



# Case study report

## Cocoa in Ghana

2015

**aidenvironment**

  
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Commissioned by



## About this project

This research forms part of a project funded by the IFC, the Dutch Ministry of Affairs, SECO and IDH the sustainable trade initiative in which Aidenvironment, NewForesight and IIED sought to develop a holistic transformation model to scale sustainability in smallholder dominated agricultural commodity sectors. This case study has been co-funded by the Department of Foreign Affairs, Trade and Development Canada.

For more information about the project and to access other research reports in the series please visit: [www.sectortransformation.com](http://www.sectortransformation.com)

## About the organisations

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The Sustainable Sector Transformation Model



Sector Governance Models



Service Delivery Models



Role of Voluntary Sustainability Standards



The Sustainable Sector Transformation Model



Case study: Cocoa in Ghana



Case study: Cocoa in Ivory Coast



Case study: Coffee in Vietnam



Case study: Cotton in Mali



Case study: Palm Oil in Indonesia



Phase I: Building a Roadmap to Sustainability in Agro-commodity Production

# Table of contents

## Introduction

The Sustainable Sector Transformation Model

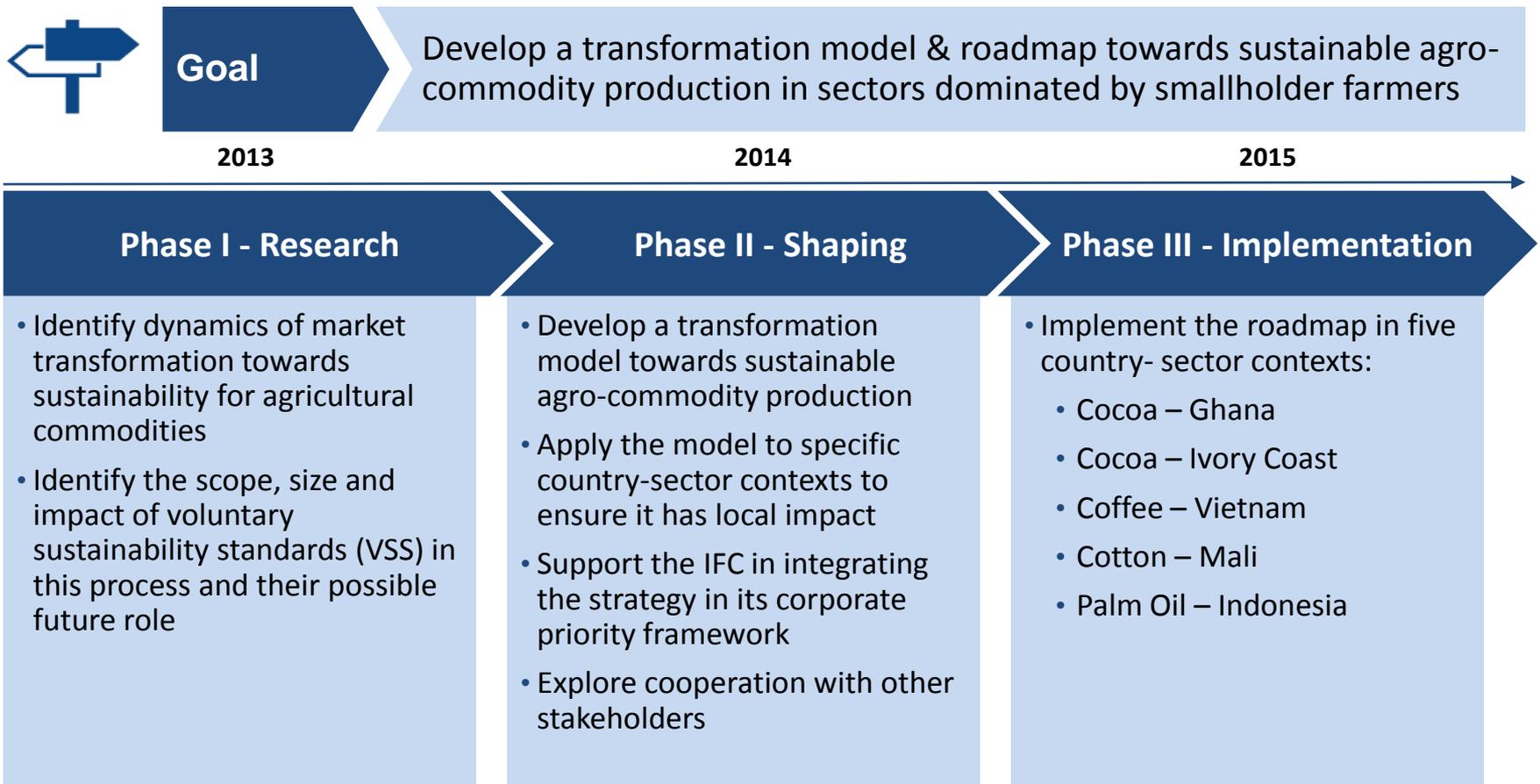
Cocoa in Ghana

Appendix – the Sustainable  
Sector Scorecard



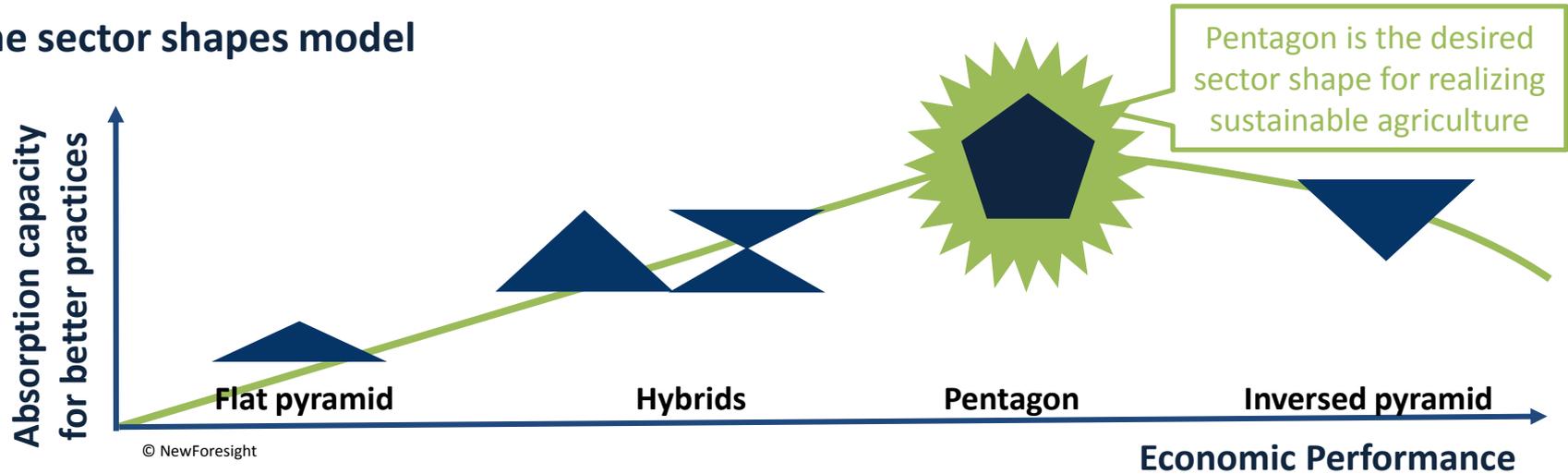
# This research aims to develop a transformation model for sustainability in smallholder dominated agricultural commodity sectors

## The three phases of the research



# The success in scaling sustainability strongly depends on the degree of sector organization and economic performance

## The sector shapes model



Type of competition	Race to the bottom		Competing on quality	Competing on efficiency
Level of organization	Very low	Low	High	Medium
Average farm size	Very small	Small	Medium	Very large
Economic performance	Very low	Low – medium	High	Very high
Absorption capacity for sustainability	Very low	Low – medium	High	Low – medium
Example of sector	Cocoa in Ivory Coast	Palm Oil in Thailand	Tea in Kenya	Soy in Brazil

# Organizing the production base should be key priority and this requires an understanding of the forces that shape a sector

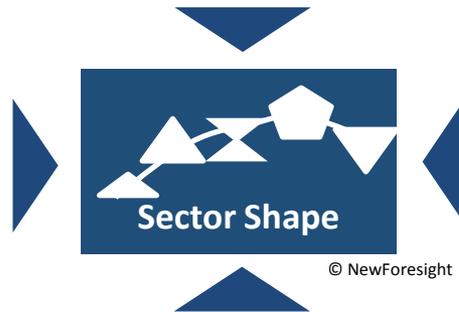
## The forces model

### Enabling environment

- Access to capacity building, inputs & finance
- Policy/regulatory framework & enforcement
- Access to land, tenure & property rights
- General education and health care
- Infrastructure
- Organized effective civil society

### Production characteristics

- GAPS (minimum requirements)
- Crop perishability
- Ability to mechanize production
- Barriers to enter /investments
- Possibility to add value upstream



### Market characteristics

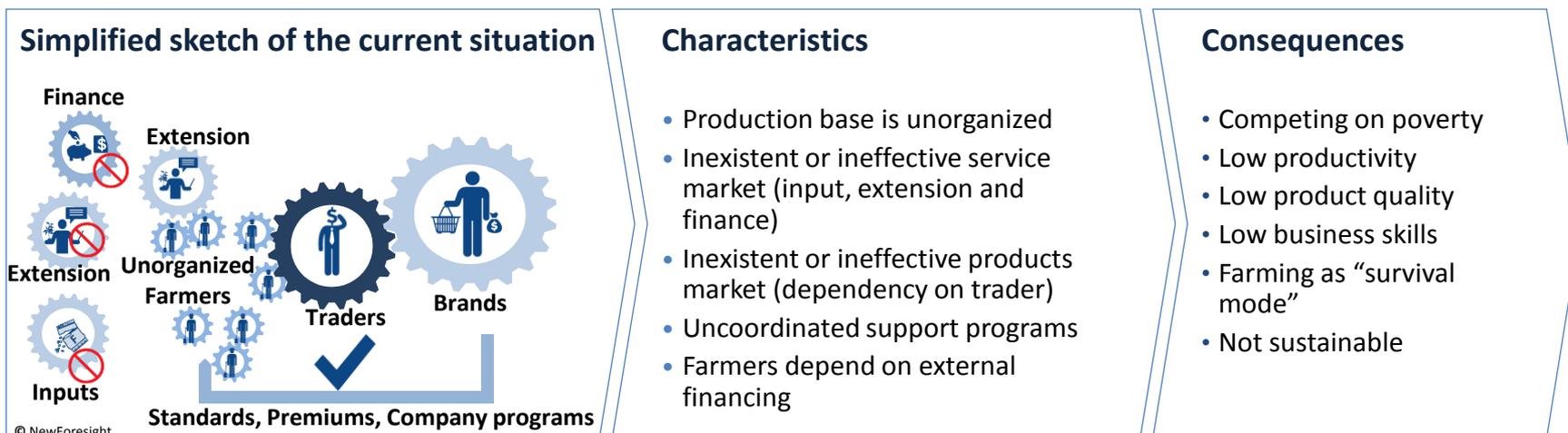
- Product Quality & safety requirements
- Visibility in end product
- Northern vs. Southern markets
- Power concentration in value chain
- Demand for sustainability impact
- Price volatility

