beans and are therefore better suited for the domestic market (Interview Amengor). Export figures published by Cocobod show that Europe remains the main import destination for Ghanaian cocoa beans while USA, Malaysia and Japan are also key importers (Ghana Cocoa Board (b)). The export of beans is controlled by Cocobod and CMC arranges documentation and shipment of the cocoa to the foreign markets (Barrientos & Asenso-Okyere 2008).

6.1.4 INTERMEDIATE CHOCOLATE PROCESSING AND BRANDING

In the import markets, Ghanaian cocoa beans are bought by large international processing or manufacturing companies, such as the American chocolate company, Mondelēz. Mondelēz is the world’s second largest confectionary company after Mars with net sales amounting to USD 14,350 million in 2014 (International Cocoa Organization). It has a portfolio of over fifty

10 See Appendix 5 for Photo of the weight and storage of cocoa beans at the buying clerk office.
11 For the 2010/2011 cocoa season 902.76 thousand tonnes were exported out of the 1024.6 thousand tonnes of cocoa beans produced in Ghana (ICCO 2012, p. 29 & 31).
biscuits, chocolate, gum & candy, beverages and cheese & grocery brands (Mondelēz International 2015b). This portfolio comprises twelve international chocolate brands (Mondelēz International) including the three billion-dollar chocolate brands Cadbury, Cadbury Dairy Milk and Milka chocolate (Mondelēz International 2015b). Consequently, Mondelēz is the world’s largest buyer of cocoa and Ghana is one of the key sourcing countries for the cocoa beans used in the manufacturing of its chocolate products (Mondelēz International 2014). The company does not have any grinding or processing activities in Ghana but imports the dried and fermented cocoa beans for its production. In line with its global brand portfolio, Mondelēz has chocolate processing activities scattered in different locations. While Cadbury Dairy Milk is produced in South Africa, the production of Côte D’Or chocolate is located in Belgium (Interview Mensah). The final chocolate products are distributed and sold to consumers worldwide.

When sourcing Ghanaian cocoa beans, Mondelēz uses the subsidiary trading company, Taloca GmbH, to procure from the CMC. As it is not possible to buy cocoa directly from the Ghanaian cocoa farmers, Mondelēz uses the principal of mass balance to link the company’ cocoa sourcing with the CL program. Consequently, through its subsidiary, Mondelēz purchases cocoa corresponding to the volume of cocoa beans sold by CL farmers as documented in their farmer passbooks. Based on these sale recordings, Mondelēz can make forecasts of the CL farmers’ production capacity for the coming cocoa purchasing seasons. As Mondelēz produces Fairtrade labelled chocolate brands, the forecasts are also used to set quotas for the volume of Fairtrade cocoa the company intend to buy from the certified CL farmers. These quotas are calculated based on CL farmers’ past production levels and international market demands. According to the Fairtrade scheme, the certified CL farmers receive a price premium from Mondelēz corresponding to the volume of cocoa sold as Fairtrade.

Based on the territoriality and input-output structures described above, Figure 2 illustrates the configuration and value-adding flows among key actors in the GVC for cocoa.
### 6.2 Governance

This section examines the governance structures in the GVC for cocoa to identify the actors who hold a lead firm position and define the terms of participation in the chain. Special attention is placed on private regulative initiatives enforced by powerful downstream actors as these can define smallholders’ production practices and the structure of local production systems and trade networks (Neilson & Pritchard 2009).

#### 6.2.1 POWER STRUCTURES

Since the 1990’s, the chocolate industry has seen a pronounced concentration as the number of individual cocoa grinders and chocolate manufacturers has decreased sharply (Fold 2002). As a result, a few large multinational confectionary companies with substantial international

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**Figure 2:** Simplified configuration of cocoa value chain investigated in the case study  
**Source:** Author’s own construction based on collected empirical information

<table>
<thead>
<tr>
<th>Ghana</th>
<th>International Market</th>
</tr>
</thead>
<tbody>
<tr>
<td>Smallholder cocoa farmers</td>
<td>Mondelez International</td>
</tr>
<tr>
<td>LBCs</td>
<td>Retailers / Supermarkets</td>
</tr>
<tr>
<td>CMC (Cocobod)</td>
<td></td>
</tr>
<tr>
<td><strong>Cocoa Beans</strong></td>
<td><strong>Money and inputs</strong></td>
</tr>
</tbody>
</table>
| • Cultivation  
• Harvesting  
• Fermentation and drying of beans  
• Transport to buying clerk | • Import of cocoa from Ghana  
• Cocoa grinding & processing  
• Chocolate branding  
• Distribution  
• Sale to end consumers |
| • Weighing and recording of cocoa from farmers at local buying clerk office  
• Transport and storage of cocoa beans | • Pay farmers standard minimum price for cocoa set by Cocobod  
• Purchase cocoa from LBCs  
• Provide extension services to farmer communities  
• Supply cocoa tree seedlings to farmers  
• Procurement of cocoa beans by Taloca GmbH  
• Pay Fairtrade Premium to cocoa farmers  
• Provide cocoa tree seedlings through CL  
• Support Cocobod’s CEAs |
| **Source:** Author’s own construction based on collected empirical information
brand portfolios and global reach currently dominate the industry (UNCTAD 2008). Mondelēz’ history of mergers and acquisitions has made it one of the most powerful players in the industry. With 14.7% market share of the global chocolate confectionary market in 2015 (Euromonitor), Mondelēz has a comprehensive portfolio encompassing leading global brands and a strong bargaining power in the market. As such, Mondelēz is in a lead firm position and has the power to impose standards and compliance requirements on upstream actors and shape the division of labour along the GVC. The private regulative initiatives put in place by Mondelēz in the GVC for cocoa are presented and analysed in section 6.2.2.

Since Cocobod has maintained regulatory oversight of the cocoa sector in Ghana and has significant financial resources deriving from cocoa export earnings, the state controlled marketing board is also in a position to shape coordination in the GVC for cocoa. Cocobod uses this powerful position in the sector to control the cocoa buying season in Ghana and set the minimum price for Ghanaian cocoa. Due to the quality of Ghanaian cocoa beans, Ghana sells most of its cocoa beans on the forward market and receives a price premium on the international market for its cocoa. Based on this, Cocobod can make a forecast of the sales for the coming cocoa season and calculate the annual minimum price for Ghanaian cocoa (Interview Amengor). Even though Cocobod has the power to set the minimum price for Ghanaian cocoa, the GVC is export-dependent because there is only a limited domestic market for chocolate in Ghana. As such, the world market for cocoa and the exchange rate of the Ghanaian Cedi also influence Cocobod’s annual price (Interview Sarpong).

The minimum price for a bag of cocoa (64kg) is announced every autumn when Cocobod officially opens the cocoa purchasing season. For the 2015/2016 season, the cocoa price was announced in October 2015 and set at 425 Cedis compared to 360 Cedis the year before (Interview Amengor). In the Fanteakwa district, the LBCs start buying cocoa in October when the cocoa prices are announced and close the buying season around June leaving a few months where the farmers cannot sell any cocoa (Interview Adjeikrom Society Leaders). As Cocobod controls the licences for buying cocoa in Ghana and pre-finances LBCs for their purchase of cocoa, Cocobod can decide who is allowed to purchase cocoa from the farmers and when they are able to do so.

According to Dr. Sarpong, the minimum price for cocoa has an important influence on the production level of beans in the country. Based on Cocobod’s announced price, the farmers decide whether to carry out the necessary agronomic practices on the cocoa farm in the coming
year. If prices are too low, it might be more profitable for the farmers to partly abandon their cocoa farms and instead focus on cultivating other food crops (Interview Sarpong). Accordingly, the state agency can influence the distribution of resources and risks among the locally operating actors.

In contrast to the strong concentration downstream in the GVC, smallholder cocoa farmers upstream in the chains are generally badly organised with limited resources. While some cocoa farmers are starting to form co-operatives, they still do not have the collective action that would allow them to shape value distribution along the GVC for cocoa. Instead, the smallholder cocoa farmers are price takers and must comply with the terms of participation instituted by Mondelēz and Cocobod in order to gain market access. Consequently, the GVC for cocoa is characterised by high power asymmetry.

6.2.2 STANDARDS

As the Ghanaian cocoa sector was only partially liberalised, Cocobod has maintained its role as sole export channel. This way, Ghana is able to ensure high quality standards compared to other producing countries (Barrientos & Asenso-Okyere 2008). As a result, Ghanaian cocoa is globally renowned for its high quality and still receives a price premium on the international market for cocoa (Barrientos 2011). Cocobod’s key quality assessment criteria are formulated in CRIG’s cocoa manual and comprise uniformity, flavour and functional potential, purity, and yield of the cocoa nib (CRIG 2010, p.52). Furthermore, international quality standards for cocoa determine that Ghanaian cocoa beans must also be:

“a. Fermented, thoroughly dry, free from smoky beans, free from abnormal or foreign odours and free from any evidence of adulteration.

b. Reasonably uniform in size, reasonably free from broken beans, fragments and pieces of shell and be virtually free from foreign matter” (CRIG 2010, p.52).

While Cocobod still governs the quality control of cocoa in Ghana, a range of private regulatory initiatives have since the liberalisation processes been introducing new standards for cocoa production in the country. An example of this is the CCP, which was initiated in Ghana in 2008 with the aim of enabling sustainable cocoa communities and improving the lives of cocoa farmers and their families (Mondelēz International 2012). The CCP was created to address challenges in the Ghanaian cocoa sector such as low incomes, reduced productivity and scarcity or unavailability of inputs (Interview Mensah.). Today, the CCP has developed
into the larger CL initiative and the CL Program Coordinator from Mondelēz in Ghana explains that:

“There wasn’t at the time any link with buying of beans or anything. There was no direct benefit to the business – it was just purely support” (Interview Mensah part 2, min. 08:20).

Today, the scope of the CL program is extended and Mondelēz is intervening in the cocoa sourcing countries in the areas of farming, community, livelihood, youth, and environment. Some of the CL objectives are to change farming practices, increase cocoa yields, promote the sustainable use of natural resources, and conserve forests and ecosystems (Mondelēz International 2015a). Yet, the main difference between the CCP and CL is that the current CL program is aligned with the company’s sourcing contracts and that Mondelēz is sourcing cocoa beans indirectly from CL communities in Ghana (Mondelēz International 2015a, p.3). Since Mondelēz sources cocoa beans from farmers who take part in CL, the company can use the program to enforce standards and requirements along the GVC and monitor its sourcing arrangements in cocoa producing countries.

**The Cocoa Life Label**

The link between the CL program and Mondelēz’ sourcing contracts is evident in the company’s use of the green CL label on several of its brands. Below, the CL label can be seen on Mondelēz’ Scandinavian brand Marabou. According to Mondelēz, the CL label means:

“that Cocoa Life is undertaking sustainability interventions in Ghana and the beans for that chocolate actually comes from a sustainable source, through the Cocoa Life sustainability intervention” (Interview Mensah part 2, min. 06:13).

Source: Marabou
Consequently, the CL label on the packaging of Mondelēz’ products is used to demonstrate that the company promotes socially and environmentally responsible production and sourcing practices along its GVC. In order to regulate the conditions at production level in the GVC, Mondelēz has set the following requirements for participation in the CL program: (1) the community should be almost 100% cocoa farmers, (2) there should not be illegal gold mining activities in the communities, and (3) there should not be other cocoa programs present (Interview Mensah part 2, min.19.10). Furthermore, to take part in the CL program, farmers in the selected communities must organise into co-operatives and register as legal entities with the Ghanaian state. CL facilitates the establishment of these formal co-operatives through the collaborating with the Department of Co-operatives in Ghana, the extension officers and the CL partner NGOs (Interview Mensah).

According to the Department of Co-operatives, the staff provides training for co-operative members on how to manage the farmer organisation, on the roles of the executive members and on how to keep records of accounts. To be registered as legal entities, the farmer co-operatives must live up a range of requirements established by the Department, which include yearly audits of their accounts. Furthermore, the co-operatives and their members must adhere to a set of predefined by-laws (Interview Department of Co-operatives). Finally, to form a co-operative, there needs to be a minimum of ten farmers who must have cocoa farming as their main income generating activity and be situated in the same area of operation, in this case the same community (Interview Department of Co-operatives). Thus, by installing terms of participation for the CL program, Mondelēz can to enforce standards and requirements on the cocoa farmers and regulate the company’s sourcing arrangements in the cocoa producing countries.

**Fairtrade certification**

In 2009, one of Mondelēz’ largest brands, Cadbury Dairy Milk, became Fairtrade labelled and started to print the Fairtrade mark the chocolate bar packaging as depicted below. Since then, the brand has become the largest buyer of Fairtrade cocoa (Fairtrade Foundation). According to Mondelēz, around 18,000 tonnes of cocoa was sourced from Ghana in 2014 for the production of the company’s chocolate brands (Interview Mensah part 1, min. 6:25). Out of these, around 10,000 tonnes were Fairtrade certified and in 2015 the this volume amounted to 12,500 tonnes Fairtrade certified beans (Interview Mensah part 2, min. 4:52).
In order to meet the market demand for Fairtrade chocolate, Fairtrade certification has become a central element in the CL program in Ghana and in the businesses of CL farmer co-operatives (Interview Mensah). It is not a formal requirement that CL farmers are Fairtrade certified, but Mondelēz encourages the farmers to become certified and supports the unions’ certification process by paying half of the initial certification costs (Interview Mensah part 2, min. 03.00). Today, Mondelēz buys most of its Ghanaian Fairtrade cocoa from certified CL farmers (Interview Mensah). As a result, the CL farmers receive a premium from Mondelēz corresponding to the volume of cocoa they have sold as Fairtrade. Based on the market demand for Fairtrade products and the yearly production forecasts, Mondelēz sets a quota for the Fairtrade cocoa the company will buy from each co-operative (Interview Mensah). According to Mondelēz, these quotas are set a bit lower than the CL farmers’ anticipated production capacity to ensure a safe margin for the company (Interview Mensah). In the Suhum/Kraboa Farmer Co-operative Union, the quota set by Mondelēz for the purchasing of Fairtrade cocoa in the 2014/2015 season was 600 tonnes. Yet, the unions estimated total production capacity is around 2000 tonnes for the 2015/2016 season (Interview Asa-Ofori). In the Fanteakwa Co-operative Union, the farmers produced almost 2000 tonnes of cocoa in the 2013/2014 season and sold 1000 tonnes as Fairtrade beans (Interview Ayisi). The farmers are free to sell the remaining cocoa production to other chocolate companies as Fairtrade cocoa if possible (Interview Mensah). Hence, the Suhum/Kraboa Farmer Co-operative Union had an agreement with the Dutch Tony’s Chocolonely last season to deliver on a quota of 225-500 tonnes Fairtrade cocoa beans. Nevertheless, the Union did not manage to sell its entire cocoa production as Fairtrade beans and therefore only received premium for around half of their production (Interview Asa-Ofori).

