

## **COCOA IN GHANA**

Ghana depends on cocoa. After gold, it's the country's economic mainstay, and Ghanaian cocoa is considered to be some of the world's finest. Most Ghanaian cocoa is produced on small farms of 3-4 hectares.

### **There are about two million cocoa farmers in Ghana.**

There are a lot of links in the chain between the cocoa tree and the chocolate bar and cocoa farmers, right at the beginning of the chain, often benefit the least from the global cocoa industry. In Ghana, each farmer sells their cocoa to a private buying company, which then sells it on to Cocobod, the Ghanaian government cocoa marketing board. It is then sold on to international buyers, such as chocolate manufacturers and commodity brokers, at a price set on commodity exchanges, which mediate between buyers and sellers of cocoa worldwide. This site deals mainly with the experiences of the cocoa farmers, the challenges they face, and how Kuapa kokoo and Fairtrade makes a difference.

## **WHAT ARE THE PROBLEMS FACED BY COCOA FARMERS?**

Cocoa farmers' lives are hard. On average, they earn £160 a year<sup>1</sup>, and despite growing much of their own food, they need cash to pay for many essentials such as inputs for their farms, school fees, medicine, doctor's fees, transport and clothes. As part of the chocolate producing chain, cocoa farmers face a number of other problems too:

- The price of cocoa on the world market continues to fluctuate up and down
- This means cocoa farmers have no long-term security, and in some situations, can't even cover their farming costs.
- Farmers often only receive a fraction of the price their beans sell for on the world market because there are several people in the trading chain. In the early 1990s, cocoa farmers were getting less than half of what international buyers were paying<sup>2</sup>.
- The things farmers need to buy, because they can't make or grow them themselves, such as tools, fertilisers and pesticides, medicine, food and clothes, are expensive.
- Farmers are often paid by local cocoa buyers using cheques or vouchers, which the farmers then can't cash, or which bounce.
- Farmers are often underpaid by local cocoa buyers using 'fixed' scales, set to show a lower reading than the actual weight of their cocoa beans.
- Even in hard times, it is difficult for farmers to switch to other crops, which may take time to grow and need new farming skills.

The experiences of Ghanaian cocoa farmers mirror those of many primary commodity producers all over the world, caught in a trading system that benefits the multinational companies based in the richest countries, such as the UK.

#### Footnotes

- 1) This figure is based on: producing an average of 5 sacks of cocoa @ \$62 (£32) per sack = average producer price (562,500 cedis per sack, 2005 government figure). Exchange rates used throughout this website: (March 2005) £1 = \$1.89 and \$1 = 9065 cedi (Ghanaian currency).
- 2) Source: Pauline Tiffen, The Story of Kuapa KoKoo, published in 2000.

## WHAT IS FAIRTRADE?

Fairtrade aims to change the way that conventional international trade works, building fairer trading relationships between consumers and companies in the developed world and commodity producers in developing countries.

What does Fairtrade mean for cocoa farmers?

- Cocoa farmers' organisations get a guaranteed minimum price for their cocoa beans of \$1600 (about £847) per tonne<sup>1</sup>, which covers at least their cost of production and gives them the security to plan for the future. Without Fairtrade, farmers organisations sell into the conventional market, where the price of cocoa fluctuates and can fall below the cost of production.
- An extra 'Social Premium' of \$150 (about £79) is also paid on each tonne of Fairtrade cocoa to be invested in community projects such as clean drinking water wells, schools or medical clinics.
- Long-term trading contracts provide security and the possibility of planning.
- The process for buying and selling farmers' produce is fair, clear and more accountable.
- They benefit from guaranteed minimum health and safety conditions.
- Farmers are encouraged and helped to protect the environment.
- Education and training are provided, in areas such as improving quality and preventing crop disease.

- Farmer co-operatives are democratic, so farmers have a real say in how the organisation that sells their cocoa is run and how the income from Fairtrade is used to benefit the whole community.