### Alternative livelihoods

- Alternative crops (within agricultural sector)
- Alternative occupations (also nonagricultural)
- Vocational diversification
- Migration (urbanization opportunities)

# Flat pyramid shaped sectors have persistently high levels of poverty and poor social and environmental performance

## What happens?

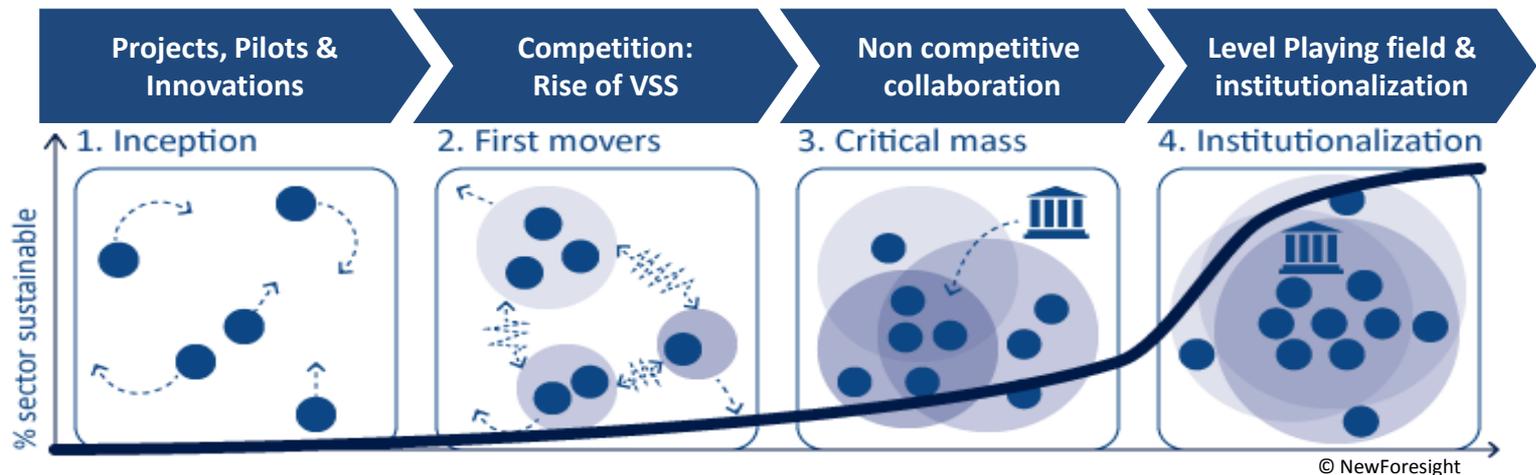


## How does this apply to four agricultural commodities?

	Cocoa in Ghana & Ivory Coast 	Coffee in Vietnam 	Palm oil in Indonesia 	Cotton in Mali 
<b>Economic</b>	<ul style="list-style-type: none"> <li>• Poverty</li> <li>• Low yields</li> </ul>	<ul style="list-style-type: none"> <li>• High Yields</li> <li>• Low quality</li> </ul>	<ul style="list-style-type: none"> <li>• Low yields</li> </ul>	<ul style="list-style-type: none"> <li>• Poverty</li> </ul>
<b>Social</b>	<ul style="list-style-type: none"> <li>• Child labor,</li> <li>• Health &amp; safety</li> </ul>	<ul style="list-style-type: none"> <li>• Lack of alternative livelihoods</li> </ul>	<ul style="list-style-type: none"> <li>• Poor labor conditions</li> </ul>	<ul style="list-style-type: none"> <li>• Child labor,</li> <li>• Health &amp; safety</li> </ul>
<b>Environmental</b>	<ul style="list-style-type: none"> <li>• Chemical pollution</li> </ul>	<ul style="list-style-type: none"> <li>• Water depletion</li> <li>• Overuse of chemicals</li> </ul>	<ul style="list-style-type: none"> <li>• Deforestation</li> <li>• Erosion</li> </ul>	<ul style="list-style-type: none"> <li>• Chemical pollution</li> <li>• Soil depletion</li> </ul>

# Yet, current processes aiming for full sector transformation fail to reach a critical mass

## Sector transformation explained: the S-Curve

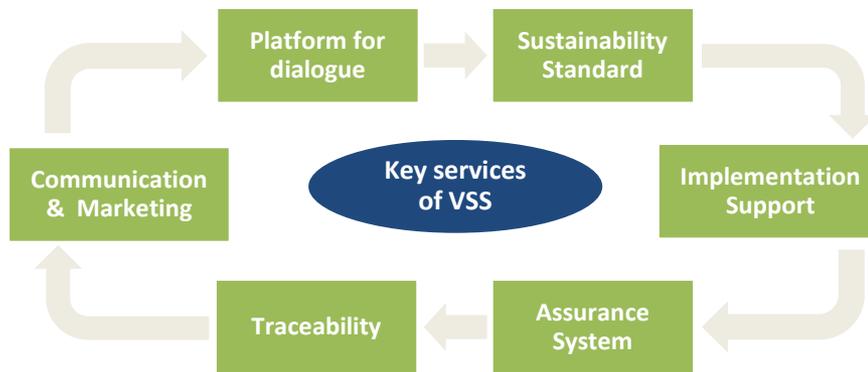


<b>Driving commitment to sustainability</b>	<ul style="list-style-type: none"> <li>• Civil society</li> </ul>	<ul style="list-style-type: none"> <li>• Front runner companies &amp; donors</li> </ul>	<ul style="list-style-type: none"> <li>• Follower companies &amp; donors</li> </ul>	<ul style="list-style-type: none"> <li>• All, including government</li> </ul>
<b>Producers adopting sustainable practices</b>	<ul style="list-style-type: none"> <li>• Those involved in specific, niche projects.</li> </ul>	<ul style="list-style-type: none"> <li>• Early adopters, with existing sustainable capacity</li> <li>• Better organized and capitalized farmers</li> </ul>	<ul style="list-style-type: none"> <li>• Late adopters, with sector-based support</li> </ul>	<ul style="list-style-type: none"> <li>• All</li> </ul>
<b>Intervention</b>	<ul style="list-style-type: none"> <li>• Projects</li> </ul>	<ul style="list-style-type: none"> <li>• Standards and certification</li> </ul>	<ul style="list-style-type: none"> <li>• Non-competitive investments</li> </ul>	<ul style="list-style-type: none"> <li>• Regulation and non-competitive investment</li> </ul>
<b>Market demand</b>	<ul style="list-style-type: none"> <li>• Niche</li> </ul>	<ul style="list-style-type: none"> <li>• Growing, but not yet mainstream</li> </ul>	<ul style="list-style-type: none"> <li>• Mainstream</li> </ul>	<ul style="list-style-type: none"> <li>• License to operate</li> </ul>
<b>Coordination</b>	<ul style="list-style-type: none"> <li>• None</li> </ul>	<ul style="list-style-type: none"> <li>• Competition</li> </ul>	<ul style="list-style-type: none"> <li>• Emerging alignment and collaboration</li> </ul>	<ul style="list-style-type: none"> <li>• Full alignment</li> </ul>

# Voluntary sustainability standards (VSS) are an example of supply chain driven instruments that promote sustainability

## The value added by VSS

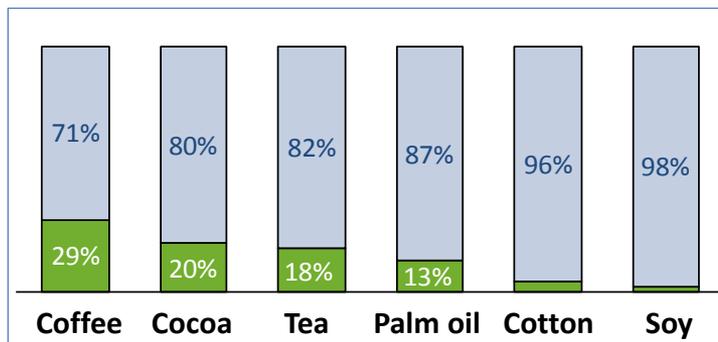
### Key services of VSS



In response to public sector failure to address sustainability, VSS added value by :

- Creating consumer and industry awareness on sustainability
- Providing a platform for dialogue and governance
- Operationalizing the concept of sustainability into concrete practices and norms
- Mobilizing market driven incentives for sustainability
- Mobilizing investments in producer organization and training
- Promoting transparency in supply chains combined with assurance and traceability to substantiate sustainability claims

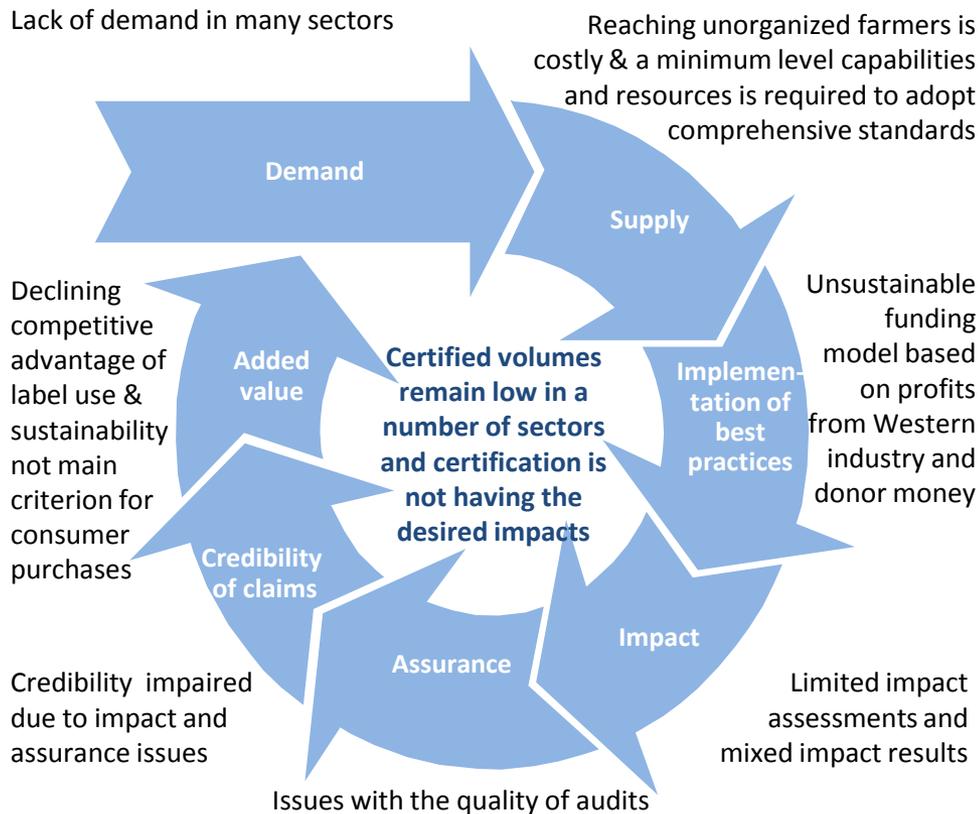
### Market shares of certified production (2013)