The Fairtrade Standards are established to support fair trading conditions and benefit small producers and workers in the South (Fairtrade International 2011). The Standards determine who participates in the Fairtrade system and control which products carry the Fairtrade marks.
(Fairtrade International (a)). The Standards also set the Fairtrade minimum prices for products and determine the additional Fairtrade Premium that must be paid to producers. Furthermore, the Standards define how the Fairtrade farmers must allocate their premium payments to investments in their businesses or communities (Fairtrade International (a)).

In order to benefit from the fair trading system, the producers need to be Fairtrade certified and comply with the economic, social and environmental standards (Fairtrade International (b)). The Standards for Small Producer Organizations reflect the Fairtrade principles and must be complied with for the producer organisations to sell Fairtrade certified products (Fairtrade International 2011). First, it is a requirement that the small producers are part of organisations with formal management arrangements and internal structures that can help ensure the members’ compliance with the Standards (Fairtrade International 2011, p.14). These organisation must have democratic structures and a transparent administration that allows for accountability (Fairtrade International 2011, p.35). The Standards also include requirements for traceability, internal control systems, sustainable agricultural and environmental practices, and good working conditions. Finally, the standards require training and capacity building among members and demand that the organisations have a Fairtrade Development Plan, which account for activities intended to improve either the business, the members or the community (Fairtrade International 2011, p.32).

6.2.3 SUBCONCLUSION

In sum, due to its strong position in the market, Mondelēz has the power to enforce private regulative standards in the GVC and can hereby control its sourcing practices in Ghana. Through the CL program, Mondelēz sets the terms of participation in the chain and defines how the farmers should produce their cocoa. Mondelēz also influences the structure of the local production system by setting demands for Fairtrade certification and formal organisation of farmers in co-operatives. Hereby the MNC seeks to ensure that its cocoa sourcing practices comply with a set of global ethical and sustainable standards. As the sole export channel for cocoa in Ghana, Cocobod exercises its power in the chain by setting quality standards, controlling the cocoa selling season, and determining annual cocoa prices. Cocobod also exercise control over the LBCs and sets the terms for their participation in the chain through licence requirements. Consequently, the smallholder cocoa farmers are faced with governance structures enforced by Mondelēz and Cocobod, which set the terms of participation in the
GVC for cocoa and define the distribution of economic value between the actors. Finally, smallholder farmers’ compliance with GVC standards and requirements is closely linked to their international marked access.

6.3 Institutional Environment

This section analyses the institutional environment in which the cocoa farmers in Ghana are embedded in order to determine how it enables or hinders the smallholders’ capacity to participate in the GVC on the above terms. In order to analyse how the farmers are embedded in various socio-, economic-, regulatory-, and cultural structures, informal institutions in the Ghanaian cocoa communities will be examined initially. Then, the national regulatory and legislative environment that influences the cocoa sector is analysed. Thereafter, a range of institutional constraints faced by smallholder cocoa farmers are identified from the data collected during the field study in Ghana.

6.3.1 NORMS AND VALUES

Cocoa farming is traditionally a family business, where land, farms and knowledge are passed on from previous generations. This norm is apparent in the empirical observations from the Fanteakwa district. Here, all the interviewed cocoa farmers had learned about cocoa farming from their parents who were also farmers. Traditionally, the entire family was engaged in the farming activities. Particularly in the busy periods such as the harvest, cocoa farmers used their children to help with the work on the farm (Interview Sarpong). However, increasing awareness of child labour issues has meant that most children of cocoa farmers today attend school and help on the farm in the weekends, if they attend school close to home (Interview Asa-Ofori). Therefore, the farmers are currently dependent on hired day labourers to carry out the work on their cocoa farms in busy periods.

In Ghana’s cocoa sector, there is an old tradition for farmers to form workgroups in their communities with the purpose of helping each other with farming activities. This system is called “nnoboa”, which means mutual assistance in Akan. Nnoboa is seen as an informal type of co-operatives, where the farmers share their work burden among them (Interview Department of Co-operatives). However, according to Dr. Sarpong, this system has largely disappeared. He argues that farmers today are more individualistic and do not trust one another. As a result, the Ghanaian farmers are poorly organised and not very well represented
in the sector. This perception is shared by the Department of Co-operatives. The Department advocates for the formation of co-operatives in farmer communities by referring to the traditional system of nnoboa. However, they also experience that farmers are sceptical towards the idea of sharing money and inputs and therefore reluctant to form organisations.

Despite the broad scepticism and poor mutual trust, the cocoa farmers are becoming better organised and more farmer co-operatives are emerging in Ghana. However, from the field data it is evident that these co-operatives remain relatively small and that organisations at society level often have less than one hundred members. This is despite the fact that all the interviewed farmer co-operatives were eager to expand their membership. According to the co-operative representatives from Bosuso Society, one reason for the relatively low memberships is that farmers generally have not been able to see the benefits of joining a co-operative. Therefore, it is has not always been easy for them to convince new members to join the organisation. The president of the Otwebediau Farmer Society also explained that:

“Initially, people have been thinking that when there is money in the society, some will just misuse the money. So they feel reluctant joining the society. But right now that some are getting an understanding that what their perception is quite different from what is really happens” (Interview, min. 34:55).

6.3.2 COCOBOD AND GHANAIAN LAND & TREE TENURE POLICIES

Beyond the regulatory functions, Cocobod also has significant institutional capacities in form of statistical data collection, agronomic research, and provision of extension services, which are carried out through subsidiary programmes. CRIG and Cocobod’s research department do research that informs policies in the cocoa sector and the best practices for cocoa farming (Interview Amengor). Cocobod’s seed production division is working on multiplying and distributing new hybrid seedling varieties. CHED is operating more in the field, providing extension services to the farmers and disease control (Interview Amengor). The extension officers are in dialogue with the farmers on the ground and have the responsibility for providing training to all of Ghana’s cocoa farmers (Interview Wiafe).

According to Mr. Amengor from Cocobod’s Research Department, Cocobod is working towards improving incomes and living conditions of Ghanaian cocoa farmers. To achieve this, Cocobod seeks to increase cocoa yield through the provision of free seedlings and fertilizers and the promotion of environmental sustainable production practices. Cocobod also seeks to
provide good social amenities in cocoa communities such as schools and cocoa roads (Interview Amengor). However, Cocobod has faced some challenges with the delivery of these services since CHED only have a limited number of extension officers to carry out extension services on the ground. Furthermore, poor logistics make it difficult for them to reach the farmer communities. This has had negative consequences for the timely supply of fertilizer and high yielding cocoa tree seedlings, which ought to be distributed through the extension services. Furthermore, the distribution of fertilizer is also hindered by the lack of data on farmers’ locations and their farm sizes (Interview Amengor). However, Cocobod is increasingly collaborating with private partners in the GVC for cocoa to pool resources and overcome some of the obstacles in the sector. Hence, partnerships have become an important approach for Cocobod to bring improvements to the cocoa sector (Interview Amengor).

Ghana’s land and tree tenure policies are other important aspects of the institutional environment in which the cocoa sector is embedded. The Ministry of Land and Natural Resources governs these policies and have been collaborating with Cocobod the last year to make changes that support more sustainable cocoa production practices (Interview Amengor). Ghana’s tree tenure policy has caused difficulties for farmers to establish ownership of the forest trees on their cocoa farmlands and prevent illegal logging of the forest. The current land tenure policy has also had implications for the cocoa farmers who wish to acquire new land to establish cocoa farms and caused issues for cocoa farmers as their farmland was given to the illegal mining practices, called ‘galamsey’ (Interview Amengor). Together these policies influence current practices in the cocoa sector.

6.3.3 INSTITUTIONAL CONSTRAINTS

The field data shows that the cocoa farmers face a range of constraints in the institutional environment. In fact, when asked if there were any challenges to being a cocoa farmers several interviewees answered that there were so many that they did not know where to start. From the empirical findings, some of the key constraints in the institutional environment are identified in the subsequent sections.

Access to financial resources

Lack of financial resources is a key constraint faced by Ghanaian cocoa farmers. According to the interviewed farmers, they are often unable to hire day labourers, rent spraying machines
and buy chemicals due to the lack of money. The causes for their financial difficulties are attributed to low cocoa prices, the obligation to pay for the children’s school fees and low income levels especially in the light crop season. In the lean season from January to June, the farmers face large financial difficulties as there is only little crop to be sold and they rarely have additional sources of income. Furthermore, several farmers point out that even if they have cocoa to sell in the lean season, then the LBCs might not have the money to pay for the cocoa with at this time of the year. Consequently, the farmers cannot carry out the necessary work on their farms in this period, as there is no income to cover the costs for labour, inputs and equipment. Even the farmers who are part of the co-operatives and receive a price premium for their Fairtrade cocoa mention the difficulties they face in the lean period, as their income is insufficient to cover their costs on the farm.

Another contributing factor to farmers’ financial difficulties is the poor access to credit in the cocoa communities. According to the farmers in the Fanteakwa district, it is not possible for cocoa farmers to get a loan from banks or other local financial institutions because the interests are either too high or they simply do not know how to apply for a loan. Even the Fanteakwa Co-operative Union have been unsuccessful in their application for loans and therefore does not have the financial capacity to expand their input store or offer informal loan services to members (Interview Ayisi). However, according to the president of the Suhum/Kraboa Co-operative Union, members in need of money can get small loans from the Union providing that the farmer’s upcoming premium payments are expected to cover the repayment. The Suhum/Kraboa Union has also successfully obtained a loan from the investment organisation, Shared Interest, in order to buy a truck for the organisation, which can transport cocoa beans and supplies to the input store (Interview Asa-Ofori).

Access to inputs

Difficulties acquiring inputs for the farms are another key constraint to farmers’ cocoa production. While all the studied farmer co-operatives have created local input stores at either Society or Union level, one of the farmers’ main concerns remains timely access to approved chemicals. In order to make it easier for the members to apply the recommended chemicals in their cocoa production, the co-operatives have established input stores where the farmers can purchase approved chemicals and basic equipment such as rubber boots, knapsack sprayers, and cutlasses with small discounts. Nevertheless, the farmers still complain about the
inadequate and untimely supply of these approved chemicals and the high prices. Most farmers mention that the shops often do not have the chemicals they need because it can be difficult for the co-operatives to get them from the suppliers. Timely delivery of the chemicals is a key problem for the farmers, as the risk of cocoa pods becoming infected with insects or diseases are higher when they cannot buy the chemicals on time to protect their trees.

When asked whether they receive fertilizer from Cocobod’s mass spraying program, the responses where that while some might have received fertilizer from Cocobod, it was never sufficient to cover the entire farm nor was it applied frequent enough or at the right time to have the intended impact. Other farmers have never received fertilizer from Cocobod and several mention it is a problem that they cannot purchase fertilizer in the local input shops and apply it themselves.

In addition, the farmers also have great difficulties to hire day labourers to work on the farms. The farmers explain this by the lack of available labour force in the cocoa communities. Because farm work does not appeal to the young people, they instead move to the cities or take on work with some of the gold mining companies that pay higher wages (Interview Abompeh Society President). Due to the low supply of farm workers in the communities, the wages of a day labour are increasing, which makes it difficult for the smallholder farmers to afford assistance.

Finally, the poor infrastructure and limited number of roads in the cocoa districts obliged the farmers to carry the beans from their farms in the forest to the main road on the heads. From here, some hire vehicles to bring the beans closer to the village. However, most roads are impassable in the rainy season and do not lead to the farmers’ houses. Therefore, the farmers must often walk the remaining distance with the beans on their heads. The Domu Society President also explains that most farms are located in remote areas with hills and rivers, which make them impossible to reach with vehicles. Hence, the farmers often have to walk a long distance with the cocoa before they reach a road.

6.3.4 SUBCONCLUSION
This section points to the fact that Ghanaian cocoa farmers are embedded within an institutional environment, which is characterised by factors that can both enable and hinder

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12 See Appendix 5 for Photos 3, 4 & 7 to see the pathways leading to and from the farms and the poor roads in the cocoa districts.
their compliance with the chain requirements installed by Mondelēz and Cocobod. The central role of Cocobod in the cocoa sector can enable the farmers’ compliance with value chain demands and standards as it ensures investments in research and development, provides extension services and free seedlings and fertilizer to cocoa farmers. While Cocobod seeks to improve the livelihood of cocoa farmers through partnership initiatives, training programmes and free input distribution schemes, there are still major problems in the supply and timely delivery of these services to the farmers. From the above it is also clear that the smallholders face a range of institutional constraints that can hinder their compliance with the value chain requirements. Among the key factors that limit farmers’ capacity and willingness to comply with the GVC standards are the lack of trust among the farmers in the cocoa communities, their limited access to inputs and financial resources and the poor infrastructure. Furthermore, the national tree and land tenure policies can hinder the farmers’ compliance with environmental governance structures in the chain, which are introduced through the CL partnership. Thus, the institutional environment has important implications for the smallholder farmers’ capacities to upgrade in the GVC for cocoa.

6.4 Value Chain Struggles

According to the analysis of governance structures in the GVC for cocoa, the smallholder farmers’ market access is closely linked to their compliance with global ethical and sustainable production standards defined and enforced by more powerful downstream actors. Together, Mondelēz and Cocobod have installed a range of requirements for quality, social development, production practices, and environmental governance, which the farmers have to comply with to participate in the GVC. However, the farmers’ capacities to meet these requirements are determined by the institutional environment in which they are embedded. From the analysis of the institutional environment in Ghana, it is evident that the cocoa farmers are embedded in a multi-scalar institutional setting characterised by a range of constraints that can hinder their compliance. The following section explores the interplay of governance structures in the GVC for cocoa and the institutional setting of the Ghanaian cocoa farmers in order to identify and analyse the value chain struggles, which have emerged in the chain.

6.4.1 STRUGGLES OVER LIVELIHOOD

The main source of income for cocoa farmers is the money they receive from the LBCs when they sell their beans. The field data shows that eight out of the nine farmers asked about their
cocoa production only produce between one and ten bags of cocoa at a value of 425 Cedis each, which is equivalent to 107 USD\(^{13}\). According to the farmers, this income is not high enough to cover both their domestic expenses such as school fees for the children and production expenses such as wages for the hired labourers and costs of chemicals. Thus, the low cocoa prices make it difficult for the cocoa farmers to increase their yields and increase their incomes from cocoa.