#### Footnotes

- 1) The international Fairtrade price and Social Premium amount for all Fairtrade commodities is always set in \$US.

## THE FAIRTRADE MARK

The Fairtrade Mark is an independent consumer label, which appears on products as a guarantee that farmers and producers in the developing world have been given a better deal. It is awarded and monitored in the UK by the Fairtrade Foundation. When you buy a Fairtrade product, such as a chocolate bar or banana, you can be sure that farmers or workers in the developing world who helped to make it were paid a fairer price, worked in decent conditions, and weren't exploited or mistreated – which is, of course, nice to know!

## KUAPA KOKOO – GOOD COCOA FARMERS

The farmers featured on this site are members of the Kuapa Kokoo co-operative, an association of more than 45,000 cocoa farmers in Ghana, set up to develop fairer trading practices and represent the interests of cocoa farmers. Kuapa Kokoo means 'good cocoa farmer' in the Twi language. **Their motto is 'Pa Pa Paa' which means 'best of the best' in Twi.**

### What is a co-operative?

A co-operative is a business owned and governed democratically and directly by farmers themselves. Decisions are based on how the co-operative's resources can best be used to improve the lives of each family and the community as a whole.

Co-ops help farmers to work together, giving them the strength to compete in the market. They also work to improve community services, such as healthcare, education and access to clean water – and, most importantly, they give farmers the pride and dignity to create a better life.

Farmers are members of village societies who sell their cocoa through the trading arm of Kuapa Kokoo to the government cocoa board. Kuapa Kokoo is able to get their members a better deal on all of their cocoa, but they particularly benefit when their cocoa is sold to Fairtrade companies. The extra income generated through Fairtrade is used to pay all Kuapa's members a better price and to pay for community projects.

Sadly, however, although all their cocoa meets the required Fairtrade standard, Kuapa Kokoo are only able to sell a small proportion of their cocoa to Fairtrade companies, (currently about 2%). This is because there is not yet enough demand from consumers. More shops will only stock Fairtrade chocolate if people show that they will buy it.

Comic Relief's Pa Pa Paa resources are all about creating more demand for Fairtrade chocolate, so that Kuapa Kokoo and other small-scale producer organisations can sell more of their produce into the market on fairer terms of trade.

## **WHAT DOES KUAPA KOKOO MEAN FOR THE COCOA FARMERS?**

There are lots of benefits to being a member of Kuapa Kokoo. Here are some of them:

- Projects such as clean water wells, built using income from the Social Premium from Fairtrade, benefit all Kuapa members as well as others living in their communities.
- Kuapa farmers receive more of the money paid for their cocoa by buyers in other countries, as less goes to other companies in the cocoa trading chain.
- When the harvest has been good, Kuapa pays extra bonuses to all members.
- Kuapa pays farmers fairly and promptly in cash, or cheque if they prefer. Farmers have the right to check that the weighing scales are accurate.
- Kuapa offers training in areas such as quality control and record keeping
- Being part of Kuapa means being part of a community working together and having people to share problems with.
- All Kuapa farmers have a say in how the whole co-operative is run and the right to elect village representatives.

## **DUBBLE DEAL**

Kuapa Kokoo supplies the cocoa for Dubble, the Fairtrade chocolate with added Comic Relief, and for Divine Fairtrade chocolate. Dubble and Divine are made by The Day Chocolate company and Kuapa Kokoo own one third of Day Chocolate. This means that Kuapa have a real say in how Day is run, as well as a share of the profits. Every member of Kuapa can take pride in this and know something about where their cocoa goes. Most cocoa farmers all over the world never see where their cocoa goes, even though chocolate is enjoyed every day by millions of people.

## **ETHICAL SHOPPING**

You may be surprised how many Fairtrade items are now available. There's chocolate, of course, but also forest honey from Zambia, coffee from Peru, teas from Uganda, bananas from the Windward Islands, to name but a few. Fairtrade shopping is a growing trend, and we hope that this site helps it to grow even more!