# VSS face serious challenges to reach critical mass in sectors dominated by unorganized smallholders

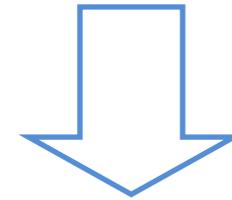
## The challenges faced by VSS

### Constraints in the VSS value cycle



### Key barriers to reach the tipping point in smallholder dominated sectors

- Lack of demand for certified production
- Need to proof of impacts
- High costs and weak business case for smallholders



### Today's challenges demand for

- A different perspective on sector transformation
- New partnerships
- Complementary approaches, innovative solutions and new business models

# Achieving a critical mass in sector transformation requires investments that support farm quality and sector quality

## Outcomes and requirements for achieving farm- & sector quality

### Farm quality



#### Farm quality - outcomes

- Farmers (and their workers) earn a decent livelihood
- ... are adaptive, resilient and innovating
- ... produce at optimum productivity and product quality levels
- ... have positive social & environmental impact

#### Farm quality – system requirements

- Apply required knowledge (business & GAP)
- Optimize input use
- Viable farm size
- Sufficient negotiating power
- Respect social & environmental norms / laws
- Farmers are entrepreneurial and have the financial capacity to manage risks and to invest in their farms

### Sector quality



#### Sector quality - outcomes

- Good product reputation on world market
- The sector is resilient in the face of market volatility and climate change
- The sector has a net positive impact on natural capital and quality of life in rural communities

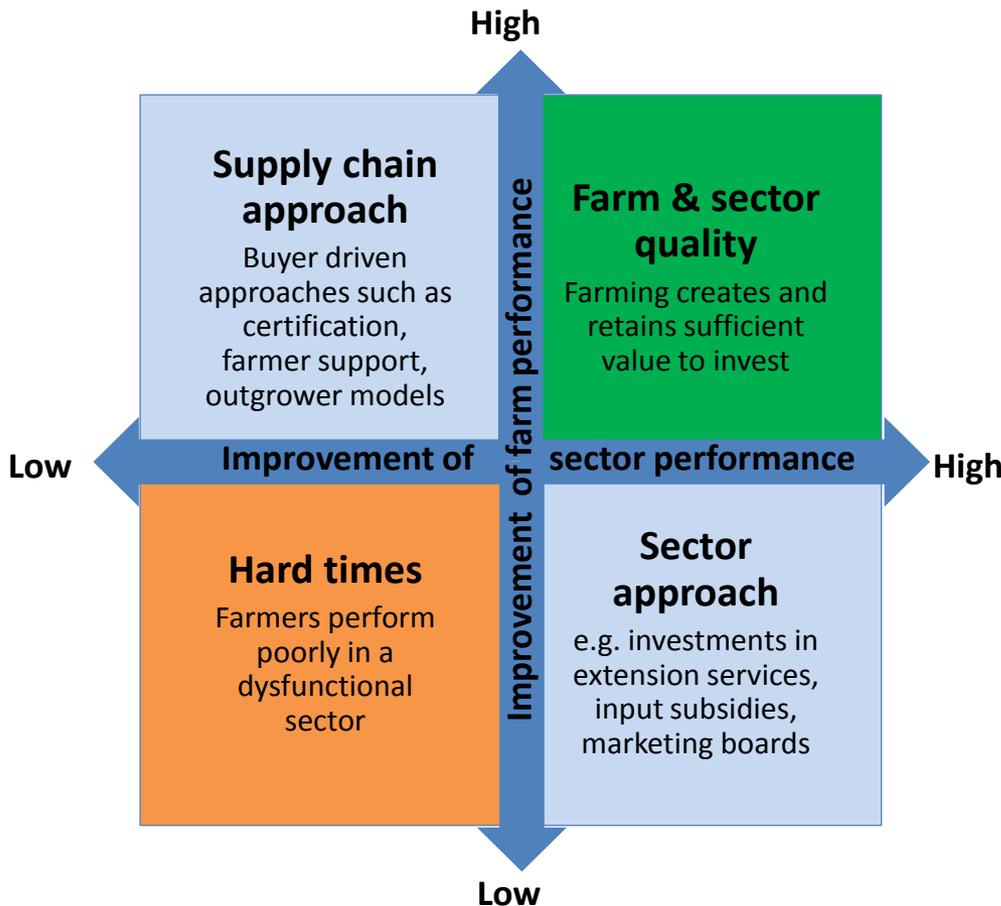
#### Sector quality – system requirements

- Is able to ensure access to quality technical assistance, inputs and finance
- Is able to reward good performance (e.g. sustainability & quality) and remove worst practices)
- Production base captures sufficient % of consumer value and re-invests in the sector
- The sector manage or organize collective action on public goods and natural capital
- Ensures a balanced voice and control between different stakeholders

Whereas current models focus on either supply chain approaches or sector approaches, reaching farm and sector quality requires both

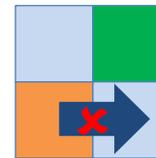
## Sector transformation models

### Focus of sector transformation



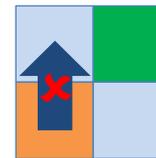
### Level of success per chosen focus

#### Focus on the sector approaches



- Public services have often not been client-centred and subject to political interference
- High cost of extension services and input subsidies – create entrenched vested interests
- Marketing boards block traceability and do not meet buyers' needs for quality & integrity

#### Focus on the supply chain approaches



- Scale and scope of impact restricted by demand
- Only reach low-hanging fruit
- Creates islands of sustainability
- Does not knit together farms, communities and landscapes

#### Desired focus



- Holistic approach towards sector transformation
- Focus on farm- & sector performance
- Focus on incremental improvement and removal of worst practices
- Focus on sector capacity to re-invest in sustainability

# Table of contents

Introduction

## The Sustainable Sector Transformation Model

Cocoa in Ghana

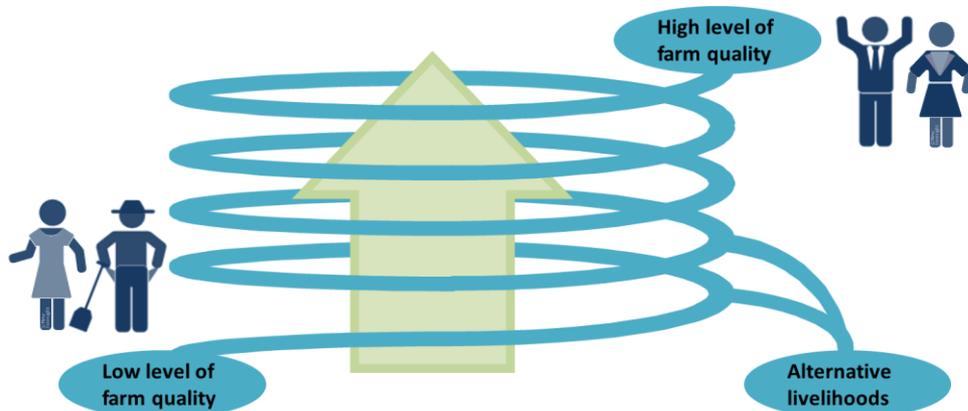
Appendix – the Sustainable  
Sector Scorecard



# Two key principles guide the sector transformation model

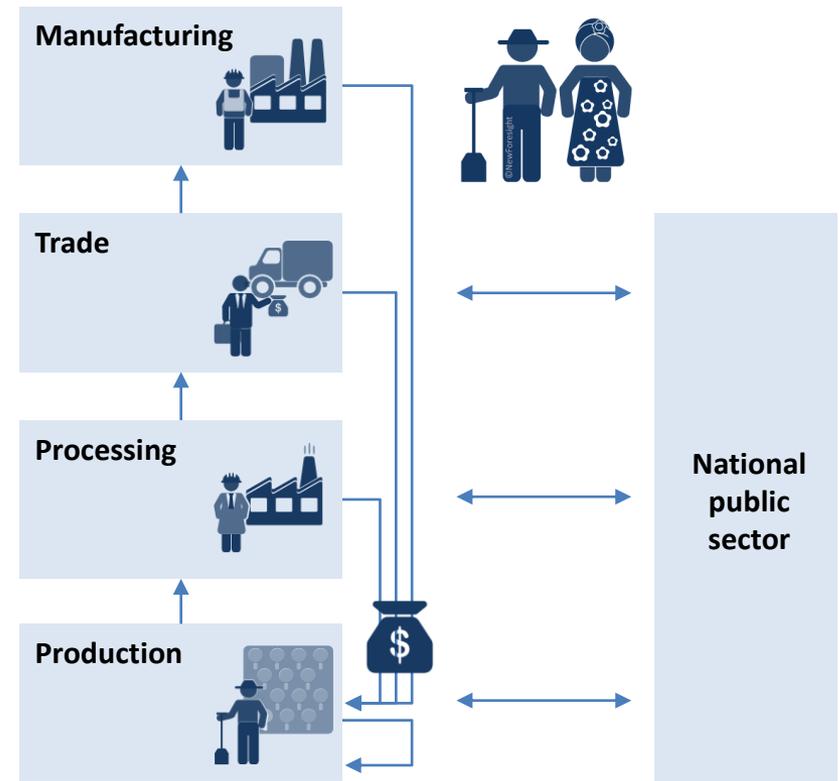
## Guiding principles of the proposed transformation model

### I. Continuous improvement on farm quality



- An intrinsic business case is in place for continuous improvement on farm quality
- Mechanisms should be put in place that reward Farm Quality (step wise) and remove worst practices
- A level playing field should exist for all farmers to get a fair chance to upgrade their farm

### II. Sufficient value capture at production base



# The sector transformation model provides a comprehensive framework along which strategies could be designed

## The sustainable sector transformation model and its building blocks



### I. Sector alignment & accountability

- Platform for sector dialogue, alignment and coordination
- Shared vision and interest: FQ and SQ
- Joint strategy towards vision
- Alignment of investments, technology packages and farmer support measures
- Monitoring, assurance and learning



### III. Public sector governance

- Regulation and governance of market
- Support mechanisms by the government



### IV. Organization of the production base

- Effective producer organization for the service market
- Effective producer organization for the product market



### II. Strengthening of demand

- Market alignment and discipline
- Good buying practices
- Product traceability



### V. Organization of the service sector

- Technical assistance
- Input provision
- Financing

# The required steps should follow a logical order to be most effective

## Organizing the building blocks

- The extent to which the five building blocks need to be strengthened is context specific, but a focus on only one or two dimensions is bound to lead to a failure to completely transform sectors .
- This transformation is likely to be a process that takes a number of years
- It follows some consecutive steps in order to be most effective
- Whereas the first steps can be described in generic terms, follow up steps will be dependent on the specifics of the sector

1

A group of stakeholders with a critical weight in the sector takes the initiative to transform the sector. The initiating group should engage the other major actors and develop a shared vision on farm- and sector quality and the implications for the organization of the production base and the organization of the service sector.