Through the Fairtrade certification scheme, Mondelēz can provide prices that are more remunerative to the cocoa farmers and demonstrate support of fair trade conditions in the GVC. Since Mondelēz pays a premium for the Fairtrade cocoa, the certified farmer cooperatives can increase members’ incomes. However, a fundamental Fairtrade requirement is that the farmers are organised in formal and democratic organisations. In Ghana, the registration of such farmer organisations is done by the Department of Co-operatives. A key requirement for registration is that the co-operative have by-laws, which specifies the entrance fee, the monthly membership fee and the shared capital that members must pay. Even so, the study shows that the cocoa farmers are generally uncomfortable with joining farmer cooperatives where the members are required to share capital. According to the field data, especially the lack of trust among the farmers hinders further organisation and collective action in the cocoa sector. Consequently, the requirements for participation in the Fairtrade system clash with local norms and the lack of trust in the cocoa communities. This is the main reason why the majority of cocoa farmers are not part of co-operatives. As a result, these farmers are excluded from the CL program and the Fairtrade scheme and cannot benefit from the premium to increase their income.

Even though CL farmers receive an annual premium of 200 USD per tonne from the cocoa beans they sell as Fairtrade, this additional income is not enough to cover their expenses at the farm and adhere to the best agronomic practices for cocoa production. While the premium they receive is generally used on day-to-day work at the farm, the amount of cocoa that the farmers sell as Fairtrade is not big enough for the premium to cover the costs of hiring day labourers or buying the recommended chemicals. Finally, the farmers argue that the premium payments ought to arrive during the lean season in the spring when they need the additional income and not in July as it did in 2015 (Interview Domu Society President).

\(^{13}\) Exchange rate 20 January 2016, 1 Cedi = 0.252217 USD (www.xe.com)
6.4.2 STRUGGLES OVER PRODUCTIVITY

Both Cocobod and Mondelēz have installed projects (and standards) in the Ghanaian cocoa sector with the aim of improving the income and livelihood of farmers. Since cocoa is either the sole or the main source of income for the farmers in the cocoa communities, increases in their productivity and cocoa yields are key to earn higher incomes. According to Dr. Sarpong at the University of Ghana, good agronomic practices, high yielding cocoa trees, fertiliser, and timely access to inputs are key to improve productivity (Interview Sarpong). However, from the field data it is clear that the farmers are embedded in an institutional environment characterised by poor infrastructure, which often hinders farmers’ access to knowledge and inputs.

Especially access to education and training have been very limited for the cocoa farmers who have generally been taught about cocoa farming by their parents and are unaware of new and improved agronomic practices. According to Cocobod, the extension officers provide training on general farming practices to cocoa farmers whether they are organised in co-operatives or are operating as individuals (Interview Wiafe). As such, all Ghanaian cocoa farmers ought to have the opportunity to learn about new and improved agronomic practices, which can help them improve their yield. Yet, the farmers in the study declare that training is only provided to the farmers that are organised in groups. When asked whether they receive training from the extension officers, two out of the three farmers who are not part of the co-operatives answered that they did not receive any training from Cocobod and had only learned from their fathers (Interviews Farmer 4 and Farmer 5). The Fanteakwa Union President explained the benefit of farmer organisation to members’ education it this way:

“Before we don’t have trainings and everybody do his own thing maybe we would do it adversely. Because we are into groups and we have got a lot of training we do pursue the goal of the union and also protect the members’ interests” (Interview Ayisi, min. 16:38).

Fertilizer and chemicals against weeds, pests and insects are also key to increase productivity. Yet, Cocobod’s service delivery is again problematic and restricts farmers’ access to fertilizer. Cocobod is delivering fertiliser to the cocoa farmers through the free fertilizer system. Yet, none of the farmers in the study received enough fertiliser from Cocobod to spray their entire farm as frequent as recommended. Furthermore, the farmers are not able to purchase this...
fertilizer themselves or for the local input stores as it is unavailable in the market. The chemicals recommended to control weeds, pests and insects on the farms are also difficult for the farmer to acquire as these are often unavailable at the local input stores when the farmers need to apply these.

Finally, the Fairtrade certified CL farmers face an additional struggle, as they need to apply Fairtrade approved chemicals in their production to comply with the certification standards. According to the farmers, these approved chemicals are difficult to get as they are often unavailable in the market or delivered too late. This makes it impossible for farmers to adopt the best agronomic practices when it comes to weed management and pest- and insect control on their farms. This ultimately hinders their productivity. Consequently, the best practices and standards set in place by Cocobod and Fairtrade are often incompatible with the institutional reality of cocoa farmers who face a range of market imperfections.

6.4.3 STRUGGLES OVER ENVIRONMENTAL GOVERNANCE

One of the CL objectives is to increase conservation of forests and maintain ecosystem in the cocoa communities. To achieve this, the ESP project teaches CL farmers about environmental sustainable production practices and incentivises them to maintain the cocoa landscape and plant new trees on their farms by providing free tree seedlings. In 2014, the tree-planting program had nursed and distributed 263,000 economic tree seedlings to over 3,160 cocoa farmers from 166 communities to enable them to increase their shade trees and carbon stocks on the farms (UNDP 2015b). In 2015, 523,100 economic tree seedlings were distributed to 428 communities in the seven cocoa districts (UNDP 2015a). The program also gives training to the participating farmers on planting and nursing practices and on the needs and procedures for tree registration according to tree tenure policy (UNDP 2015b). However, several struggles over environmental governance have arisen, as these environmental sustainable practices are incompatible with the regulatory system and local norms.

The tree tenure policies in Ghana specify that farmers do not have ownership over natural planted forest trees on their farms (Interview Titiati). Therefore, some farmers have experienced illegal logging on their farms, which has destroyed some of the cocoa production. New policies make it possible for farmers to plant forest trees on their farms, register these with the forestry commission, and hereby establish official ownership of the trees (Interview Titiati). Thus, to ensure that the forest tree seedlings distributed to CL farmers will not become
subject to logging, the farmers must register these with the district Forest Committee representative. Yet, the current administrative procedures in place at district level for registration of trees were originally made for plantations and are therefore not suitable for smallholder’ registration of trees in the cocoa landscape. Therefore, new registration forms and database have to be created and this is a long-term administrative process (Interview Titiati).

From the field data, it is clear that all the interviewed society representatives had received training from UNDP. They were also aware of the registration requirements and the need for planting new shade trees. Furthermore, representatives could tell that they had received the free forest tree seedlings from UNDP. However, none of the individual farmers, who were interviewed had received any forest tree seedlings from UNDP and they were unaware of the new rules and the possibility to register the planted forest trees. Again, struggles arise, as CL’s environmental governance initiatives are not compatible with the current institutional environment in Ghana.

6.4.4 SUBCONCLUSION

In sum, the GVC for cocoa is defined by a series of struggles over income, productivity and environmental governance that determine how the cocoa farmers participate in the chain. These struggles have emerged as CL initiatives and other governance structures in the GVC clash with the multi-scalar institutional environment of Ghanaian cocoa farmers. As Mondelēz occupies a leading position in the chocolate industry, the MNC has used its power to enforce a range of standards and initiatives at production level in Ghana, which define the terms of participation in the GVC. However, some of the compliance requirements installed by Mondelēz’ in the pursuit of more social and environmental production practices in the cocoa sector are in several instances incompatible with the institutional environment of the smallholder farmers in Ghana. Furthermore, Cocobod’s exercised control over cocoa prices, extension services, agronomic inputs, LBCs, quality control and export channels impedes some of these initiatives and impose constraints for improvements in farmer productivity and income growth. Lastly, the small size of the farmer co-operatives and the continued reluctance of most cocoa farmers to join the organisations has meant that they remain in a position where they do not have much capacity to shape the value distribution in the chain or direct the institutional environment in a more supportive direction.
6.5 Upgrading Possibilities and Influence of CL Partnership

This section explores the different possibilities for cocoa farmers to improve their position in the GVC. Based on the upstream influence of Mondelēz and Cocobod and the complex institutional setting defined above, the Ghanaian cocoa farmers’ capacity to pursue the seven different upgrading strategies are analysed. In order to determine to what extent the CL partnership has influenced the farmers’ upgrading possibilities the analysis distinguishes between the upgrading possibilities for the farmers who are part of CL and those who are not.

6.5.1 PROCESS UPGRADING

The empirical data shows that CL farmers have experienced increased efficiency due to the adoption of new and improved agronomic practices on their cocoa farms. This process upgrading is enabled by the farmers’ access to knowledge on new and improved agronomic practices and high yielding inputs. As such, Cocobod’s engagement in R&D activities focusing on yield improvements in the cocoa sector and extension service delivery are important for the farmers to realise process upgrading. A CL farmer explains that he sees a difference on the farm because of the training in good agronomic practices he has received and the chemicals he has started to spray (Interview Farmer 6). The Abompeh Society President also emphasises the changes that the members have experienced on their farms due to the training:

“With the training we have been getting from the extension officers, it has transformed our farms. Now we are harvesting more cocoa than the previous. Because they have been teaching us how to weed, and how to prune and how to remove the mistletoes and all of that” (Interview, min. 5:50).

Awareness of new and improved agronomic practices has also meant that the work on the farms has become easier after the CL farmers joined the co-operatives. This improved efficiency is evident in the following statement by the Domu Society President:

“The society they have joined, out of the training now the work has become very soft. (…) The time they spent in farming out of the training has come down small” (Interview, min.46:20).

The Suhum/Kraboa Union President also explains how new agronomic practices has made his work on the farm more efficient:
“I realised that, that which [the trees] I attempted doing these practices on, in no time all of the sudden, because I applied fertilizers, I sprayed often, I could not see these cherelles going bad. They all stayed, fungal growth was completely reduced and you could harvest a whole lot at the time that a lot of people needs to be invited to sit and break the pods” (Interview Asa-Ofori, part 3 min.14:45).

The empirical data also suggests process upgrading for CL farmers deriving from the reduction of negative externalities. According to the farmers, the training has made them aware of how to apply chemicals so they do not harm humans, contaminate water or create waste in the nature. As the Domu Society President explains:

“Also, formally they weed to meet the river near to their farms, but now they have known that they should not weed near the river. So they create some space. Now they have known that, so that they do not spray into the river. So they are now improving out of the group or society they have made and they are learning more now and changes are coming” (Interview, min. 45:30).

This is accompanied by another example of progress upgrading as the farmer co-operatives have installed internal control systems to monitor their members and ensure that they adhere to social, environmental and quality standards in their production. The president of the Fanteakwa Union explains that it is not easy for the farmers to comply with the standards but the Union continues to do internal audits and teach the farmers and remind them of good practices (Interview Ayisi).

For the farmers who do not take part in CL, the empirical evidence show less signs of successful progress upgrading. One of the three interviewed farmers had received training from the extension officers on how to spray with chemicals on his farm. As a result, he had started to spray more and had noticed a positive difference on his farm. However, the other two had not received any training from the extension officers and could not account for any changes in their production. Furthermore, none of them talked about the importance of other practices such as brushing and pruning, which were mentioned by the CL farmers as important ways to improve efficiency and productivity.
6.5.2 PRODUCT UPGRADING

The farmer Societies have been Fairtrade certified since 2012. Consequently, the co-operative members have been able to sell certified cocoa beans and hereby move into the more ‘sophisticated’ product markets for Fairtrade certified chocolate. As the certified cocoa beans comply with the Fairtrade standards, they realise a higher value, which the producers receive through the premium payments from Mondelēz. Consequently, compliance with the Fairtrade standards can lead to livelihood enhancement for the producers. In order to maintain their certification they must comply with the monitoring and auditing requirements. The CL farmers have received financial support from Mondelēz to pay for the certification and help from CL partners and the Department of Co-operatives to become organised and legally registered. The co-operative have also received training on the Fairtrade standards from the Fairtrade Liaison Officer in Ghana and the extension officers. Thus, vertical relations have been important in the product upgrading process.

According to the farmers, the key benefits deriving from Fairtrade certification are the premium payments and the training. The leaders of the Adjeikrom Society explained that:

“Formally when they were not in Fairtrade, they just do anything just anyhow in the farm but when they have entered Fairtrade they are now receiving trainings from other organisations and that has made the farm products yield had gone very high because they do things according to how they are trained” (Interview, min. 37:32).

The Abompeh Society president also accounts for the important improvements, which he has been able to make on his farm after the society was Fairtrade certified and he received the premium:

“I have been using that money to maintain my farm. So that when I started using that money, now I can see that my farm is yielding more. (...) But now when you go to my farm, when I compare it about three years ago and this year, I can see that oh my farm has become very very fine” (Interview, min. 26:40).

As one of the main requirements for smallholder farmers’ participation in the Fairtrade system is organisation in formal and democratic co-operative, it is not possible for the un-organised farmers, who do not participate in CL, to achieve the same product upgrading as the CL farmers. Furthermore, the empirical findings show that these farmers rarely know about Fairtrade certification and the related benefits and upgrading possibilities.
6.5.3 VOLUME UPGRADING

According to the farmers, training carried out by extension officers has induced change in the agronomic practices and increased volumes of cocoa beans produced. According to one of the farmers, he has learned how to plant new high yielding trees and how to cut, prune, weed and use chemicals on his farm, which has meant that he experiences an increase in his yield (Interview Farmer 2). Another farmer explains that because he plants new cocoa trees each year and does brushing and spraying of the trees, his yield is growing year after year (Interview Farmer 3). In fact, all the interviewed CL farmers and co-operative representatives have experienced increases in their yields over the last years. These accounts of increases in the production of cocoa beans show evidence of volume upgrading.

When asked more specifically whether the farmers’ cocoa production had increased after they joined the society, the Domu Society President answered:

“Yes, it has been increase. Because formally we don’t know the how to work on the farm, how to spray, how to make pruning. Because of this CRIG and extension officer they have been in the workshops, they have trained us and now our farm produce have been increase” (Interview, min 21:40).

According to the field data, the farmers that are not part of CL do not experience the same increases in yield as the CL farmers. However, as they have all planted new trees with the free seedlings they have received from Cocobod, they are experiencing small increases in their yields as these trees grow older and start to bear more pods. Yet, the three farmers tell that they are unable to spray often enough and do not receive the free fertilizer from Cocobod. According to them, this explains why they do not see any big improvements in their yields.

6.5.4 FUNCTIONAL UPGRADING AND DOWNGRADING

The empirical observations reveal very few examples of farmers taking on new functions in the value chain. The only example of functional upgrading is found in the Suhum/Kraboa Union where the co-operative has succeeded to invest in a truck. Through this investment, the co-operative is able take on their own delivery of supplies to the input stores and the transport of cocoa to the buying clerks. This way they can cut out the intermediaries and reduce the transportation costs for the union and its co-operative members.
The absence of functional upgrading can largely be attributed to the lack of financial resources of the farmers and their co-operatives. While, the CL farmers benefit from the Fairtrade premium and their livelihood and productivity have slightly improved, most are still unable to cover basic household and production costs. Furthermore, the farmers remain unable to sell all their cocoa as Fairtrade and therefore do not realise the maximum premium benefits from their production. So, in general the farmers are faced with scarce financial resources and the inability to take loans in local financial institutions due to either limited access or high interest rates.

Nevertheless, the Fanteakwa Unions’ Development Plan for 2015-2019 show that the Union has the intention to register as an LBC and start buying the members’ cocoa in the coming years\(^\text{14}\). However, it is very difficult for cocoa farmers to take on the functions of an LBC. While the farmer co-operatives are getting more powerful, the CL co-operatives are still not able to upgrade and attaining the functions of an LBC (Interview Mensah). This is due to Cocobod’s licence requirements, which demand aspiring LBCs to prove that they have the credit worthiness and the finance required to buy large amounts of cocoa. Furthermore, to obtain a licence, investments must be made in warehouses and buying clerks on the ground (Interview Amengor). Thus for farmer co-operatives to acquire a licence, they need to have capital to invest in effective infrastructure and purchasing capacity on the ground, which is almost impossible in the farming communities to obtain (Interview Sarpong).

Consequently, for the farmers to experience functional upgrading under the current state controlled system, their financial resources need to increase considerably through further volume or process upgrading. To increase farmers’ productivity and income levels there needs to be sizable improvements in the extension service delivery system and timely supply of fertilizer. As timely access to fertilizer and chemicals is a key constraint for all interviewed farmers, the delivery system might become more effective if it was released from Cocobod’s control and left entirely to the market powers. Another approach to improve farmers’ functional upgrading possibilities is to facilitate their access to credit. One way for the farmers to get access to small loans could be through the introduction of microfinance institutions in the communities or for the farmer co-operatives to establish informal loan services. However,

\[^14\text{See Appendix 5 for Photo 8 of the Fanteakwa Co-operative Union’s Development Plan 2015-2019}\]
the latter is again limited by the relatively small size of the farmer organisations, which restrains the benefits of their collateral bargaining power.

The empirical data does not show any evidence of functional downgrading possibilities for the cocoa farmers. As the smallholders are carrying out the first value-adding activities in the chain there are no function further upstream in the chain they can downgrade to.

6.5.5. VERTICAL CONTRACTUALISATION

As only registered LBCs can buy cocoa from the farmers in Ghana, the CL farmers cannot sell their cocoa directly to international chocolate companies. Instead, they sell their cocoa to local buying agents and keep records of their sales in the farmer passbooks. The empirical data shows no evidence of the cocoa farmers’ having created close business ties or long-term contracts with the LBCs in their communities. However, the Fairtrade system has made it possible for the CL farmers to establish closer business ties with international chocolate companies and negotiate better contracts through vertical contractualisation. Based on the recordings in the passbooks, CL farmers can register the amount of cocoa they sell with the co-operative at society level and hereby receive their share of the Fairtrade premium payments from the buyers.

Under the CL program, Mondelēz has introduced the principle of sourcing alignment, which links the company’s sourcing of Ghanaian cocoa beans with the CL farmers’ production of Fairtrade certified beans. Every year, the CL farmers receive a quota for the Fairtrade certified beans that Mondelēz will purchase in the coming cocoa season. Through this form of vertical contractualisation with Mondelēz and other Fairtrade buyers, CL farmers receive annual price premiums for their cocoa, which can improve livelihoods and be invested in their production capacity. This move towards longer-term business ties between the smallholder farmers and the buyers reduces some of the market instability and risks for the farmers. While the farmers can sell to any LBC locally present in the community, they are ensured that a pre-specified amount of their production is sold as Fairtrade. This way, the co-operatives can make budgets and plans for how to use the premium for the coming year15.

Through closer collaboration with buyers, the cocoa farmers can also increase their knowledge of market requirements and get access to embedded services. Through CL, the cocoa farmer

15 See Appendix 5 for Photo 8 of the Fanteakwa Union Development Plan
co-operatives have received financial support for their Fairtrade certification process and training from CL partners. Under the former CCP, the farmers also received motorised machines for the application of fertilisers and bicycles for the children to use to go to school (Interview Asa-Ofori). Through CL, Mondelēz is also collaborating with Cocobod and finances additional extension officers to ensure the delivery of extension services to the CL communities. Consequently, vertical contractualisation with Mondelēz has been key for the CL farmers’ successful process, product and volume upgrading as they hereby have improved their access to important services.

6.5.6 HORIZONTAL CONTRACTUALISATION

Another key finding is that CL farmers have improved their performance through horizontal contractualisation. As they have become organised in farmer co-operatives, the smallholder farmers have been able to pool resources and collaborate over the provision of inputs, equipment and certification. Since they formed co-operatives, the smallholders have been able to establishment local input stores that improve cocoa farmers’ access to inputs and simple equipment. The Suhum/Krabo union has also been able to provide small loans to its members and buy a motorbike to transport union leaders between villages for meetings. Furthermore, the Union is investing in a van to transport supplies and cocoa in the district. The Fanteakwa Union has been able to invest in three GPS devises to measure the members’ farms and establish a database with farm sizes and locations, which will make it easier to acquire fertilizer from Cocobod (Interview Ayisi).

Collective action among the farmers has also been a prerequisite for the increasing contractualisation with buyers and the farmers’ ability to gain access to extension services from Cocobod. According to the Fanteakwa Union President, a key benefit deriving from their organisation in co-operatives is that they are able to engage with partners and easily organise trainings with extension officers or other facilitators. The Abompeh Society president also explains that in addition to establishing an input store with chemicals, the society has been receiving spraying machines from Cadbury. As such, it has become easier for the society’s members to spray their cocoa farms as they do not have to wait for the government to start spraying and they have easy access to buy the chemicals they need (Interview Abompeh Society President). Consequently, horizontal contractualisation has been key for the farmers’ capacity to achieve process, product and volume upgrading. It can also be argued that the
farmer co-operatives are emerging as new institutional arrangements in the cocoa districts with the potential to influence the institutional setting and create a more supportive environment for the cocoa farmers.

Nonetheless, the field data shows that the farmer co-operatives remain relatively small and are estimated to constitute less than 5% of the cocoa farmers in the Fanteakwa district. Thus, their collective bargaining power remains limited and the farmer co-operatives still face a range of constraints in the institutional environment that limit their capacity to enhance membership benefits and realise further upgrading. The field findings also show that while membership in the co-operatives is growing and new societies are established under the Fanteakwa and the Suhum/Kraboa Unions, then it is still not the norm for smallholders to formally collaborate in co-operatives. While the farmers have a tradition to help each other with the work, they are not comfortable with sharing money among them in the society. Thus, local norms and values can hinder farmers’ further collective action.

During the interviews in the field, the three farmers who do not participate in CL were asked if they wished to join the local co-operatives in the future. To this, two of them answered yes while one did not know. The two farmers’ wanted to join a co-operative because they had seen that the CL farmers received assistance from the government and other organisations. However, one of the cocoa farmers did not have the money required to pay the entrance fees but said that she wanted to be trained in what to do in the farm and what not to do in order to increase her yield (Interview Farmer 5).

6.5.7 SUBCONCLUSION

The analysis of empirical findings shows that there are noticeable differences between the upgrading possibilities for CL farmers and the farmers who are not part of the CL program. From the prior analysis of value chain struggles, it is evident that all the interviewed smallholder farmers face challenges to improve their position in the GVC and increase their benefit form chain participation. However, the empirical findings show that the farmers who are not organised in co-operatives and do not take part in CL, have more challenges in terms of getting access to knowledge, new technology and inputs. Thus, while the field data shows a range of successful process, product and volume upgrading and enhanced contractualisation for the CL farmers, there are only few examples of successful process and volume upgrading for the farmers who are not part of CL.
The CL farmers’ enhanced upgrading capacity is linked to the increasing level of contractualisation in the chain. Closer collaboration among the farmers in co-operatives and stronger business ties with Mondelēz have been key for the farmers to access more sophisticated export markets for certified cocoa beans. Training on new agronomic practices and improved access to inputs have also been important for the CL farmers to increase efficiency. In this case, process, product and volume upgrading are interrelated. Increases in volumes have generated higher incomes for the farmers, which they require to purchase high yielding inputs and equipment that can lead to process upgrading. Furthermore, the co-operatives’ internal control systems make it possible for the farmers to monitor production practices and compliance with Fairtrade standards. In this case, process upgrading is thus essential for the farmers to achieve product upgrading. Conclusively, CL farmers have succeeded in creating a desirable change in their chain participation, which has increased their rewards and to some extent reduced their exposure to risk.

From the above, it is clear that the CL farmers have experienced positive changes in their chain participation since they joined the program. With support from CL partners, the smallholder cocoa farmers have formed formal co-operatives, which have been key for the CL farmers to become Fairtrade certified. Through the CL initiatives, the cocoa farmers have also received more training on good agronomic and environmental practices and enhanced access to high yielding farming inputs. Furthermore, the Fairtrade certification has made it possible for CL farmers to create stronger business ties with buyers and get a higher price for their cocoa beans. This indicates that the CL partnership has influenced the upgrading possibilities for the CL farmers and created change in the chain by addressing some of the institutional constraints. However, the governance structures in the GVC and the institutional environment in which the farmers are embedded still set limits for the farmers’ upgrading capacity. This is particularly evident in the scarce upgrading possibilities for unorganised farmers and the limited functional upgrading possibilities of the smallholders due to the license requirements set in place by Cocobod and the farmers’ limited access to capital.

7. DISCUSSION
This section discusses the findings presented in the analysis in order to answer the research question and reflect on how the study has contributed with new knowledge on the capacity of partnerships to solve social, economic and environmental problems related to GVCs. The
choice of theory and methodology used to answer the research question is discussed and the primary and secondary sources of information used as documentation in the analysis are assessed.

The analysis of empirical findings shows that Cocobod and Mondelēz enforce a growing number of standards and sourcing requirements on smallholder farmers in the GVC for cocoa. At the same time, the institutional environment in Ghana is characterised by local norms, low cocoa prices, limited access to knowledge, inputs and finance, poor infrastructure and unsupportive national regulative processes that together impede farmers’ capacities to meet the growing GVC demands. As a result, value chain struggles over livelihood, productivity and environmental governance have arisen in the GVC for cocoa. The way these struggles are resolved shapes the position of the smallholders in the chain and defines their upgrading possibilities. Therefore, it is relevant to discuss the extent to which the CL partnership has been able to induce changes in the governance structures and institutional environment in order to resolve these value chain struggles.

Mondelēz uses its lead firm position to enforce private regulative measures along the GVC for cocoa. While the CL partnership seeks to improve the livelihood of smallholder cocoa farmers in collaboration with public sector- and civil society actors, CL is also a way for Mondelēz to ensure future supplies of quality cocoa and regulate its cocoa sourcing practices around the world. In order to meet new consumer demands for ethically produced cocoa, Mondelēz has installed new terms of participation in the chain, which oblige farmers to organise in cooperatives and adhere to social and environmental baseline standards. In this case, the CL partnership is an important mechanism to further Mondelēz own corporate interest in the GVC for cocoa. At the same time, the empirical findings show that CL initiatives in Ghana have enhanced cocoa farmers’ capacity and ability to live up to of the new value chain requirements. This is achieved through Mondelēz’ financial support to Cocobod’s extension officers, which has improved CL farmers’ access to the extension services. This makes it easier for CL farmers to acquire new knowledge and adhere to improved agronomic practices and environmental standards. Hereby, the smallholder farmers have increased their productivity and delivered Fairtrade certified cocoa beans that Mondelēz and consumers are willing to pay extra for. Consequently, by collaborating with Cocobod and enhancing the delivery of extension services, the CL partnership has created change in the institutional setting and improved access to knowledge, new technologies and high yielding inputs for CL farmers.
For CL farmers, this means that struggles over productivity are resolved as they can acquire knowledge and technology needed to adhere to good agronomic practices and hereby increase their productivity and income. However, while CL farmers’ income from cocoa has slightly increased and they receive Fairtrade price premiums from Mondelēz, the farmers still experience struggles over livelihood. This is due to the low cocoa prices, low market demands for Fairtrade cocoa and their poor access to inputs and financial resources in rural areas of Ghana. The struggles over environmental governance are not resolved either. Even though UNDP has been working on educating the farmers on improved environmental practices and new tree tenure rules, the administrative processes and local norms do not support these environmental practices yet. Hence, while the CL partnership actively involves local stakeholder such as Cocobod, the Department of Co-operatives and farmer organisations, the collaborative efforts have not succeeded in creating wider reforms in the formal institutions to support the initiatives.

Consequently, from a governance perspective it can be argued that the CL partnership has successfully introduced new baselines for acceptable practices in the GVCs and increased the technical skills of smallholder farmers. From a development perspective, the benefits to CL farmers are also evident as CL initiatives have enhanced their market access, facilitated capacity building and raised incomes. However, the benefits to Ghanaian cocoa farmers outside the CL program and the cocoa sector in general are the more ambiguous as the positive effect of the CL partnership is confined to a relatively small privileged group of farmers. Numbers from Mondelēz show that only around 20,000 out of Ghana’s more than 720,000 cocoa farmers were involved in cohort 1 and 2 of CL. While there arguably has been some general spill over effects in the cocoa communities as more farmers start to join the CL co-operatives, most cocoa farmers do not have the same upgrading opportunities as the CL farmers. The field data shows that farmers who are not part of CL do not have the same access to training and high yielding inputs and often are unaware of improved agronomic practices.

Furthermore, while the CL partnership has reduced some constraints to value chain upgrading for CL cocoa farmers, the field data shows that a range of constraints remain in the institutional environment in Ghana. The state controlled cocoa purchasing season hinders farmers’ successful upgrading because they cannot sell their cocoa to local buying clerks before Cocobod officially opens the cocoa purchasing season. This is a key constraint to further
process and volume upgrading, as they are unable to buy inputs or pay labourers to carry out work on their farms in the lean season. Consequently, while Cocobod invests in research and services to improve agronomic practices and increase cocoa yields, its tight control in the sector also impedes farmers’ capacity to upgrade. The farmers’ upgrading possibilities are further constrained by the poor access to chemicals in the rural cocoa communities. It is remarkable that the chemicals, which are approved for use in Ghana by Cocobod, are often unavailable in the farming communities even after the farmer co-operatives have established local input stores.

A key finding from the case study is that enhanced vertical and horizontal contractualisation in the GVC for cocoa have been key to increase the CL farmers’ capacity to achieve successful process, product and volume upgrading. As such, the farmer co-operatives can be perceived as new institutional arrangements that have the potential to influence the overall institutional setting and create a more supportive environment for the cocoa farmers in Ghana. The case study also shows that through closer and longer-term business ties with buyers, the cocoa farmers can reduce some of the market instability and improve their access to knowledge and embedded services. Accordingly, through enhanced vertical and horizontal contractualisation the Ghanaian smallholder farmers can overcome some of the constraints in the institutional environment and improve their upgrading possibilities in the GVC. However, it is also clear that even for the organised farmers, who have managed to create close business ties with international chocolate companies, constraints remain in the institutional environment that they cannot overcome. The farmer organisations are relatively small and lack the capacities to represent and act on behalf of cocoa farmers in the national political agenda and negotiate more favourable terms in the GVC.