2

The major actors align behind this vision, develop a strategy to realize the vision and agree on a monitoring and assurance mechanism. Accountability is key and requires a strategy that is measurable. Many of the failed transformation initiatives lack joint accountability.

3

The production base is reorganized effectively for the service- and product market. Vice versa the service sector should cater effectively to the production base. This is not a matter of organizing one before the other. It is about a stable symbiosis between service- and production sector, where producers can pay for services that will further their continuous improvement cycle.

4

Implementing the vision/strategy will require a combination of public and market-oriented measures, based on capacity and desire to implement change in the sector. If the dominant actor is the government, then the initial focus of the transformation should be on improving public sector governance. If the private sector is relatively concentrated and buying companies, traders or service providers have leverage over producers, then the role of the private sector in realizing the transformation will likely be stronger. Both always have to be involved in order to ensure consistent messages and incentives towards farmers, whether via demand, service delivery or policy. In line with this thinking, the public or private sector have an important role to build up a professional service sector.

# Table of contents

Introduction

The Sustainable Sector Transformation Model

**Cocoa in Ghana**

**Sector profile**

Gap analysis

Priority steps & business case

Appendix - Sustainable  
Sector Scorecard



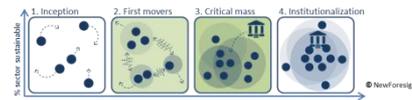
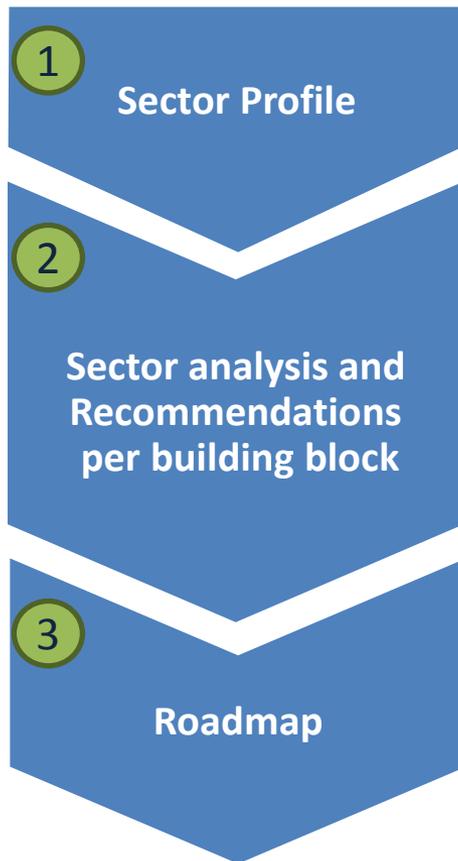
We have researched five case studies, in this presentation we will zoom in on cocoa in Ghana

## Overview of the five case studies

Sectors	Cocoa 	Cocoa 	Coffee 	Cotton 	Palm Oil 
Countries	Ivory Coast 	Ghana 	Vietnam 	Mali 	Indonesia 
Team	Jan W. Molenaar (Aidenvironment)  Laure Heilbron (NewForesight)	Emma Blackmore (IIED)  Laure Heilbron (NewForesight)	Joost Gorter (NewForesight)  Laure Heilbron (NewForesight)	Jan W. Molenaar (Aidenvironment)	Jan W. Molenaar (Aidenvironment)  Jonas Dalinger (Aidenvironment)

# The cases studies have been analyzed by using a three-step approach: sector profile, analysis per building block and roadmap development

## Steps



	Description	*	**	***
<b>Platform for sector dialogue, alignment and coordination</b>	<ul style="list-style-type: none"> <li>Representation of all major stakeholders in the sector</li> <li>National buy-in and balanced voice different stakeholders</li> <li>Management at arm's length from government – though with government as key stakeholder</li> <li>Systems of checks &amp; balances</li> <li>Clear roles &amp; responsibilities</li> <li>Commitment of resources</li> <li>Strong leadership and facilitation</li> </ul>	No platform exists.	A platform exists, but not all crucial stakeholders participate / several platforms exist in parallel.	Platform exists which includes all major relevant stakeholders.
<b>Shared vision and interest: on Farm Quality and Sector Quality</b>	<ul style="list-style-type: none"> <li>With minimum &amp; aspiration levels.</li> </ul>	No actors in the sector promote sustainability or only very isolated activities.	<ul style="list-style-type: none"> <li>Strong vision exists, but not shared / sharing of weak vision.</li> <li>Different actors promote different concepts of FQ, lower company commitments undermine strong vision.</li> </ul>	Yes, the sector is fully aligned on a strong vision for FQ and SQ.
<b>Joint strategy towards Vision, Including clear KPIs</b>	<ul style="list-style-type: none"> <li>Including clearly defined objectives and KPIs.</li> <li>Includes a long-term vision with sequenced milestones. KPIs need to be meaningful, measurable.</li> </ul>	No strategy in place.	<ul style="list-style-type: none"> <li>Some strategy exist, but is either weak or not joint</li> <li>Different actors follow different strategies to reach their sustainability objectives of different dimension</li> </ul>	Clear, joint strategy of the steps to be taken to reach FQ and SQ and clear roles and responsibilities as well as commitments of different stakeholders.

- Collection of sector background information (structure, S-curve, forces, sector shape and farm quality)
- Identification of current status per sub-building block
- Description of desired status
- Appreciation of current status according to Sustainable Sector Scorecard scored \*/ \*\*/ \*\*\* (higher is better ) (16 sub-building blocks see appendix A for scoring framework)
- Identification of next steps per building block (5 building blocks) with indication of priority (**High, Medium and Low**)

		Sector alignment & accountability	Public sector governance	Organization of production base	Strengthening of demand	Organization of service sector
1	Clarify business case of BCI, IPM and soil fertility restoration approaches as well of other desired sustainability impacts					✓
2	Create/strengthen buy-in for these approaches with key stakeholders (notably CMDT and UN-SCPC) and translate this into a vision, strategy and KPIs. Strengthen IPC to facilitate process	✓				
3	Clarify finance needs, determine appropriate finance mechanisms for different kind of investments and attract financiers based upon clear business case					✓
4	Set up a data collection system on KPIs and analysis system with a wider set on farm metrics and use it to improve the sector strategy and promote farmer performance	✓				
5	Use investments to build a more flexibility and participation in CMDT's farmer support approach and to ensure an efficiency in input supply					✓
6	Strengthen IPC, CMDT and UN-SCPC in joint sector coordination	✓	✓	✓		
7	Ensure transparency in price setting between CMDT and UN-SCPC		✓			
8	Create awareness on worst practices (e.g. child labor) and attack root causes of these issues (e.g. access to schooling)		✓			
9	CMDT develops a clear marketing strategy for BCI cotton with good signals for the market and international buyers demand more firmly BCI cotton and co-invest in sector improvement				✓	
10	Promote consolidation of cooperatives into larger units and strengthen capacity to deliver additional services to their members (also non-cotton related)			✓		

- Consolidation of priority steps to obtain sustainable market transformation
- Identification of business case

The cocoa sector is very important as it represents 9% of GDP – Ghana is the second largest cocoa producer in the world

## Cocoa in Ghana

### General profile



Size (square kilometers)	238,535 <sup>1</sup>
Population size (millions)	25.8 <sup>1</sup>
Median age	20.8 <sup>1</sup>
Rural population	48.10 <sup>1</sup>
Labor force in agriculture	56 <sup>1</sup>

### Economic profile



GDP (in \$ billion)	45.55 <sup>1</sup>
GDP per capita (in \$)	3,500 <sup>1</sup>
GDP per sector	
- Agriculture	21.5% <sup>1</sup>
- Industry	28.7% <sup>1</sup>
- Services	49.8% <sup>1</sup>

### Sector profile



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Number of farmers	800,000 <sup>2</sup>
Total land size (million ha)	1.6 <sup>2</sup>
Average crop plot size (ha)	2.3 -2.9 <sup>2</sup>
Average yield (kg/ha)	400-500 <sup>2</sup>
Total production volume (MT)	800,000 <sup>3</sup>
Total value (billion USD)	4.0
% of GDP	9 <sup>4</sup>
% of national export value	30 <sup>4</sup>

Sources: <sup>1</sup>CIA Factbook, <sup>2</sup>Interviews with sector experts, <sup>3</sup>UN Food and Agriculture Organisation (FAO), <sup>4</sup>The Observatory of Economic Complexity

# COCOBOD and CocoaAction are the major stakeholders that could transform the sector

## Major stakeholders

### Sector alignment & accountability

- **Ghana Cocoa Platform (GCP)** – aims to boost sustainable production in Ghana’s cocoa sector through enhanced partnership and cooperation among stakeholders. Institutionalisation of the Platform yet to be finalised.
- **CocoaAction** - an initiative of the WCF in which the 11 largest chocolate and cocoa companies have aligned on a joint strategy and investments in the sector

### Public sector governance

- **COCOBOD**, the government-led marketing board for cocoa, governs and manages the sector. It falls under the Ministry of Finance
- COCOBOD’s **Quality Control Company (QCC)** is responsible for maintaining quality of cocoa

### Organization of production base

- **Farmers** - Up to 800,000 small farmers producing cocoa on plots of an average size of 1.6 – 1.8 ha. Producing on average 400-500 kg per hectare.
- Majority of farmers are unorganised (approx. 75%)
- **Kuapa Kokoo**: largest producer organisation, represents over 65,000 farmers
- **Cocoa Abrabopa**: 2<sup>nd</sup> largest producer organization, represents 20,000 farmers