Based on the above, it can be argued that the CL partnership has induced changes in both governance structures and the institutional setting of the GVC for cocoa. Through CL, Mondelēz has introduced new standards and compliance requirements for smallholder farmers in the GVC. Concurrently, CL initiatives in the Ghanaian cocoa sector have enhanced the farmers’ access to knowledge and inputs and increased their incomes through improved productivity and certification schemes. Important changes in the institutional environment were also facilitated by enhanced vertical contractualisation in the GVC and the establishment of cocoa farmer co-operatives. Hereby some value chain struggles were resolved as the CL
farmers’ increased their efficiency and enhanced their ability to adhere to quality standards and other value chain requirements. Therefore, it is argued that the CL partnership has enhanced the upgrading possibilities of the smallholder farmers who are part of the CL program. However, there are still many constraints to smallholder upgrading in the GVC for cocoa and the CL partnership has not had any significant influence on the rest of the Ghanaian smallholder cocoa farmers.

7.1 Reflections on Theoretical Approach

To answer how and why the CL partnership has influenced smallholder farmers’ upgrading opportunities in the GVC for cocoa, the study has applied the analytical framework presented in chapter three. By combining elements of GVC theory and literature on partnerships, the framework has been useful to identify the research entities prior to the field study, define key concepts for the interview guides and provide a structure for the analysis. As the fieldwork progressed and new issues were discovered from empirical observations changes to the analytical framework were made to reflect the reality in which the study took place. For example, empirical explorations found that Fairtrade certification and private regulative initiatives were integral parts of the case partnership. For that reason, some of the concepts and analytical dimension have been redefined along the way in order to formulate a framework that would support a thorough data collection process and in-depth analysis of the empirical data.

Neilson and Pritchard’s redefined GVC approach has been a practical conceptual toolkit to map the configuration of the chain and identify the governance structures and multi-scalar institutions present along the GVC for cocoa. The four analytical dimensions of the GVC approach have also been useful to structure the analysis and create a solid foundation for the assessment of value chain struggles and upgrading possibilities available to the smallholder farmers in the chain. The study’s findings are in line with existing theory on agricultural GVCs and confirm that the GVC for cocoa is characterised by large power asymmetries. This is evident in the way Mondelēz uses its powerful position in the market to install standards and private regulative initiatives along the GVC that define the terms of participation for smallholder farmers. Yet, the study also finds that Cocobod controls important governance structures in the GVC. This shows that while the lead firm has a powerful position in the GVC
for cocoa, the chain is characterised by different and complex governance structures along the stages of the chain.

The study identified formal and informal institutions in Ghana in order to develop thorough understanding of local contextual factors. For this purpose, previous research on the GVC for cocoa in Ghana and tropical GVC analysis have been used to explore important context-specific issues and account for the specificities of such chains. Especially the institutional constraints identified by Barrientos & Asenso-Okyere (2008) presented in Table 1 were useful to guide the empirical observations in the field. In line with Neilson & Pritchard’s (2009) argument, the study finds that multi-scalar institutional environment of the GVC for cocoa and the chain governance structures are co-produced and that their interaction creates value chain struggles that shape the upgrading possibilities of the farmers. In fact, the empirical study of the GVC for cocoa in Ghana shows that it can be difficult to separate governance structures from institutions. In this case, Cocobod defines both the local institutional environment and some of the governance structures in the chain. Finally, the study also shows that there is a good point and value in talking about value chain struggles where the governance and institutional structures overlap and that these struggles are important in the analysis of upgrading opportunities.

The literature and theory on partnerships in GVCs have been more difficult to apply in the study. While there is broad agreement on the potential capacity of partnerships to solve social, economic and environmental challenges related to GVCs, much uncertainty about the influence of partnerships and how to measure this remains. As such, it has been challenging to formulate an analytical framework that allows for an assessment of the CL partnership’s influence on the farmers in the chain. In this case, the concept of upgrading introduced by Riisgaard et al. (2010), which integrates poverty and environmental concerns into the GVC analysis, was used to assess the influence of the CL partnership on smallholder farmers in the GVC for cocoa. The seven different upgrading strategies for smallholder farmers in agricultural GVCs were applied in the analysis in order to define the possibilities for farmers to increase the rewards and/or reduce the risks of GVC participation. In line with the arguments put forward by Riisgaard et al. (2010), this study finds that collective action among cocoa farmers and their alliances with powerful actors inside and outside the GVC have helped the smallholders achieve process product and volume upgrading.
Drawing on the analytical framework, the study has successfully explored the influence of partnerships on smallholder farmers in GVCs and shown that the CL partnership has the capacity to resolve value chain struggles by reducing constraints to upgrading and creating new institutional arrangements. The study also adds important insight into how the partnership’s capacity to solve problems in the GVC is defined by the institutional environment in which it operates.

7.2 Reflections on Methodological Approach

The study’s philosophical underpinnings in critical realism and the work of Easton (2010) on critical realist case study method have been used to guide the study. In line with the critical realist research approach, the study has sought to formulate a causal explanation to how and why the CL partnership has influenced the upgrading possibilities of Ghanaian cocoa farmers. To do so, the most challenging process has been to define the boundaries of the case and identify entities relevant to the research. The study has used the theoretical concepts of the GVC framework to identify entities and define their powers and liabilities. However, as the case partnership is a collaborative arrangement between local and international partners that covers many focus areas it is a complex phenomenon to study. Therefore, it has been necessary to limit the case to the farming and environment areas of the CL partnership and only interview farmers in two districts in the Eastern Region of Ghana. Furthermore, to acquire a comprehensive understanding of the CL partnership and the upgrading possibilities of farmers, it was necessary to collect information from multiple empirical sources. Therefore, the intensive research method has been a useful research strategy to move back and forward in the research process and to collect the data needed to establish a plausible causal explanation.

The case study design has been a useful methodology to investigate the partnership in its context and gain in-depth understanding of how and why the CL partnership has influenced the upgrading possibilities of the smallholder farmers in Ghana. The field research in Ghana has been important to make observations of the realities in the cocoa industry and assess the partnership interventions through interviews with farmers and other involved stakeholders. Through empirical investigation in Ghana, the study has sought to analyse causal explanations for the upgrading of cocoa farmers by identifying entities and mechanisms in the GVC of cocoa and the CL partnership, which have caused the observed upgrading to happen.
The collection of data from multiple sources has made it possible to critically evaluate causal relationships between the CL partnership and the observed upgrading possibilities for the CL farmers. As the study was carried out in Ghana, it has not been possible to go back to the field to test that the initial findings apply to the farmers studied as part of the case. However, the findings have been assessed through corroboration as the case was investigated using a range of secondary and primary sources relevant to the case and supplemented by observations of local contextual factors made in the field. Consequently, the findings of this study are deemed practically adequate, in the sense that the knowledge is useful to understand and explain how and why the CL partnership influence the upgrading possibilities of the Ghanaian smallholder farmers.

8. CONCLUSION

The purpose of this study has been to explore the capacity of partnerships in GVCs to solve problems at production level and to examine their influence on smallholder farmers in DCs. Partnerships between public-, private- and civil society actors are increasingly promoted as new organisational models with the potential to address complex problems related to GVCs. However, the literature remains inconclusive on questions regarding the benefits of such collaborative arrangements to smallholders in the GVCs (Bitzer 2012). Therefore, this thesis has made a case study of the partnership between Mondelēz, Cocobod and UNDP under the CL program in Ghana to answer the question: How and why has the Cocoa Life partnership influenced the Ghanaian smallholder cocoa farmers’ upgrading possibilities in the global value chain for cocoa?

In order to answer this question, the study finds that the CL partnership has influenced the governance structures in the GVC for cocoa. Through the CL program, Mondelēz has enforced new standards for chain participation and set stringent compliance requirements on the smallholder cocoa farmers in the GVC. At the same time, the study also finds that the CL partnership has introduced changes in the institutional setting of the cocoa farmers and addressed some of the constraints to smallholder upgrading. The CL partnership has facilitated the formation of farmer co-operatives and induced stronger business ties between smallholder farmers and international buyers. The increased the level of contractualisation in the GVC for cocoa has been key for the CL farmers to improve their access to knowledge, new technologies and high yielding inputs. In fact, the enhanced vertical and horizontal contractualisation in the
GVC for cocoa have enhanced CL farmers’ capacity to comply with standards and requirements enforced by Mondelēz and Cocobod along the chain and overcome some of the constraints in the institutional environment. The study finds that, as a result of the CL program the smallholders have increased their productivity and incomes from cocoa as they have improved their agronomic practices and have become Fairtrade certified. Therefore, the study concludes that the CL partnership has improved process, product and volume upgrading possibilities for cocoa farmers connected to the CL program and has increased their benefits from chain participation and reduced their exposure to risk.

However, it is important to note that there are evident differences between the upgrading possibilities for CL farmers and the cocoa farmers who are not part of the CL program. The study shows the farmer co-operatives can serve as new institutional arrangements to help farmers’ overcome constraints in the institutional environment and improve their upgrading possibilities. Therefore, the cocoa farmers who are not organised in co-operatives continue to have poor access to knowledge, new technology and inputs and therefore have less upgrading possibilities in the GVC. Furthermore, the established farmer co-operatives are relatively small in size and do not have much collective bargaining power to shape the power structures in the chain or the institutional environment in a more favourable direction. Therefore, the study also concludes that the governance structures in the GVC for cocoa and the institutional environment of cocoa farmers in Ghana still set limits for the farmers’ upgrading possibilities.

Another interesting finding is that the CL partnership initiatives have clear benefits for Mondelēz. The lead firm uses CL to dictate the terms of participation for smallholder producers in the GVC and monitor its sourcing practices. By enforcing private standards along the GVC, the MNC can further its own interests and meet customer demands for ethically produced quality chocolate. By examining the influence of the CL partnership from a governance and a development perspective, the thesis has shown that partnerships in GVCs have the capacity to influence the production practices and enhance the abilities of smallholder producers in DCs. Yet, the study remains sceptical on the capacity of partnerships to achieve broader development goals as findings suggest that the influence of the CL partnership is confined to a relatively small group of farmers in Ghana. Conclusively, the CL partnership has not benefited the large part of cocoa farmers in Ghana who are disconnected from the CL program initiatives and continue to face a range of problems.
The findings above suggest that partnership initiatives have the capacity to induce change at production level in agricultural GVCs. However, when the partnership initiatives target problems through private standard initiatives, their influence is often restricted to a small group of farmers and the benefits largely accrue for the lead firm. Therefore, there is a need for future studies to provide a deeper analysis of how to improve the capacity of partnerships to solve problems in GVCs and expand the positive influence to broader segments in producing countries.

While there is still a long way before DC actors extract the same benefit from global agricultural trade as the powerful MNCs, this study has shown that partnerships in GVCs have the potential to initiate change and solve some of the social-, environmental- and economic problems related to global agricultural trade and increase the benefits to smallholder producers in DCs.
9. BIBLIOGRAPHY


**Webpages**


10. **APPENDICES**

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APPENDIX 1

Interactive Interviews made during Field Study in Ghana
(Period 28 September to 27 October 2015)

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<tr>
<th>No.</th>
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<th>Organisation</th>
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<tr>
<td>1.</td>
<td>30-Sep-15</td>
<td>Namho Oh, Programme Analyst</td>
<td>UNDP Ghana Sustainable Development</td>
<td>55min.</td>
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<td>2.</td>
<td>01-Oct-15</td>
<td>Atsu Titiati, ESP Project Coordinator</td>
<td>ESP Project</td>
<td>1h45min.</td>
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<td>3.</td>
<td>07-Oct-15</td>
<td>Eric Amengor, Deputy Research Manager</td>
<td>Ghana Cocoa Board, Research Department</td>
<td>2 hours</td>
<td>Yes</td>
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<td>4.</td>
<td>08-Oct-15</td>
<td>Mr. Wiafe, Executive Manager of Extension Services</td>
<td>Ghana Cocoa Board, Cocoa Health and Extension Division</td>
<td>35min.</td>
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<td>5.</td>
<td>08-Oct-15</td>
<td>Dr. Daniel Sarpong, Associate Professor and the Head of Department</td>
<td>University of Ghana, Department of Agricultural Economics and Agribusiness</td>
<td>2 hours</td>
<td>Yes</td>
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<td>6.</td>
<td>12-Oct-15</td>
<td>Apraku Yeboah, Principal Co-operative Officer and Junior Employee and the Deputy Registrar</td>
<td>Department of Co-operatives Ministry of Employment and Labour Relations</td>
<td>Approx. 2 hours</td>
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<td>7.</td>
<td>13-Oct-15</td>
<td>Elorm Abla Dotse, Junior Liaison Officer</td>
<td>Fairtrade Africa West Africa Network Office, Ghana</td>
<td>Approx. 2h30min.</td>
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<td>8.</td>
<td>19-Oct-15</td>
<td>Humphrey Ayisi, Union President and President of Bososo Cocoa Farmer Co-operative Society</td>
<td>Fanteakwa District CCP Co-operative Cocoa Farmers and Marketing Union Ltd.</td>
<td>46min.</td>
<td>Yes</td>
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<td>9.</td>
<td>19-Oct-15</td>
<td>Domu Society President, and Board Member of Fanteakwa Union</td>
<td>Domu Cocoa Farmer Co-operative Society Fanteakwa District Union</td>
<td>57min.</td>
<td>Yes</td>
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<td>10.</td>
<td>19-Oct-15</td>
<td>Abompeh Society President and Board Member of Fanteakwa Union</td>
<td>Abompeh Cocoa Farmer Co-operative Society Fanteakwa District Union</td>
<td>40min.</td>
<td>Yes</td>
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<td>11.</td>
<td>19-Oct-15</td>
<td>Bonkamj Society President and Board Member of Fanteakwa Union</td>
<td>Bonkamj Cocoa Farmer Co-operative Society Fanteakwa District Union</td>
<td>49min.</td>
<td>Yes</td>
</tr>
<tr>
<td>No.</td>
<td>Date</td>
<td>Interviewee</td>
<td>Position/Role</td>
<td>Organization/Location</td>
<td>Duration</td>
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<tr>
<td>12.</td>
<td>20-Oct-15</td>
<td><strong>Adjeikrom Society Leaders</strong></td>
<td>(Five society leaders, incl. secretary and president)</td>
<td><strong>Adjeikrom Cocoa Farmer Co-operative Society</strong> Fanteakwa District Union</td>
<td>54min.</td>
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<tr>
<td>13.</td>
<td>20-Oct-15</td>
<td><strong>Farmer 1</strong></td>
<td>Adjeikrom Community</td>
<td>Not member of Cocoa Farmer Co-operative</td>
<td>25min.</td>
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<tr>
<td>14.</td>
<td>20-Oct-15</td>
<td><strong>Farmer 2</strong></td>
<td>Adjeikrom Community</td>
<td>Member of Adjeikrom Cocoa Farmer Co-operative Society</td>
<td>27min.</td>
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<tr>
<td>15.</td>
<td>20-Oct-15</td>
<td><strong>Farmer 3</strong></td>
<td>Adjeikrom Community</td>
<td>Member of Adjeikrom Cocoa Farmer Co-operative Society</td>
<td>30min.</td>
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<td>16.</td>
<td>20-Oct-15</td>
<td><strong>Farmer 4</strong></td>
<td>Bosuso Community</td>
<td>Not member of Cocoa Farmer Co-operative</td>
<td>20min.</td>
</tr>
<tr>
<td>17.</td>
<td>20-Oct-15</td>
<td><strong>Farmer 5</strong></td>
<td>Bosuso Community</td>
<td>Not member of Cocoa Farmer Co-operative</td>
<td>20min.</td>
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<td>18.</td>
<td>20-Oct-15</td>
<td><strong>Farmer 6</strong></td>
<td>Bosuso Community</td>
<td>Member of Bosuso Cocoa Farmer Co-operative Society</td>
<td>24min.</td>
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<tr>
<td>19.</td>
<td>20-Oct-15</td>
<td><strong>Bosuso Society Leaders</strong></td>
<td>(Four society leaders incl. manager, assistant manager)</td>
<td><strong>Bosuso Cocoa Farmer Co-operative Society</strong> Fanteakwa District Union</td>
<td>46min.</td>
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<td>20.</td>
<td>20-Oct-15</td>
<td><strong>Farmer 7</strong></td>
<td>Bosuso Community</td>
<td>Member of Bosuso Cocoa Farmer Co-operative Society</td>
<td>22min.</td>
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<tr>
<td>21.</td>
<td>21-Oct-15</td>
<td><strong>Kwame Asa-Ofori</strong></td>
<td>Union President and President of Kokotiasua/Saforosua Cocoa Farmer Co-operative Society</td>
<td>**Suhum Kraboa Coaltar District (CCP) Co-operative Cocoa Farmer and Marketing Union Limited</td>
<td>Approx. 1h20min.</td>
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<tr>
<td>22.</td>
<td>21-Oct-15</td>
<td><strong>Otwebediadua Society President</strong></td>
<td></td>
<td><strong>Otwebediadua Cocoa Farmer Co-operative Society</strong> Suhum/Kraboa DistRICT Union</td>
<td>Approx. 45min.</td>
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<tr>
<td>23.</td>
<td>22-Oct-15</td>
<td><strong>Namho Oh, Programme Analyst</strong></td>
<td></td>
<td><strong>UNDP Ghana Sustainable Development</strong></td>
<td>30min.</td>
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<tr>
<td>24.</td>
<td>26-Oct-15</td>
<td><strong>Atsu Titiati, ESP Project Coordinator</strong></td>
<td></td>
<td><strong>ESP Project</strong></td>
<td>48 min.</td>
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<tr>
<td>25.</td>
<td>26-Oct-15</td>
<td><strong>Jephthah Mensah, Programme Coordinator for Extension and Environment</strong></td>
<td><strong>Mondelēz Cocoa Life Program, Ghana</strong></td>
<td>Approx. 1h10min.</td>
<td>Yes</td>
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</table>

See enclosed CD-ROM for sound files and transcripts of interviews.
APPENDIX 2

1. Interview Guide: Namho Oh, UNDP Ghana

Introduction to my study. What I want to find out, where I am now, and what I hope to achieve during my field study in Ghana.
Thank you for taking the time + taping + confidentiality etc.

Environmental Sustainability and Policy for Cocoa Production in Ghana (ESP) project

1. How did the ESP partnership start? - Why was a partnership approach chosen?
   a. Who are the other partners involved?
   b. How are the implementing parties?
2. Who are the main beneficiaries of the project?
3. How has the partnership developed over time?
4. Which were/are the issues that the project sought/seeks to address?
   a. How were they identified and by whom?
   b. How were the solutions to the issues identified?
5. What is role of the UNDP in the project?
6. In the project description, you write: “Create the institutional systems, tools, and policies to conserve forests, and incentivize cocoa farmers to adopt environment friendly best practices”
   a. Why is this important?
   b. How does the UNDP contribute to this?

Collaboration with Mondelēz, Cocoa Life:

7. What is the role of Mondelēz in the ESP Project?
   a. Is the funding attached to any decision making? (Any other funding?)
   b. How is Mondelēz benefiting from the partnership?
8. How did the collaboration with Mondelēz, Cocoa Life start?
   (Previous collaboration between UNDP and Cadbury Cocoa Partnership from 2008)
9. Is the UNDP collaborating with Mondelēz, Cocoa Life on any other projects?
10. What are the perceived benefits of working together with Mondelēz on this project?
11. Are there any drawbacks from having Mondelēz on board?
12. Does the project work with any other actors in the value chain such as the LCB?

Collaboration with Cocobod – National ownership:

13. Why was Cocobod chosen as a partner in the ESP partnership?
14. You write in the project document that the project will be “owned and driven” by Ghana’s Cocoa Board. What does that mean? How does it work in practice?
15. What tasks/activities under the ESP project are undertaken by Cocobod?
16. What have been/are the contributions by Cocobod?
   a. Are there any areas where Cocobod do not fulfil the partnership agreement?
17. How does the UNDP collaborate with the Cocoa Board/government of Ghana?
18. To strengthen policies and institutional capacity – tenure right policy reform. How so?
a. How does the UNDP contribute to this?

Work with cocoa communities and farmers:
19. How does the UNDP work with the cocoa farmers? (implementation)
   a. Do you work with the farmers directly or through farmer organisations?
   b. How have these cocoa communities/farmers been chosen/identified?
20. How has the project (activities) been received by the cocoa farmers?
21. How are the farmers involved in the decision making process behind the different activities? What have their reactions been?
22. How are farmers encouraged to adopt environmentally friendly production practices?
23. You write that the ESP project demonstrates community-based approaches. How is this carried out and by whom? (Community action plans and resource management)
   a. Is support given to farmer organisations (establishment / capacity building)?
24. The ESP project focuses on improving the environmental practices at the farm level, by mainstreaming these practices into farmer training throughout the Cocoa Life Program and the training program of Cocoa Board.
   a. Why is farmer training important?
   b. What practices are these? How are the best practices identified?

Concluding:
25. What has been the main challenges in the ESP project?
26. How has the collaboration between the UNDP, Mondelēz and the Cocobod (and the farmers/farmer organisations) been so far?
27. The ESP project is planned to end here in 2015, what progress has been made?
   a. Any changes in the production practices or institutional system in Ghana? Which?
   b. What have the benefits been for the farmers?
28. How can you make sure that these changes in practices are sustained?
29. Are there any future activities planned in the cocoa sectors / within these cocoa communities?

2. Interview Guide: Atsu Titiati, ESP Project Coordinator

Introduction to my study. What I want to find out, where I am now, and what I hope to achieve during my field study in Ghana. Thank you for taking the time + taping + confidentiality etc.)

Could you tell me a bit about your position and role in the Environmental Sustainability and Policy for Cocoa Production in Ghana (ESP) project? Who are you employed by?

The ESP project:
1. How did the ESP project start?
2. Who are the implementing parties?
3. What is the role of the UNDP?
4. Who are the main beneficiaries?
5. How does the project seek to deliver environmentally friendly production practices for farmers and protect the remaining forests?

6. How were the issues that the project seeks to address identified and by whom?
   a. How where the solutions to these issues identified?

7. How has the partnership evolved over time?

**Collaboration with Mondelēz, Cocoa Life Program:**

8. What is the role of Mondelēz in the ESP Project?

9. How is Mondelēz benefiting from the partnership?

10. What are the main benefits of working with Mondelēz on this project?
    a. What are the drawbacks?

11. How does the ESP project fall into the Cocoa Life program?

**Collaboration with Cocobod:**

12. Why is the Cocobod part of the project? (Why chosen as a partner?)

13. What activities/tasks are undertaken by Cocobod?

14. “Owned and driven by Cocobod” – What does that mean?
    a. How is that carried out in practice?

15. What has been the main contributions of Cocobod in the project?

16. Are there any areas where the Cocobod does/did not live up to the partnership agreement?

17. How does the collaboration between UNDP and Cocobod function?

18. How does the project seek to strengthen policies and institutional capacity?
    a. Why is this important?

**Collaboration with farmers:**

19. How have the farmers that are part of the ESP project been selected?

20. How does the project work with the farmers?
    a. What is the role of farmer organisation?
    b. Does the project support the development and capacity building of farmer co-operatives?

21. How are the farmers involved in the decision-making processes of the project?

22. How has the project and the activities been received by the farmers?

23. How are the farmers encouraged to adopt environmentally friendly production practices?
    a. How are the community action plans formulated?

24. Why is farmer training important?

25. What has been the main challenges been for the partnership?

26. How has the collaboration between partners been? Has this changed over time?

27. What progress has been made? Does it live up to the expectations?
    a. What still needs to be done?

28. The project is scheduled to end in mid-2016. What will happen after that? Are there any other activities planned?

29. How can you sustain the changes?
3. Interview guide: Eric Amengor, Ghana Cocoa Board

Introduction to study (+ thank you for your time, recording and confidentiality)
Could you tell me a bit about your position at the Cocobod and the task you carry out?

The Cocobod:
1. What are main tasks of the Cocobod today and how have they developed over time?
   a. How do the different subsidiaries of Cocobod work together?
2. What are your main challenges for securing sustainable cocoa production in Ghana?
   a. How does Cocobod ensure quality standards of exported cocoa?
3. How are the benefits from the price premium of Ghanaian cocoa distributed?
4. What are the main challenges and constraints for cocoa farmers in Ghana?
5. How can these constraints and challenges be reduced/removed?
   a. Who needs to be involved to create and sustain changes?
   b. What other authorities or government institutions can have an impact on the cocoa sector? In what way?
6. How is the Cocobod trying to reduce/remove these challenges and constraints?
   a. What about the issues that do not fall under the mandate of the Cocobod?
      i. Do you work with any other government agencies or ministries in order to change the institutions and policies that influence the cocoa industry? How?
         (E.g. on land and tree tenure policy, infrastructure, education, etc.)
   b. How does the Cocobod interact with cocoa farmers?
   c. To what extent are the farmers part of co-operatives?
   d. What about the farmers that are not organised?
   e. Does the Cocobod collaborate with the Department of Co-operatives in order to reach out to farmers? If yes, how?
7. How do large international chocolate companies influence the cocoa sector in Ghana and the farmers more specifically?
   a. How do chocolate brand manufacturers and processing companies influence the division of labour along the value chain for cocoa?
   b. What requirements (e.g. in terms of quality and quantity) do they set for their supplies of cocoa?
   c. To what extent do grinding and processing activities take place in Ghana?
8. What are the main constraints for cocoa farmers to maintain or improve their position in the global value chain for cocoa?
   a. What can be done to increase the volume of cocoa produced?
   b. What can be done to increase their efficiency and/or reduce externalities (on environment)?
   c. What can be done to upgrade their product = more sophisticated to live up to buyer requirements? (role of certification and drying/fermentation process)
   d. How can farmers take up new functions in the chain? (e.g. trading)
i. Is there a possibility for the farmer co-operatives to create their own LBC and sell directly to the Cocobod? Why/why not?
ii. Would it be possible for the farmer co-operatives to engage in cocoa grinding and processing in Ghana? Why/why not?

9. To what extent does Cocobod collaborate with private sector actors in the cocoa industry? (Chocolate manufacturers, grinders and processors, traders)
   a. Do you collaborate with other multinational chocolate manufacturers than Mondelēz?
   b. Is Cocobod involved in the certification of cocoa farmers (e.g. Fairtrade, Rainforest Alliance) If yes how and why?

10. What are the benefits for Cocobod to engage in partnerships with other actors in the cocoa sectors? To what extent can these partnerships influence the cocoa farmers?

11. What challenges do partnerships create for Cocobod?

**Partnership with Mondelēz on the Cocoa Life Program:**

12. How did the collaboration between Cocobod and Mondelēz, Cocoa Life start?

13. To what extent is the Cocobod involved in Cocoa Life?
   a. Pillar 1 (Farming) is implemented by the Cocobod right? How?
      i. What is the role of the Community Exchange Agents (CEAs)?
      ii. Where do they operate? (Only in Cocoa Life communities?)
      iii. How are the tasks/activities carried out by the CEAs identified and decided upon?
      iv. Is the funding of the CEAs by Mondelēz linked to any decision making? If yes, in which ways?
      v. To what extent does Cocobod work with other partners involved in CL?

14. What are the benefits and challenges of the partnership with Mondelēz CL?

15. Does Cocobod work with Mondelēz in other areas outside the Cocoa Life? Which?

**Environmental Sustainability and Policy for Cocoa Production in Ghana (ESP) project:**

16. How did the collaboration between Cocobod and UNDP on the Environmental Sustainability and Policy for Cocoa Production in Ghana (ESP) project start?
   a. How does Cocobod work with the UNDP on this project?
   b. What are the benefits and challenges of working with the UNDP for Cocobod?

17. How were the issues that the project seeks to address identified and by whom?
   a. How were the solutions to these issues identified?
   b. Who implements the activities under this project? (division of labour)

18. Who are the main beneficiaries of the project?

19. What is the role of Cocobod in the ESP project?
   a. What activities does the Cocobod carry out under the ESP project?
   b. How are these activities financed?

20. How does the project seek to change institutional systems and policies in order to conserve forests and incentivise cocoa farmers to adopt environmental friendly best practices?
a. How can does the Cocobod contribute to this?
b. What role does private regulation play in changing production practices?
c. Are there any traditions or norms in the farmer communities that might hinder the changes in the cocoa production practices? Which?
   i. How does the project account for these?
21. How are the farmers involved in the decision making process behind the different activities?
   a. What have their reactions been?

Influence of Cocoa Life/ESP project on sustainable cocoa production in Ghana:
22. What progress has been made so far and does it live up to the expectations?
   a. What still needs to be done?
   b. Do other actors need to be involved? If yes, which?
23. Has there been any changes in the policies or institutional systems in order to incentivise and support cocoa farmers to adopt environmental production practices?
   a. What are being done to reform the land and tree tenure rights policies?
24. How has the ESP project influenced the productivity of the farmers? In terms of:
   a. Volume (cocoa yields, farmland, and number of trees)
   b. Efficiency (reduced transaction costs)
   c. Externalities from production (e.g. deforestation, declining biodiversity and wildlife, increase CO2 stock)
25. How has it influenced the quality of the cocoa beans (if at all)?
   a. Increase in production of premium cocoa, (e.g. through certification)
26. How can the changes be sustained?
27. What will happen when the ESP project ends in mid-2016, are any new initiatives planned?