### Strengthening of demand

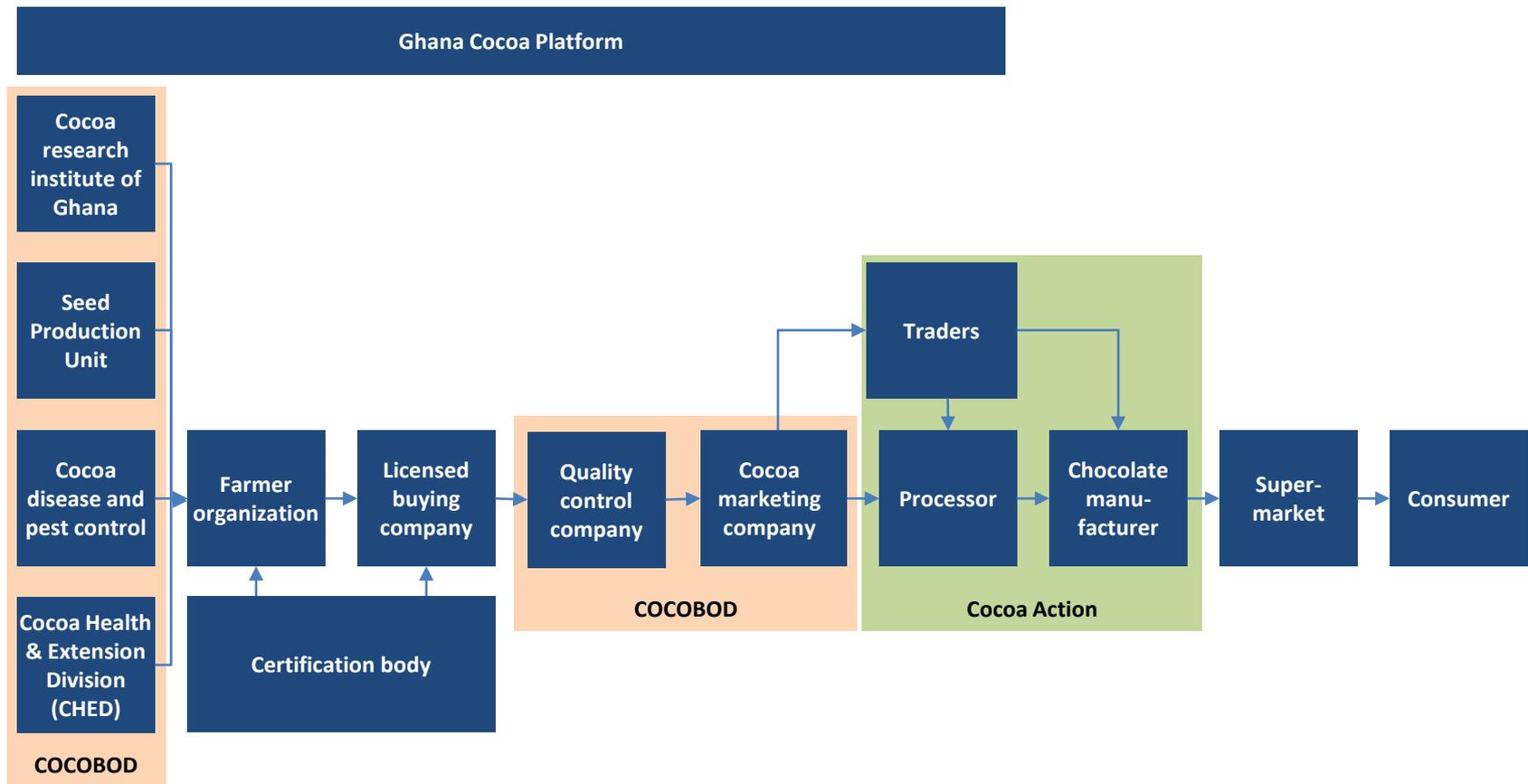
- **Licensed buying companies (LBC’s)** – internal marketing of cocoa is privatised so farmers sell to licensed buying companies
- Government’s **Produce Buying Company Ltd** is biggest LBC and largest buyer in Ghana.
- **Cocoa Marketing Company Ltd**: subsidiary of COCOBOD – sole responsibility for the sale and export of Ghana cocoa beans. Quality control.
- Buyers (**processors & manufacturers**) – buying via CMC, if for export

### Organization of service sector

- **Cocoa Health and Extension Division (CHED)**: responsible for the control of cocoa swollen shoot virus disease, rehabilitation of old and unproductive cocoa farms and extension services in Ghana.
- **Cocoa Research Institute of Ghana (CRIG)** – is responsible for carrying out research on the sector (e.g. disease resistant seeds)
- **Seed Production Unit (SPU)**: produces and distributes planting materials
- **Public-private partnership** with COCOBOD and processors to expand coverage of extension services and implementation of **Cocoa link**: mobile technology extension service

# The Ghanaian cocoa value chain is strongly shaped by COCOBOD

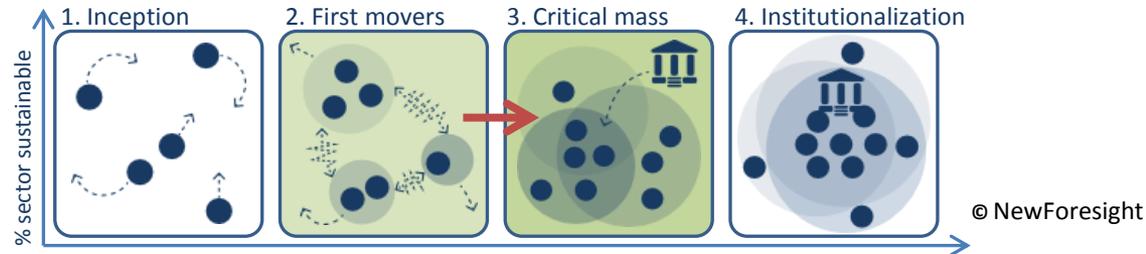
## Value chain slide



Source: Agro Eco-Louis Bolk Institute

# Ghana is at the cusp of the critical mass phase

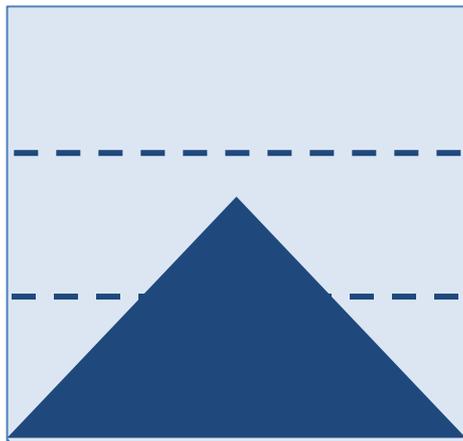
## The S Curve of market transformation



	Characteristics of current phase: first movers	Characteristics of next phase: Critical mass
Triggers for change	<ul style="list-style-type: none"> <li>Productivity/yield remains low and lower than competitor countries – disease (notably Swollen Shoot and Black Pod) remain key issues</li> <li>Political: cocoa an important livelihood source for many voters</li> <li>Increasing insight that you can use sustainability to gain a competitive advantage</li> </ul>	<ul style="list-style-type: none"> <li>Problems persist and companies realize that the problem is bigger than competition can solve by itself</li> <li>Awareness is increasing that sustainability issues are starting to threaten the future vitality of the sector</li> </ul>
Main change agents	<ul style="list-style-type: none"> <li>COCOBOD</li> <li>Private sector (manufacturers and processors)</li> <li>NGOs/donors e.g. UNDP in Ghana Cocoa Platform</li> </ul>	<ul style="list-style-type: none"> <li>Neutral convening platforms and industry representative groups</li> <li>Leading industry groups in which former competitors work together</li> <li>Governments may follow and provide support</li> </ul>
Driving forces for the market	<ul style="list-style-type: none"> <li>Concerns over continuity of supply</li> <li>Continued NGO campaigning and media pressure</li> <li>First mover advantages: marketing and corporate social responsibility promotion</li> </ul>	<ul style="list-style-type: none"> <li>Longer term vitality of the sector</li> <li>Securing sustainable sourcing</li> <li>Efficiency of sustainability effort</li> </ul>
Limitations & barriers	<ul style="list-style-type: none"> <li>Farmer change is mainly driven by premiums, expensive certification programs, and NGO capacity-building support for farmers</li> <li>Inefficient use of resources due to proliferation, fragmentation, and competition of standards</li> </ul>	<ul style="list-style-type: none"> <li>Lack of trust between the parties to collaborate and share knowledge</li> <li>Lack of clarity about where the industry works together and where it competes</li> </ul>

# Ghana's cocoa sector is shaped as a flat pyramid: it consists of many unorganized small-scale farmers

## Sector shape



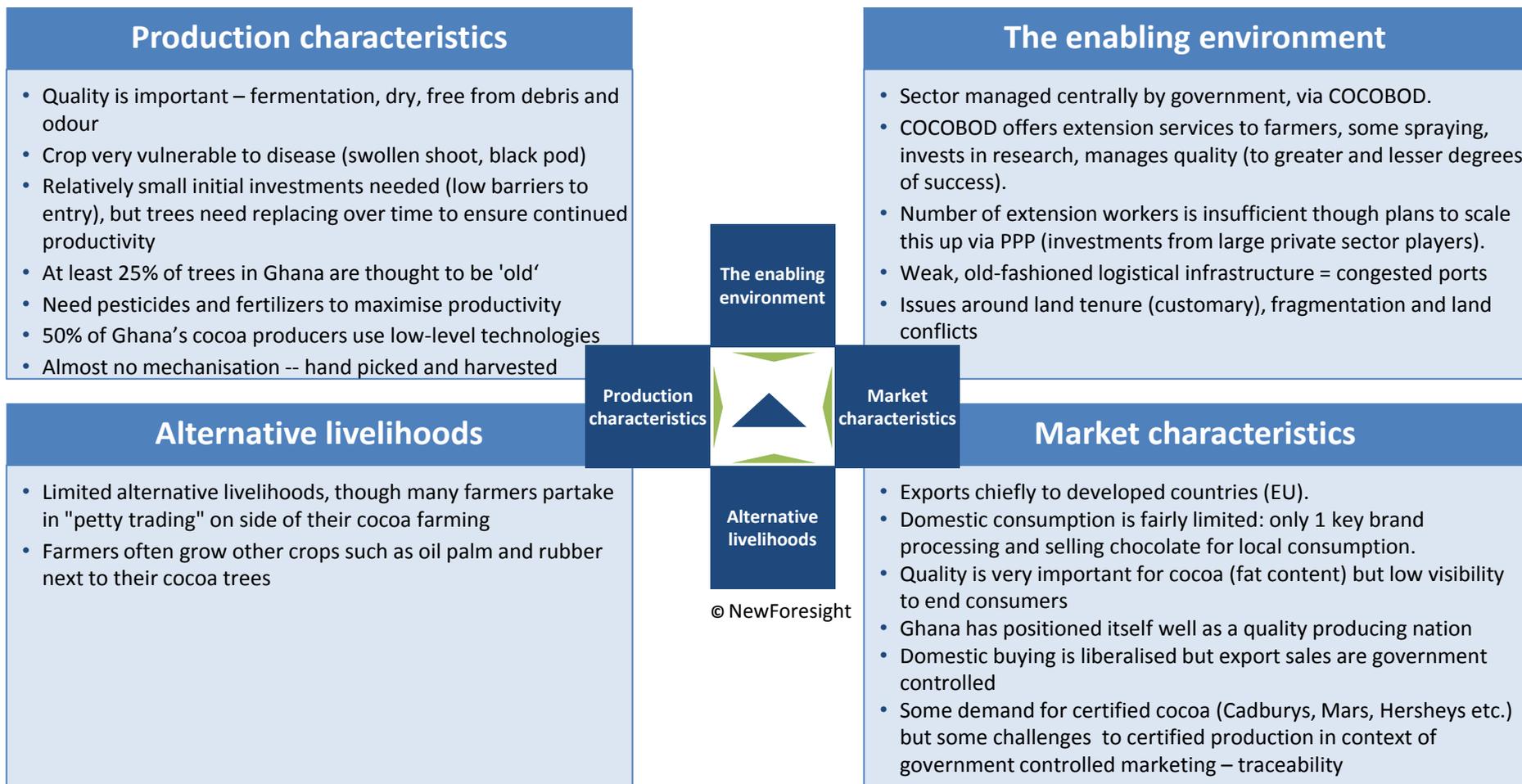
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- Approximately 25% (200,000) of producers are organized in some way. These producers are still small.
- Large producer organisations include Kuapa Kooko and Abrabopa – deliver services to members.
- NGOs/donors often involved in creation of Co-ops.
- Private sector involved in organising farmer groups via lead farmer model or around licensed buying companies, through which inputs and services are delivered.
- Services from COCOBOD (extension, spraying, seeds, research) – though coverage and quality insufficient