4. Interview Guide: Mr. Wiafe, Cocoa Health and Extension Devision, Cocobod

Introduction to study (+ thank you for your time, recording and confidentiality)

Can you tell me about your position in the department?
1. What are the main tasks of CHED?
2. What are the tasks of the CHED Extension Officers?
   a. How are these tasks carried out?
3. How are the extension officers organised?
   a. Where do they operate?
   b. What are the different roles of the Regional, District and Community Extension officers?
4. How are the extension officers trained?
5. How do the Extension Officers work with the farmers?
5. Interview Guide: Dr. Daniel Sarpong, University of Ghana

Introduction to study (+ thank you for your time, recording and confidentiality)
Could you tell me a bit about what you have researched regarding the cocoa industry?
How has the industry developed over the last 10 years or more? Key trends?

1. What are the main challenges facing the cocoa sector in Ghana today?
   a. What are the main constraints to sustainable cocoa production in Ghana?

2. What are the reasons for these challenges and constraints?

3. How can these constraints be reduced/removed?
   a. Who needs to be involved to create and sustain changes?
   b. What is already being done and by whom & what still needs to be done?

**Cocobod:**

4. In what way does the Cocobod influence cocoa production in Ghana today?
   a. What kind of services/infrastructure does the Cocobod provide for farmers?
   b. How has activities and policies of Cocobod developed over time? (private sector)

5. How does the cocoa farmers benefit from the existence of the Cocobod? In terms of:
   a. Farmer training: what role do the community extension agents (CEA) play?
   b. Protection from price volatility / Ghana price premium / Quality Control?
   c. Disease control? (Mass spraying)
   d. Inputs (seedlings and fertilisers) – Infrastructure (cocoa roads and institutions?)

6. Do you think that something more needs to be done from Cocobod to help farmers?
   What?
7. Are there any ways in which, the Cocobod constrains sustainable cocoa production and/or the benefits the farmers receive from cocoa farming?
8. How are the benefits from the price premium of Ghanaian cocoa distributed?
9. What are the main policies and institutions outside the Cocobod that influence the cocoa industry in Ghana and the cocoa communities in particular?
10. How can the Cocobod induce changes in the institutional environments in order to support sustainable cocoa production?
   a. What might be the challenges be?

Private Sector:
11. How does the requirements of large chocolate companies (private regulation schemes) influence the cocoa farmers and their production?
12. How standard requirements, like Fairtrade or Rainforest Alliance influence the farmers?
   a. What are the benefits of certification?
   b. How can they become certified? What might the challenges be?
      i. In what ways, might the burden of certification be reduced for the farmers?
13. How have chocolate brand manufacturers and international processing companies influenced the division of labour along the value chain for cocoa?
   a. To what extent does grinding and processing take place in Ghana? How to increase?

Farmers:
14. What are the main constraints for cocoa farmers? And sustainable cocoa production?
   a. How does current land and tree tenure policies influence cocoa farming practices? What are the prospects for reforms – how might this influence the farmers?
   b. How does illegal mining practices influence cocoa production?
   c. How does the infrastructure in the cocoa growing regions influence the farmers and the production? (e.g. poor roads, communication system)
   d. How can the farmers get access to credit and other financial services?
   e. How do farmers get access to other inputs (e.g. seedlings, fertilizer, equipment)
15. How well are the cocoa farmers organised in co-operatives (and Unions)?
   a. How are these co-operatives formed? Who facilitates the formation?
   b. Are they registered somewhere? Why/why not?
   c. What tasks are carried out by the co-operatives and their leaders?
   d. What are the benefits for the farmers?
16. Do they have the capacity to create collective action (e.g. to reduce transaction costs and to negotiate common agreements with other actors in the chain, get access to inputs and finance)
17. Is there any informal/traditional structures in the cocoa communities that might influence the organisation of farmers? (Role of chiefs? – Family land ownership?)
a. Are there any other norms or values that you think is important to take into account when you try to change current production methods and farmer structures?

18. What are the upgrading opportunities for Ghanaian cocoa farmers:
   a. How can they increase the volume of cocoa produced?
   b. How can they increase their efficiency and/or reduce externalities (on environment)?
   c. How can they upgrade their product = to live up to buyer requirements? Certification?

19. How can farmers take up new functions in the chain? (e.g. trading)
   a. Is there a possibility for the farmer co-operatives to create their own LBC and sell directly to the Cocobod?
   b. Do you think it be possible for the farmer co-operatives also engage in cocoa grinding and processing? Why/why not?

Partnerships:

20. How do you think partnerships between chocolate companies, the cocoa board and development organisations can influence the cocoa farmers and their production methods?

21. What are the main benefits of these collaborative efforts and what are their main challenges?
   a. How are the farmers involved in these partnerships?
   b. To what extent are they part of the decision making process?

22. In what way can partnerships help farmers upgrade their position in the global value chain for cocoa (in terms of product, process, volume, functions and coordination/contractualisation)?

23. How can partnerships induce and sustain change in the institutional environment in which cocoa farmers are embedded in Ghana?

6. Interview Guide: Department of Co-operatives

Introduction to study (+ thank you for your time, recording and confidentiality)

Can you tell me about your position in the department?

1. What are the main tasks for the department of co-operatives?
   a. Why was the department created? When?

2. How does the department facilitate the formation of farmers’ co-operatives?
   a. Why are these co-operatives important?
   b. What are the benefits to the farmer?
   c. What are the challenges in creating these co-operatives?
   d. How does the department facilitate the formation of co-operatives?

3. How does the department work within the cocoa sector?
   a. When and how did you start to work with cocoa farmers?
b. What progress have you made? How do you see this?
c. How many cocoa co-operatives are registered today?
   i. How many farmers are there in each co-operative?
d. Where do you operate? How do you identify the farmers/communities and
   approach them?
e. How do you facilitate the creation of cocoa co-operatives?
   i. What do you teach them and how?
f. What have the reaction of the farmers been to the departments work to create
   formal co-operatives?
g. What have been the main challenges to form co-operatives?
h. How are the co-operatives structured?
   i. How are the choice of leaders made?
   ii. What tasks do the carry out?
4. How has the creation of co-operatives benefited the cocoa farmers?
   a. What are the main benefits for the farmers to organise (formally)?
   b. Has there been any changes in production? (Volumes, yields, trees)
   c. Has there been any changes in quality? If yes, which?
   d. Has been any changes in efficiency? (Reduced transaction costs?)
   e. To what extent has the formation of co-operatives influenced the farmers access
      to inputs (incl. equipment) and finance?
   f. Has the creation of co-operatives induced any changes in the function that the
      cocoa farmers carry out in the value chain after the creation of co-operatives? If
      yes, how and why?
5. Do you have any lists or database over the registered cocoa co-operatives in Ghana?
   a. How do they register, what are the requirements?
   b. How many cocoa co-operatives do you have registered?
   c. How many farmers are part of co-operatives today?
6. Do you work with any external partners in order to organise the farmers and facilitate the
   formation of co-operatives?
7. How did your collaboration with Cadbury Cocoa Partnership/ Mondelez Cocoa Life
   start?
   a. How does the collaboration work?
   b. What are the benefits and challenges?


Introduction to study (+ thank you for your time, recording and confidentiality)

Can you tell me a bit about your job and the main tasks of Fairtrade West Africa?
What is the role of the Liaison Officer?
- What are the current trends for certification of farmers in Ghana?
- How has this changed over the years? Why?
- How many cocoa farmers in Ghana today are Fairtrade certified?
  - Why do they become certified?
  - How can the number of certified cocoa farmers increase?
- Are there any challenges for the Fairtrade organisation in Ghana? Which?
- How are the certified farmers organised?
  - Do they need to be in a formal co-operative to obtain certification?
    - If yes, how is the formation of co-operatives facilitated?
- How can the number of certified cocoa farmers increase?
- Are there any challenges for the Fairtrade organisation in Ghana? Which?
- What are the main drivers for smallholders to be certified?
  - To what extent do you think chocolate manufacturers influence the decision of farmers to be certified?
  - Do you experience an increasing demand for certified cocoa from traders and chocolate manufacturers? If yes, how does it influence the farmers?
- Who buys the Fairtrade cocoa beans from the farmers?
  - Is Kuapa Kokoo the only LBC that purchases Fairtrade cocoa?
  - Who are the members of the Kuapa Kokoo Co-operative?
  - How does Kuapa Kokoo collaborate with Fairtrade?
- How does Fairtrade influence the socio and economic conditions along the VC for cocoa?
  - How does Fairtrade certification influence the farmers?
  - What is the impact on cocoa production?
    - Any changes in farming practices?
- How do smallholder cocoa farmers benefit from Fairtrade certification?
  - How do you ensure that the Fairtrade Premiums are given to the farmers?
  - Why is it important for farmers to get pre-payments sometimes?
  - What does the farmers use the premium for?
    - How much is invest in improvements to quality and process?
    - How much is used for development of the community?
- What is the Fairtrade Development Plan?
- Can Fairtrade help increase the volume of cocoa produced? How?
- Can Fairtrade help increase the efficiency and/or reduce externalities?
- Can Fairtrade help improve the quality of cocoa?
- Can Fairtrade help farmers adopt new functions in the chain? (e.g. trading)
- How has Fairtrade certification influenced the cocoa sector in Ghana?
- What are the main challenges for farmers to get the certification?
  - Is it difficult for them to keep the certification? If so, why?
  - How can they ensure traceability? What might the difficulties be?
  - How do they pay the certification and yearly auditing costs?
  - Are there any problem in the supply chain?
    - The entire chain needs to be certified can this be a problem?
- How does Fairtrade interact with farmers?
- How does Fairtrade help the farmers become certified?
  o What does the training consist of? Who carries it out and why is it important?
  o Certification Fund – Is it easy for the farmers to get funding from the trust?
    ▪ How do they pay for the rest?
- How does the existence of Cocobod influence the certification process?
  o Do you work together with Cocobod in Ghana? If yes, how and why?
- How did your collaboration with Cadbury/Mondelēz start and why?
  o To what extent does Fairtrade collaborate with Mondelēz?
  o What is the role of Fairtrade in the Cocoa Life Program?
  o What are the benefits of working with Mondelēz?
  o What might the challenges be?
- Do you collaborate with any other partners (companies, government institutions, farmer organisations or NGOs) in the cocoa sector in Ghana? Which?
- Do you think it is important for Fairtrade to engage in partnerships? Why/why not?
  o Do you know the Environmental Sustainable Cocoa Production and Policy project (ESP)?
    ▪ Do you collaborate with UNDP?

8. Interview Guide: President of District Co-operative Cocoa Farmers and Marketing Unions

Presentation of myself and my study, recording and anonymity

1. How long have you been the Union President?
2. How many farmers do you represent? (number of co-operatives and societies)
3. When did you form the union and why?
   a. What are the benefits to the farmers of being part of a union?
   b. Have you noticed any changes in the cocoa communities of cocoa production after the union was created?
4. What activities/tasks does the union carry out in the communities and the cocoa production?
5. How is the union organised?
   a. How are decisions made?
6. What is your role as Union President?
   a. Are you also a cocoa farmer yourself? For how long have you be a farmer?
7. What are the main challenges that the cocoa farmers in your union are facing today?
   a. How can these be solved and who needs to be involved?
8. How does the union work together with Government institutions?
   a. Do you get any help from the Department of Co-operatives?
     i. In what way?
   b. How does the union work with Cocobod?
     i. What is the role of the extension officers?
     ii. Has the Cocobod helped or influenced the union in any other ways?
9. In what ways does the union work with Cocoa Life?
   a. What problems are that cocoa Life is addressing?
10. After Cocoa Life started working with you, has there been any changes in:
    a. Volume of cocoa produced?
    b. Number of cocoa trees - old and new hybrid ones?
        i. How do you make sure that the trees are not logged?
        ii. Are the trees registered? How?
    c. Efficiency (reduced costs for inputs and time spend on the farm)?
    d. The activities carried out by the farmers or the co-operatives?
11. How did the co-operatives get Fairtrade certified? – Why and when?
    a. What are the benefits to the co-operatives of Fairtrade certification?
    b. What do you use the premium for?
    c. Are there any challenges for the farmers to live up to the Fairtrade Standards?

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Presentation of myself and my study, recording and anonymity

1. For how long have you been a cocoa farmer?
2. Why did you become a farmer?
3. What is your role in the co-operative?
4. How long have you been a leader?

The co-operative:
5. How was the co-operative started? Why?
   a. Did you get any advice/help from the Cocoa Life or Department of Co-operatives? If yes, in what way?
6. Did the farmers work together or help each other on the cocoa farms before the co-operative? How? (Nnoba)
7. How many members do you have? Are they all cocoa farmers?
   a. Do they produce other crops than cocoa?
8. Are all cocoa farmers in your community part of this co-operative? If no, why not?
9. What activities/tasks does the co-operative carry out in the community and the cocoa production?
   a. Do you sell all the farmers’ cocoa together? To whom?
10. Do you pay a membership and entrance fee to be part of the group/society?
    a. What do you use this money for? (shared capital)
    b. Do you have a bank account?
    c. Can members get loans from the co-operative?
11. Do you hold meetings with the members? If yes, what do you discuss? How often?
12. How is the co-operative organised?
    a. Who is in charge of what?
    b. How are these leaders elected?
13. What are the benefits to the farmers of being in a co-operative?
a. Has there been any changes in your access to inputs or finance after you formed the group? If yes, in what way?

14. What are some of the challenges or difficulties about being in a co-operative?

15. What are the difficulties of being a cocoa farmer?
   a. Labour, old trees, infrastructure, access to inputs, timely delivery, access to credit, education, cocoa price fluctuations, access to equipment, land available
   b. How do you think these problems can be solved?

**Influence of Cocoa Life/ESP project on sustainable cocoa production in Ghana:**

16. When did you start to work with Cocoa Life/Cadbury Cocoa Partnership?
   a. How did you get into contact with Cocoa Life? How did it start?

17. In what ways does your co-operative work with Cocoa Life?
   a. Which NGOs and government officials are working in your community?
      i. What do they do?
   b. Has Cocoa Life helped you solved some of these problems? How?
   c. Are there other problems that you need help with?

18. How do you work with Cocobod?
   a. What are the extension officers teaching your members?
   b. Is there anything else you would like them to teach you? What?
   c. Has the Cocobod helped you in any other ways?

19. Are you doing anything differently on the farms than 5/10 years ago? What/why?

20. After Cocoa Life started working with you, has there been any changes in:
   a. Volume of cocoa produced?
   b. Number of cocoa trees - old and new hybrid ones?
      i. How do you make sure that the trees are not logged?
      ii. Are the trees registered? How?
   c. Efficiency – any reduced costs for inputs and time spend on the farm?
   d. Environment?
   e. The activities carried out by the farmers or the co-operative?
      i. Do you think it might be possible for the co-operative to create its own Licensed Buying Company and sell cocoa to Cocobod? Why/why not?

21. Has it influenced the quality of the cocoa beans in any way?
   a. Why did you get Fairtrade certified? What are the benefits?
   b. What do you use the premium for?
   c. Was it difficult to get certified and get to know about the standards?
   d. How do you make sure that the co-operative lives up to the Fairtrade standards?

22. Are there any other companies or organisations that have projects in your community?

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**10. Interview Guide: Smallholder Cocoa Farmers**

Presentation of myself and my study, recording and anonymity

**Cocoa Farming:**
1. For how long have you been a cocoa farmer? Why did you become a farmer?
   a. How did you learn to become a cocoa farmer?
2. Who works with you on the farm?
3. Do you grow other crops than cocoa or have any other jobs? Which and why?
   a. How much time do you spend on cocoa farming? Vs. other activities?
4. Who owns the land you are growing cocoa on?
   a. How much cocoa do you produce?
5. How do you make sure that your cocoa is of good quality?
   a. How do you dry and ferment the cocoa?
6. Who checks that the beans are dried and fermented correctly?
7. How do you protect your cocoa trees?
   a. Do other people log trees on your farm? If yes, why and is it a problem?
   b. Do you plant new cocoa trees or shade trees?
      i. What kind of seedlings do you use? (hybrids)
      ii. How do you get these to your farm?
   c. Do you register these trees? Why?
   d. How do you do this? Is it easy?
   e. How did you get to know that you could register trees?
   f. Are trees on your farm still being logged?
8. Do you use fertilizer, pesticides or other chemicals on your trees? If yes, how do you get these and why do you use them?
9. Has the amount of cocoa you produce changed in the past years?
   a. Why do you think?
10. Do you think cocoa farming is a good job? Why/why not?
    a. Do you think your children will be cocoa farmers and take over from you?
11. What are the difficulties of being a cocoa farmer?
    a. Labour, old trees, infrastructure, access to inputs, timely delivery, access to credit, education, cocoa price fluctuations, access to equipment, land available
    b. How do you transport the cocoa beans from the farm? Is it difficult?
    c. Are you doing anything differently on the farm today than 5/10 years ago? What and why?
12. How do you think these problems can be solved?
**Farmer Organisation:**
13. Why did you become part of the co-operative? How?
    a. Is it better to be in a group than alone? Why?
14. Did the famers work together or help each other on the cocoa farms before the co-operative? How? (Nnoba)
15. How did you form this group? Why?
    a. Is it sometimes difficult to be in a group? In what ways?
16. Do you pay a membership and entrance fee to be part of the group/society?
17. Do you go to meetings with other farmers? If yes, what do you discuss?
18. What does the co-operative leader do?
19. Do you sell your cocoa together in the community? If yes, how does that work?
   a. Do you think it would be possible for you to become a LBC? Why/why not?
20. Can you borrow money from the group? If yes, what for?
21. Do you buy seeds or fertilizer/pesticides together? What about equipment? Why?
22. Do you know the Department of Co-operatives – co-operative officer?
   a. Do they come to your community?
   b. What do they do? – Do you think it is a good idea?
23. Is your group part of a bigger farmer association or union?
24. How has the farmer group helped you?

**Stakeholders:**
25. How do your co-operative work with the Cocobod?
   a. Do they have employees/community extension officer in your community?
   b. What do they do here?
26. How do you work with the community extension officers?
   a. What kind of information does he give you?
   b. Can you tell them if there is a problem? What happens then?
27. Has the Cocobod done anything else in your community?
   a. Cocoa roads (Clinics, Schools, Library, etc.)
   b. Seedlings & Fertilizers
28. Do you think it is helping your cocoa production? How?
29. Are there other organisations helping you improve your cocoa production/livelihood?
   a. Who and what do they do?
   b. Do you think there has been any improvements?
30. Do you know Cocoa Life (Mondelēz/Cadbury)?
   a. What do they do in your community?
   b. Do you think it is improving the cocoa production?
   c. Have they removed any of the problems we just talked about?
   d. What do they teach you?
      i. Do you think it is good information?
      ii. Is there anything else you also need training on?
31. How did you get information about Fairtrade and the standards?
   a. What are the benefits of being Fairtrade certified?
   b. Was it difficult to become certified? Why?
   c. How do you make sure that you live up to the standards?
   d. How do you use the Fairtrade Premium? (Increase productivity/Community)

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11. Interview Guide: Namho Oh, UNDP Ghana (follow-up)

Thank you for taking your time, progress of my research and a few follow-up questions

1. Why did the UNDP choose to focus on the agroforestry approach and the tree tenure rights for the ESP project?
2. What are the main institutional constraints to environmentally sustainable cocoa production in Ghana?
   a. How do these influence the farmers and their production methods?

3. How do UNDP seek to change these policies or institutions that constraint sustainable cocoa production?
   a. How far has the reforms for tree tenure rights come?
   b. How has the UNDP and the ESP project contributed to the changes in the tree tenure policy?

4. What will it mean for the farmers?
   a. Are they aware of their rights?
   b. How can you incentivize them to register?
   c. What do you think some of the challenges might be to make the farmers register or plant shade trees?
   d. The manuals that has been created on the issue, how are they used?

5. For the work of UNDP (and Cocoa Life) do you think it is an advantage that Cocobod controls the cocoa sector in Ghana? Why/why not?

6. How can the Cocobod induce changes in the institutional environments in order to support sustainable cocoa production?
   a. Who do they need to work with?

7. You said that one of the goals of the ESP project is to streamline the environmentally sustainable practices into the work of Cocobod?

8. You work a lot with the policy side, but is there a need to change company or consumption behaviours to support sustainable cocoa production too?

9. I know that all Cocoa Life Farmers are Fairtrade Certified. Is the ESP project working together with Fairtrade in any way, e.g. training on environmental practices?
   a. If yes, in what ways?
      i. How does the ESP project relate to the Fairtrade standards?
      ii. Does Mondelēz have any requirements for Cocoa Life Partners to adhere to the Fairtrade in their work with the farmers?
   b. If no, how do you make sure that there is no overlap in the teaching or conflicting information given to the farmers?

10. Are there any new developments in the future of the ESP project?

12. Interview Guide: Atsu Titiati, ESP Project Coordinator (follow-up)

Thank you for taking your time, progress of my research and a few follow-up questions

1. The project document is very extensive and I know that you have had to prioritise and restructure. So what are the activities that are carried out today under the ESP project?
   a. How did you decide what activities from the project document to carry out?

2. What are the main institutional constraints to sustainable cocoa production in Ghana?
a. How do these influence the farmers and their production methods?
b. How can these constraints be removed?
3. In what ways does the ESP project seek to change these institutional constraints to sustainable cocoa production?
   a. What progress have you made so far?
4. How far has the reforms for tree tenure rights come? (new law introduced in 2012?)
   a. How do you work with the forestry commission? Presence in communities?
   b. What does it mean for the farmers?
   c. How can you incentivise them to register?
   d. What do you think some of the challenges might be to make the farmers register or plant shade trees?
5. What about the farmers that are not part of Cocoa Life?
6. How can the Cocobod induce changes in the institutional environments in order to support sustainable cocoa production?
   a. Who do they need to work with?
7. The ESP works a lot with the policy side. Do you think that there also is a need to change company or consumption behaviours to support sustainable cocoa production?
   a. In what ways?
8. Does the ESP project work together with Fairtrade in any way, e.g. training on environmental practices.
   a. If yes, in what ways?
     ▪ How does the ESP project relate to the Fairtrade standards?
     ▪ Does Mondelēz have any requirements for Cocoa Life Partners to adhere to the Fairtrade in their work with the farmers?
   b. If no, how do you make sure that there is no overlap in the teaching or conflicting information given to the farmers?
9. What are the benefits of certification standards?
   a. What are the challenges?
   b. Do you think the premium can help farmers gain access to new functions in the GVC? Why/why not?

3. Interview Guide: Jephthah Mensah, Mondelēz, Cocoa Life Ghana

Introduction (+ thank you for taking your time, recording and confidentiality)

Cocoa value chain in Ghana:
1. How much of your cocoa supply comes from Ghana? How has this developed over the last 5-10 years (up or down or stable – and why?)
2. How do you source/purchase your cocoa in Ghana?
   a. What tasks are being carried out by cocoa traders?
3. Where are the Ghanaian cocoa beans used for Mondelēz chocolate processed and by whom? (Roasting, grinding, turned into cocoa liquor, cocoa butter, cocoa powder)
a. Why are these locations chosen?
b. Is any processing being done locally in Ghana? Why/why not?

4. How do these stages in the sourcing/processing of Ghanaian cocoa differ from those of other Mondelēz cocoa sourcing countries?
   a. How does the Cocobod influence Mondelēz’ sourcing strategy in Ghana?

5. What quality standards does Mondelēz set for its cocoa supply?
   a. Why have you chosen to source Fairtrade cocoa from Ghana?
   b. Does Mondelēz help with the certification of farmers? How?
   c. Will Mondelēz continue to source Fairtrade cocoa from Ghana in the future?
      i. Why are you thinking about creating your own Cocoa Life label?

6. How do these quality requirements influence the cocoa farmers and their production?
   a. Does Mondelēz have any explicit requirements to the drying and fermentation process of the cocoa?

7. How do you ensure you have a steady supply of (quality) cocoa?

Cocoa Life:

8. Why did Mondelēz start the Cocoa Life program (Cadbury Cocoa Partnership)?

9. Why was a partnership approach chosen? What are the perceived benefits?
   a. How were the current partners on the ground chosen?

10. How were the issues that the five pillars seek to address identified and by whom?
    a. How were the solutions to these issues identified?

11. How does the Cocoa Life work with the cocoa farmers on the projects?
    a. What is the role of the farmer co-operatives and the unions in Cocoa Life?
    b. Are they consulted or part of the decision making processes for the projects?
    c. Does the Cocoa Life support the creation and capacity building of farmer co-operatives? How and why is this important?
    d. How has the establishment of cocoa co-operatives and cocoa unions influenced the farmers?

12. What are the criteria for selecting the farmers that are part of Cocoa Life?
    a. How many farmers are included in the Cocoa Life in Ghana today?
    b. Has this number changed over the years?

13. Are any other actors along the value chain in Ghana part of the Cocoa Life? Which?
    a. Progress report: “We work closely with our cocoa suppliers who have on-the-ground expertise and existing relationships with farmer communities. As part of this partnership, our suppliers match our investment with support in kind.”

14. How is the adoption of certification for Ghanaian cocoa included in the CL? Fairtrade Partnership with UNDP and Cocobod in Ghana under Environment Pillar:

15. How did the partnership with UNDP on the Environmental Sustainability and Policy for Cocoa Production in Ghana (ESP) project start?
    a. Why was UNDP chosen to implement the Environment Pillar of Cocoa Life?

16. What are the perceived benefits of working with the UNDP?
    a. What are the challenges?
17. What are the benefits and challenges of working together with the Ghana Cocoa Board (Cocobod) and the Cocoa Health and Extension Division (CHED)?
   a. How does Mondelēz work with the Cocobod?
   b. Why did Mondelēz/Cocoa Life decide to pay for Cocobod’s Community Extension Agents (CEA) in the cocoa communities?
18. What are the main constraints to environmentally sustainable cocoa production?
19. Do Mondelēz work together with any other government institutions in Ghana?
20. How has the partnership on the ESP project evolved over time?
   a. What progress has been made?
   b. What have been the main challenges of the partnership?
21. What progress has been made so far and does it live up to the expectations?
22. How has Cocoa Life influenced the productivity of the farmers? In terms of:
   a. Volume (cocoa yields, farmland, and number of trees)
   b. Efficiency (reduced transaction costs)
   c. Access to inputs?
   d. Externalities from production (e.g. deforestation, declining biodiversity and wildlife, increase CO2 stock)
23. How has it influenced the quality of the cocoa beans (if at all)?
   a. Increase in production of premium cocoa, (e.g. through certification)
24. How much of the cocoa sourced from Ghana today is certified?
   a. What has been the influence of the Cocoa Life projects on the certification of cocoa farmers in Ghana?
   b. How has certification influenced the farmers?
25. Have there been any changes in the functions occupied by the farmers in the value chain for cocoa after the Cocoa Life was implemented? If so, which?
26. How can you make sure, that the observed changes are sustained?
27. As the ESP project will end in mid-2016, are there any new projects planned for the Environment Pillar in Ghana in the future? Which and what issue do they seek to address?
APPENDIX 3

Cocoa Life 10 global Key Performance Indicators (KPIs).

Source: Mondelēz International 2015, p.4
APPENDIX 4

Map of Fanteakwa District in the Eastern Region, Ghana
(Source: google.dk/maps)

Map of Suhum/Krabo District in the Eastern Region, Ghana
(Source: google.dk/maps)
APPENDIX 5

Photo 1: Small cocoa plant in Adjeikrom planted under the shade of a young plantain trees.

Photo 2: Ripe cocoa pods in cocoa farm in the forest area outside Adjeikrom village.
Photo 3 & 4: Pathways to and from the farms in the forest outside Adjeikrom village.

Photo 5: Drying of cocoa beans outside a farmer’s house in Adjeikrom village.
Photo 6: Weight and storage of beans at the local buying clerk’s office in Adjeikrom.

Photo 7: Main road from Suhum town to Otwebediadua Community in Suhum/Kraba District
<table>
<thead>
<tr>
<th>ACTION</th>
<th>PRODUCTION LINE IMPROVEMENT</th>
<th>REHABILITATION - 400 HDI FARM</th>
<th>TIMELINE: 2015 - 2019</th>
<th>RESPONSIBLE PERSON</th>
<th>ORGANIZATION</th>
<th>MONETARY</th>
<th>RESOURCE</th>
<th>RESOURCE</th>
<th>OTHER</th>
<th>TOTAL (BUDGET)</th>
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</thead>
<tbody>
<tr>
<td>1.</td>
<td>CREATING ADDITIONAL LIVELIHOOD</td>
<td>ENSURE MEMBERSHIP</td>
<td>SEPTEMBER 2015 - 2019</td>
<td>RESPONSIBLE PERSONS</td>
<td>ORGANIZATION</td>
<td>MONETARY</td>
<td>RESOURCE</td>
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<td>OTHER</td>
<td>TOTAL (BUDGET)</td>
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<tr>
<td>2.</td>
<td>ENSURE REVENUE OF MEMBERS</td>
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<tr>
<td>THE UNION PERMANENT OFFICE</td>
<td>1.</td>
<td>TO IMPROVE THE CONDITION OF MEMBERS</td>
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<td>2.</td>
<td>WITH A SMALL HOUSE FOR NEW MEMBERS</td>
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<tr>
<td>REGISTRATION AS AN L.C</td>
<td>1.</td>
<td>TO BUY THE UNION MEMBERS COCOA BEANS</td>
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<td>2.</td>
<td>TO CREATE EMPLOYMENT FOR YOUTH</td>
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**Photo 8: Fanteakwa Co-operative Union Premium Development Plan 2015-2019**