- Majority of farmers are very small-scale (less than 2ha plots) and unorganised.
- Many farmers suspicious of co-ops as associated with rent seeking.
- Receive some services from Licensed Buying Companies, but mainly from COCOBOD (extension, spraying, seeds, research) – though coverage and quality insufficient.

# The enabling environment to work with the large number of unorganized smallholders to support a transition to sustainable production is lacking

## The forces



# Cocoa farming does not offer a decent livelihood - old cocoa trees, and incorrect use of inputs risk the future viability of the sector

## Farm quality – goals

	Current situation	Desired situation
<b>Farmers earn a decent livelihood</b>	<ul style="list-style-type: none"> <li>• Many cocoa farmers live below poverty line</li> <li>• Cocoa is not profitable for most farmers</li> </ul>	<ul style="list-style-type: none"> <li>• Cocoa farmers are well above the poverty line</li> <li>• Cocoa is profitable and farmers can invest in their farms</li> </ul>
<b>Farmers are entrepreneurial</b>	<ul style="list-style-type: none"> <li>• Limited incentives for entrepreneurialism in current system</li> <li>• Service delivery is patchy in terms of coverage – based on political factors, rather than need or entrepreneurship</li> </ul>	<ul style="list-style-type: none"> <li>• Entrepreneurialism is promoted via professional service delivery</li> <li>• Farms are managed as a commercial business</li> </ul>
<b>Farmers are resilient</b>	<ul style="list-style-type: none"> <li>• Vulnerability to disease, fluctuations in rainfall and temperature</li> <li>• Ageing trees drastically reduce yields</li> <li>• Financial struggles as cocoa incomes spent too quickly</li> <li>• Cocoa plants stem from suboptimal genetic material</li> </ul>	<ul style="list-style-type: none"> <li>• Farmers recognize different diseases and know how to prevent and treat them, keeping the farm resistant to disease</li> <li>• Climate smart agroforestry systems are in place – tree tenure issues resolved through dialogue with government</li> <li>• Rotating replanting systems are implemented to maintain high productivity</li> <li>• Farmers have secondary source of income</li> <li>• Cocoa plants stem from strong genetic material</li> </ul>
<b>Farmers respect social &amp; environmental norms</b>	<ul style="list-style-type: none"> <li>• Deforestation to expand farms rather than intensification – and move away from shade grown cocoa</li> <li>• Issues around child labor</li> <li>• Farmers have limited incentive to implement social and environmental norms</li> </ul>	<ul style="list-style-type: none"> <li>• Respect of (inter)national norms and conventions on labor, chemicals and environment</li> <li>• Deforestation halted, cocoa farms are expanded on rehabilitated land if necessary</li> <li>• Production is intensified without disregard for environmental and social norms</li> <li>• Shade-grown cocoa production maximized</li> <li>• Children go to school</li> </ul>
<b>Farmer produce at optimum yield and quality</b>	<ul style="list-style-type: none"> <li>• Average yield is 400-500 kg per hectare</li> <li>• High quality already achieved but limited incentives to exceed this</li> </ul>	<ul style="list-style-type: none"> <li>• Potential yield of 1000-1500 kg per hectare is achieved</li> <li>• High quality is maintained consistently and actively improved upon</li> </ul>

# The farms size, knowledge and application of GAPS and use of inputs need to increase in order to realize the desired level of farm quality

## Farm quality – requirements

	Current situation	Desired situation
<b>Knowledge &amp; application of GAPS</b>	<ul style="list-style-type: none"> <li>• Key challenges around disease control and prevention</li> <li>• Inappropriate use of agro-chemicals, and high chemical residue levels</li> <li>• Insufficient coverage of extension services to improve knowledge of GAPS</li> <li>• Insufficient knowledge on ideal farm management (pruning, shade management, mulching)</li> </ul>	<ul style="list-style-type: none"> <li>• Farmers have knowledge to recognize specific needs for their plants and know how to act on them</li> <li>• GAPS are adapted to farm context – farmers know their plot size and yield</li> <li>• Farmer can make own farm management decisions</li> <li>• Chemical residues are minimized</li> <li>• Optimal cocoa management practices adopted</li> <li>• Farmers receive training on cocoa management practices</li> </ul>
<b>Use of inputs</b>	<ul style="list-style-type: none"> <li>• Government spraying services are limited in coverage and of poor quality – ineffective and inequitable</li> <li>• Distribution of seed pods by COCOBOD unreliable</li> <li>• Farmers overestimate farm size and yields – leading to overuse of inputs</li> <li>• Farmers have limited knowledge of agrochemicals used leading to inefficient use</li> </ul>	<ul style="list-style-type: none"> <li>• Farmers have reliable source of genetically strong seeds</li> <li>• Farmers can pay for their own inputs from private sector providers which matches their specific farm needs</li> <li>• Government services are delivered to farms that have potential for farm quality, as identified in mapping – proper targeting of services and gradual phasing out to allow for PS provision</li> </ul>
<b>Viable farm size</b>	<ul style="list-style-type: none"> <li>• 2 – 3 ha is current farm size</li> </ul>	<ul style="list-style-type: none"> <li>• 4 ha is probably the minimum farm size needed for cocoa to be profitable</li> </ul>
<b>Negotiation power</b>	<ul style="list-style-type: none"> <li>• Negotiation power and producer voice in COCOBOD is limited, despite Producer Price Review Committee</li> </ul>	<ul style="list-style-type: none"> <li>• Farmers, via COCOBOD or the GCP negotiate on an equal and regular basis with the industry and government</li> </ul>
<b>Willingness and financial capacity to invest in their farms</b>	<ul style="list-style-type: none"> <li>• Limited capacity – expectation of COCOBOD services but also uncertainty over provision (when, who, where).</li> <li>• Will prioritize other income sources over cocoa</li> <li>• Cocoa farming not attractive to younger generations</li> </ul>	<ul style="list-style-type: none"> <li>• Farmers have the profits, business skills and financial planning tools to facilitate on-farm investments</li> <li>• Younger farmers see cocoa as a viable livelihood</li> </ul>

# Table of contents

Introduction

The Sustainable Sector Transformation Model

**Cocoa in Ghana**

Sector profile

**Gap analysis**

Priority steps & business case

Appendix – Sustainable  
Sector Scorecard



# Industry investments and government involvement have the potential to create sector-wide change, if they manage to align

## Conclusions

### Sector alignment & accountability

- Now that the private sector has been aligned in CocoaAction, the next step is alignment with COCOBOD through a credible Ghana Cocoa Platform
- Duplication in projects for farmer support should be eradicated, with one central institution or platform taking the lead in coordination

### Public sector governance

- More effective legislation to address deforestation, and improved coverage of support mechanisms (through partnering with the private sector)
- Maintain high quality, increase price that goes to farmers and improved delivery and targeting of support services

### Organization of production base

- The majority of producers are unorganized, but product market functions relatively well regardless
- Through fixed quality/price system little incentives to improve on quality diversification

### Strengthening of demand

- Quality is main purchasing criteria at present, with limited consideration of farm quality

### Organization of service sector

- Coverage of extension is insufficient and government spraying services inefficient. Farmers mainly access credit from LBCs
- There is a sector-wide lack of access to long-term finance for smallholders to rehabilitate or replant plantations

# Now that the private sector has been aligned in Cocoa Action, the next step is alignment with COCOBOD through a credible Ghana Cocoa Platform

## I. Sector alignment & accountability – current and desired situation (1/2)

	Score	Current situation	Desired situation
<b>Platform for sector dialogue, alignment and coordination</b>	**	<ul style="list-style-type: none"> <li>A platform exists, but not all important stakeholders participate</li> <li>The Ghana Cocoa Platform (GCP) has recently been initiated and aims to boost sustainable production in Ghana’s cocoa sector through enhanced partnership and cooperation among stakeholders.</li> <li>The key challenge faced by the platform is ensuring the meaningful participation of all stakeholders (e.g. COCOBOD and the private sector).</li> </ul>	<ul style="list-style-type: none"> <li>The existence of a PPP offers potential for a functioning platform for sector dialogue, alignment and coordination. The platform is already there. The next step will be to engage the key stakeholders to participate.</li> <li>The engagement of the stakeholders will greatly depend on the capacity of COCOBOD to coordinate among different projects and programs and the willingness for COCOBOD to take the lead in managing the platform.</li> <li>There is a need to ensure synergies between Cocoa Action and GCP. According to the GCP, they will be able to align the stakeholders and start with the implementation of an action plan in 2016.</li> </ul>
<b>Shared vision on Farm Quality and Sector Quality</b>	**	<ul style="list-style-type: none"> <li>Different actors promote different concepts of FQ, lower commitments undermine strong vision</li> <li>COCOBOD and the GCP are working towards having a shared vision for the future of the cocoa sector based on scenario mapping, this vision is likely to be orientated around increasing productivity of farmers – but has not yet been shared</li> <li>Cocoa Action’s vision is a rejuvenated and economically viable cocoa sector, providing increases opportunities to cocoa farmers and their communities</li> </ul>	<ul style="list-style-type: none"> <li>A vision for farm and sector quality that is created by meaningful participation of all stakeholders and broadly agreed upon by all.</li> <li>No duplication in, or parallel efforts to create a vision</li> </ul>
<b>Joint strategy towards vision</b>	**	<ul style="list-style-type: none"> <li>Some strategies exist, but are not joined-up – different actors follow different strategies to achieve their own vision on ‘sustainability’</li> <li>There are efforts underway to develop and finalise COCOBOD’s ‘Ghana Cocoa Sector Development Strategy’ (under review since 2010)</li> <li>The private sector has developed a joint strategy to realise its vision</li> <li>There is regular interaction between COCOBOD and Cocoa Action, however this is still in a preliminary stage, alignment on a single strategy has not yet happened</li> </ul>	<ul style="list-style-type: none"> <li>Finalised strategy, with input (and agreement) from all key stakeholders via the Ghana Cocoa Platform, signed off by parliament and embedded into work of COCOBOD and other key stakeholders</li> <li>KPIs and M&amp;E of KPIS are built into strategy and a body is tasked with measuring progress towards KPI’s</li> </ul>

# Duplication in projects for farmer support should be eradicated, with COCOBOD taking the lead in coordination

## I. Sector alignment & accountability – current and desired situation (2/2)

	Score	Current situation	Desired situation
<b>Alignment of investments, technology packages and farmer support methods</b>	**	<ul style="list-style-type: none"> <li>Cocoa Action is an initiative in which the 11 largest chocolate and cocoa companies have aligned on a joint strategy and investments</li> <li>Alignment between Cocoa Action and COCOBOD is BEING EXPLORED?</li> <li>There is some alignment between stakeholder groups, but not much between them</li> <li>Different programs and projects have proliferated which has resulted in conflicting messages/incentives to producers and/or result in overlaps/gaps and lack of coordination with COCOBOD's vision and strategies</li> <li>A PPP is being implemented on farmer extension delivered via COCOBOD: all extension materials and delivery methods consistent</li> <li>CocoaLink is a mobile technology service that delivers timely farming, social and marketing information to cocoa farmers in 15 communities (financed by a PPP)</li> </ul>	<ul style="list-style-type: none"> <li>Ideally the degree of alignment in investment, technology packages and farmer support measures should increase and include alignment between the public and private sector (including NGOs)</li> <li>Stakeholders (and producers) are working towards the same aim of farm quality and have access to consistent support and technology packages as required</li> <li>These packages can also be easily adapted to suit specific needs of farmers</li> <li>Alignment is institutionalised via COCOBOD and/or the Ghana Cocoa Platform.</li> </ul>
<b>Monitoring &amp; assurance</b>	**	<ul style="list-style-type: none"> <li>Scattered monitoring &amp; assurance systems exist, but these not widespread or not efficient enough</li> <li>COCOBOD is successful in monitoring the quality levels of cocoa but sector and farm quality (and therefore sustainability) are not monitored centrally, across the country</li> <li>Lacking data and information on farmers, farms, cocoa trees etc to facilitate monitoring</li> <li>The VSS initiatives use 3rd party auditing and verification, but do not measure beyond farm level and are limited in scale.</li> </ul>	<ul style="list-style-type: none"> <li>There is an efficient and widespread monitoring system in place (with additional assurance options if required)</li> <li>Use farm mapping exercise to form a baseline to better understand current state of sustainability in the sector (productivity, farm size, input use, quality etc -- farm quality)</li> <li>Carry out mapping exercise on a regular basis to allow for improvements against key KPIs (as identified in vision and strategy and based on farm and sector quality) to be monitored.</li> </ul>
<b>Product traceability</b>	*	<ul style="list-style-type: none"> <li>Traceability systems are currently not in place at a sector level</li> <li>Key challenges exist around traceability: segregation in warehousing, paper-based systems and lack of capacity</li> </ul>	<ul style="list-style-type: none"> <li>Traceability is widely implemented in the sector</li> <li>Computerised systems and technology in place to facilitate identification and recording of farmers -- and to facilitate traceability of products back to farm level</li> <li>Barcoded ID farmer cards are one possibility to link back cocoa to specific farms and farmers</li> </ul>

# A first step is agreement on and institutionalization of the Ghana Cocoa Platform, building on efforts for alignment in the private sector

## I. Sector alignment & accountability – Next steps

Sub building blocks	Next steps
<b>Platform for sector dialogue, alignment and coordination</b>	<ul style="list-style-type: none"> <li>• Key sector stakeholders should encourage COCOBOD to support and institutionalize the Ghana Cocoa Platform to ensure its successful implementation</li> <li>• This institutionalization also needs to leave space for strong participation of all stakeholders, especially the private sector</li> </ul>
<b>Shared vision on Farm Quality and Sector Quality</b>	<ul style="list-style-type: none"> <li>• Integration of sector and farm quality – as defined by all stakeholders – into COCOBOD’s cocoa strategy as key aims and KPIs</li> </ul>
<b>Joint strategy towards vision</b>	<ul style="list-style-type: none"> <li>• Finalization and sharing of COCOBOD’s strategy on cocoa – to be informed by all stakeholders, ‘owned’ by COCOBOD but implemented by all supply chain players</li> <li>• KPIs and plan for M&amp;E in place to measure progress towards vision</li> <li>• Synchronization and alignment of the COCOBOD strategy and the Cocoa Action strategy through a credible cocoa platform - Clarify role between public and private sector and define targets and KPIs per actor</li> </ul>
<b>Alignment of investments, technology packages and farmer support methods</b>	<ul style="list-style-type: none"> <li>• Expansion of PPP for delivery of extension (technology packages, farmer support) via COCOBOD/GCP -- private sector, donors, NGOs contributing to same scheme</li> <li>• Improved capacity/mandate of COCOBOD to coordinate between projects and programs</li> <li>• Duplication of investments, packages, farmer support methods eradicated</li> </ul>
<b>Monitoring &amp; assurance</b>	<ul style="list-style-type: none"> <li>• Baseline mapping of current state of cocoa – farm size, production, management practice, use of GAPS, etc.</li> <li>• Continued mapping over time to understand progress towards SQ and FQ</li> </ul>
<b>Product traceability</b>	<ul style="list-style-type: none"> <li>• Introduction of a farmer ID card linked to farm mapping</li> <li>• Set shared framework for traceability to enforce commitment and accountability to enforce commitment and accountability</li> </ul>

# Quality is main purchasing criteria at present, with limited consideration of farm quality

## II. Strengthening of market demand – current and desired situation

	Score	Current situation	Desired situation
<b>Market alignment and discipline</b>	*	<ul style="list-style-type: none"> <li>Quality of cocoa is the only distinction currently made and on which all stakeholders have to be aligned (vision set by COCOBOD).</li> <li>Government will not reward for grade 1 -- not keen to differentiate as concerns that farmers will get cheated by LBCs who will incorrectly grade</li> <li>Some processors partnering with LBCs to achieve certification.</li> <li>COCOBOD hesitant to push certification because of concerns that market demand is not great enough. Is looking at ways to support existing production, traceability etc through new rules and regulations for certification -- but some stakeholders have said these have not been adequately thought through, with too much revenue going to COCOBOD.</li> <li>International buyers consistently buying grade 2 -- which is high quality.</li> </ul>	<ul style="list-style-type: none"> <li>Buyers (international and national) via COCOBOD demand basic requirements for FQ for 100% of their sourcing and have ambitious targets for improvement.</li> <li>Worst practices are excluded (e.g. high chemical residues)</li> <li>Buyers (international and national) demand basic requirements for FQ for 100% of their sourcing and have ambitious targets for improvement. Worst practices are excluded.</li> <li>Buyers communicate consistently towards farmers on FQ requirements.</li> </ul>
<b>Buying practices</b>	*	<ul style="list-style-type: none"> <li>'LBCs licensed by government in order to operate. Have to satisfy certain conditions to be licensed and abide by certain rules. COCOBOD's Produce Buying Company (PBC), remains by far the largest buyer across all regions.</li> <li>LBCs do not tend to compete on price as their margin is set (and regarded as low) by COCOBOD so compete by providing inputs on credit, technical assistance etc (though some farmers side-sell which means loans are defaulted on).</li> <li>Famers choose between LBCs based on speedy payment times and access to additional services. Most farmers paid on spot, via loans given to LBCs by COCOBOD.</li> <li>No evidence of LBCs buying based on any sustainability criteria.</li> </ul>	<ul style="list-style-type: none"> <li>Purchasing Clerks from LBCs are able to distinguish between farmers based on FQ e.g. by using their ID cards (and farm mapping) and avoid buying from farmers who have not demonstrated efforts to progress towards FQ or only provide services or bonuses to farmers who are working towards FQ.</li> <li>Buyers reward best performance in FQ (pay above guarantee price and/or provide incentives in services) and exclude worst practices.</li> <li>Short and long-term buying relationships are based upon fair contracting principles recognizing mutual benefits and risks.</li> </ul>

# Farm quality, alongside product quality, is demanded by market and is a key purchasing criterion for buyers

## II. Strengthening of market demand - next steps

Sub building blocks	Next steps
<b>Market alignment and discipline</b>	<ul style="list-style-type: none"> <li>Align behind sector-wide agreement upon different levels of FQ (see vision) and worst practices</li> </ul>
	<ul style="list-style-type: none"> <li>Through the Cocoa Strategy, buyers articulate demands for basic farm quality and targets for improvement.</li> </ul>
	<ul style="list-style-type: none"> <li>Progress towards FQ as well as product quality is measured via farm mapping and regular monitoring – farmer IDs might help facilitate this</li> </ul>
	<ul style="list-style-type: none"> <li>Procurement rewards good performance and excludes worst performance</li> </ul>
<b>Buying practices</b>	<ul style="list-style-type: none"> <li>Purchasing Clerks can use data to measure FQ and progress towards FQ from individual farms and make purchases based on FQ and product quality</li> </ul>
	<ul style="list-style-type: none"> <li>International buyers are also able to access that data</li> </ul>
	<ul style="list-style-type: none"> <li>Position oneself as buyer of first choice</li> </ul>
	<ul style="list-style-type: none"> <li>Increase targeted co-investment in smallholder capacity &amp; finance</li> </ul>

# More effective legislation to address deforestation, and improved coverage of support mechanisms (through partnering with the private sector)

## III. Public sector governance – current and desired situation (1/2)

	Score	Current situation	Desired situation
<b>Regulation where the market fails</b>	**	<ul style="list-style-type: none"> <li>• There are some good examples of regulation, however enforcement of regulations is a major challenge -</li> <li>• Environmental issues such as deforestation linked to expansion in cocoa farm land and insufficient share-grown cocoa – gaps in legislation, ineffective incentives and poor enforcement</li> <li>• Buying of cocoa is strictly regulated through a licensing system – only Licensed Buying Companies may buy and these operate according to rules laid out by government</li> </ul>	<ul style="list-style-type: none"> <li>• The government steps in where the market fails. It actively attacks worst practices and creates safeguards for farmers in a market economy.</li> <li>• Quality control would be one area for regulation</li> <li>• Land tenure becomes clearer and more secure</li> <li>• Implementation and enforcement of laws to prevent deforestation and farm expansion (as intensification is possible) – collaboration with Forestry Commission</li> <li>• Mechanism implemented to address land conflicts, particularly in patriarchal land tenure systems. Improved registration and titling of customary land by government.</li> <li>• Statutory law must clearly limit the rights of chiefs to unilaterally sell or lease communal land to outside interests, while still protecting chiefs' roles as land custodians.</li> <li>• COCOBOD needs to check for chemical residues on cocoa</li> </ul>
<b>Support mechanisms by government</b>	*	<ul style="list-style-type: none"> <li>• Services and infrastructure are available, but not on a sector wide scale</li> <li>• Government deducts funds from FOB price to finance subsidised inputs (fertilisers), organise mass spraying, distribute seedlings and offer technical assistance.</li> <li>• These initiatives have helped to some extent to support the sector but - extension services are insufficient in coverage (more agents needed) and mass spraying is patchy and inequitable</li> <li>• The provision of some services is not timely which undermines farmers' farm management and planning.</li> <li>• The private sector is helping to invest in COCOBOD-led extension services.</li> <li>• The government invests in research on disease and seeds</li> </ul>	<ul style="list-style-type: none"> <li>• Basic services and infrastructure are in place and accessible to majority of producers</li> <li>• The government could consider raising producer price and reducing some services that have been found to be wasteful or inefficient -- to allow private sector to provide these services. Some support is useful e.g. extension, and COCOBOD has a good plan in place, via a PPP to scale this up.</li> <li>• One option (as mentioned by World Bank) is that COCOBOD and its subsidiaries serve as regulatory/supervisory agencies while the private sector provides the actual inputs and support services</li> <li>• Some targeted subsidies for certain producers based on criteria such as farm size, location, adaptation of environmentally-friendly technologies, etc.</li> </ul>

# Maintain high quality, increase price that goes to farmers and improved delivery and targeting of support services

## III. Public sector governance – current and desired situation (2/2)

	Score	Current situation	Desired situation
<p><b>Market Governance</b></p>	<p>**</p>	<ul style="list-style-type: none"> <li>• Strong quality control -- managed by COCOBOD's quality management centre. Most of Ghana's cocoa is grade 2 and in high demand on international markets. Incentives for farmers to harvest in the right way (e.g. on raised platforms to avoid debris) – LBCs buy lower quality cocoa at discounted prices). Effective system of checks and balances to ensure quality.</li> <li>• All export sales managed by the Cocoa Marketing Company, and with success. Experienced and knowledgeable traders are in place and Ghana has a good reputation as a seller and sells high quality cocoa at premium prices. Works mostly through futures contracts (60-70% of sales).</li> <li>• The Cocoa marketing board sets the price for producers which allows them to plan. Value is deducted from FOB price to pay for services to farmers, to make sector wide investments. In theory this is a good model, in practice the model does not function effectively enough</li> <li>• There are concerns that price paid to producers – 70% of FOB -- is not high enough to allow them to make their own investments. Farmers are meant to get bonuses if COCOBOD is able to sell more cocoa than predicted or at a higher price (e.g. via currency fluctuations), but there are concerns that these are not getting to the producers.</li> </ul>	<ul style="list-style-type: none"> <li>• Higher set price for producers, based on more efficient and targeted delivery of support services (and therefore fewer costs deducted from price paid for cocoa before farmer gets their share).</li> <li>• Better distribution of bonuses when prices or volumes sold exceed predictions or as a result of currency fluctuations.</li> <li>• More efficient handling of cocoa at ports to reduce logistical costs.</li> <li>• Maintenance of good quality and reputation on international markets</li> <li>• Prices should be reviewed more often (rather than once a year by the Producer Price Review Committee) and price should be raised now that CEDI is devaluing but COCOBOD is being paid in USD.</li> <li>• Measures facilitate the reward of FQ (not only product quality).</li> </ul>

# Incentivize shade-grown cocoa, reduce inefficiencies in service delivery and increase price/bonuses paid to producers

## III. Public sector governance – Next steps

Sub building blocks	Next steps
<b>Regulation where the market fails</b>	<ul style="list-style-type: none"> <li>• Implementation and enforcement of laws to prevent deforestation and farm expansion (as intensification is possible) – collaboration with Forestry Commission to increase incentives for shade-grown cocoa (and climate-smart agroforestry)</li> <li>• Incentivize young entrepreneurial farmers</li> </ul>
<b>Support mechanisms by government</b>	<ul style="list-style-type: none"> <li>• Phasing out some services that have been found to be wasteful or inefficient -- to allow private sector to provide these services</li> <li>• Invest in farmer support where complementary to private sector (e.g. in diversification crops)</li> <li>• Finance replantation and fertilizer</li> </ul>
<b>Market governance</b>	<ul style="list-style-type: none"> <li>• Increased price paid to producers by reducing inefficiencies in service provision</li> <li>• Ensure bonuses are paid to producers when sales values exceed revenue distributed to farmers or when currency fluctuations lead to greater revenues that predicted</li> <li>• Plan divestment financing for the farmers who will move to alternative livelihoods</li> </ul>

# The majority of producers are unorganized, but product market functions well regardless

## IV. Organization of the production base – current and desired situation

	Score	Current situation	Desired situation
<b>Effective producer organization for the service market</b>	*	<ul style="list-style-type: none"> <li>Estimates that approximately 25% (200,000) of producers are organised in some way.</li> <li>Large producer organisations include Kuapa Kooko and Abrabpopa.</li> <li>Donors often involved in creation of Co-ops. Co-ops will provide services to their members.</li> <li>Private sector involved in organising farmer groups via lead farmer model or around licensed buying companies, through which inputs and services are delivered.</li> <li>Many farmers suspicious of co-ops as associated with rent seeking.</li> <li>Many farmers choosing not to be organised -- may be receiving services from the state via mass spraying, government extension workers etc.</li> </ul>	<ul style="list-style-type: none"> <li>Farmers are arranged or organised in a way that facilitates maximum access to services or professional service delivery exists which means producer organisation is unnecessary. Exact form this takes will depend on service provider (e.g. LBC versus cooperative).</li> <li>Farmer organizations and networks put more emphasis and rigor in promoting FQ and removing worst practices (e.g. by performance based service delivery).</li> <li>More space for market based service initiatives such as Mars V4C in relation to individual and organized farmers</li> </ul>
<b>Effective producer organization for the product market</b>	*	<ul style="list-style-type: none"> <li>Domestic buying is competitive, though government has to vet LBCs before they can obtain their buying licence. All cocoa is bought that is grade 2. Lower grades are usually sold to LBCs but at lower prices.</li> <li>Cocoa is taken to LBC takeover points where it is checked, graded, bagged and checked.</li> <li>LBCs do not compete on price. May be a difference in terms of service provision depending on the LBCs. Farmers can choose between LBCs.</li> <li>Majority of farmers are not organised -- though organisation unlikely to deliver huge benefits e.g. increased bargaining power as prices and quality fixed.</li> <li>Some large producer groups have become LBCs themselves which has allowed them to maximise service delivery to producers</li> <li>Because buying is effectively government controlled (all cocoa is bought that reaches grade 2 and most farmers do) an effective product market seems to exist regardless of farmer organisation.</li> </ul>	<ul style="list-style-type: none"> <li>Idem as above. Flexibility in organizing the market is allowed, but basic rules are enforced on what basis relationships take form (based upon fair contracting principles). Cooperatives have competitive action to markets, finance, information to propose the best deals to their members</li> <li>Incentives for quality remain, but incentives for sustainability are also added and implemented by LBCs (e.g. bonuses for farmers for progress against farm quality).</li> <li>Farmers receive a higher set price to allow for their own investments on farm and in services, rather than ineffective provision by COCOBOD of some services.</li> </ul>

# Allow and strengthen a range of farmer organization models based upon fair contracting principles

## IV. Organization of the production base – next steps

Sub building blocks	Next steps
<b>Effective producer organization for the service market</b>	<ul style="list-style-type: none"> <li>• Strengthen existing cooperatives in service delivery</li> <li>• Set up local service centers with a business model based upon professional service delivery to good performing farmers.</li> <li>• Ensure that traitants become more active in high quality service delivery in their network, based upon fair contracting principles.</li> </ul>
<b>Effective producer organization for the product market</b>	<ul style="list-style-type: none"> <li>• Determine fair contracting principles to be applied in the whole sector (with regards to pricing and payments of cocoa and services)</li> </ul>

# Coverage of extension is insufficient and government spraying services inefficient. Farmers mainly access credit from LBCs

## V. Organization of the service sector – current and desired situation (1/2)

Score	Current situation	Desired situation
<b>Technical assistance</b>  **	<ul style="list-style-type: none"> <li>• Government delivery of extension is inadequate (in terms of number of extension officers and therefore coverage)</li> <li>• Numbers of extension agents would need to be increased to 800 (from 200). This increase is being facilitated by private sector who are helping to pay salaries of extension staff via COCOBOD.</li> <li>• Some LBCs also providing extension and some of the larger coops to their members</li> <li>• Duplication in programs and projects leading to confusion and inefficiencies.</li> <li>• No evidence of farmers being willing or able to pay for their own provision or there being quality private providers in place.</li> <li>• No evidence of TA being used to reward best practices and exclude bad performers at present.</li> <li>• A coordinated approach among the industry is still lacking. Within CocoaAction a new working group will be set up to organize technical assistance. This will be linked to the individual commitments of the private actors. Requirements and goals are coordinated, the approach differs per actor in order to stimulate innovation and protect ownership</li> <li>• Most buyer programs bundle TA, inputs and finance. Mars CVC model is an example of bundled service provision which gradually excludes the works performers in their model and increasingly is based upon a farmer pay model</li> </ul>	<ul style="list-style-type: none"> <li>• 'Improved coverage of farmers by extension agents, via increased number of extension officers -- financed by aligned investments and contributions from private sector (e.g. via PPP/GCP) and eventually farmers themselves.</li> <li>• Technical assistance/curriculum etc support farmers transition towards farm quality and are directed towards farms and farmers who show potential to achieve and appetite for farm quality.</li> <li>• TA can be adapted depending on the specific needs of farmers, though ultimately all farmers are working towards same goal of farm quality.</li> <li>• Clarity on business case of different practices.</li> <li>• Increase in number and quality of service centers that deliver bundled services to farmers, increasingly paid by farmers themselves.</li> <li>• Consistent TA packages between different providers.</li> </ul>

# There is a sector-wide lack of access to long-term finance for smallholders to rehabilitate or replant plantations

## V. Organization of the service sector – current and desired situation (2/2)

	Score	Current situation	Desired situation
<b>Input provision</b>	**	<ul style="list-style-type: none"> <li>• COCOBOD subsidizing inputs.</li> <li>• Concerns that mass spraying programmes are not reaching all farmers and are being used as a political tool.</li> <li>• Some isolated examples of private provision (e.g. farmers also learning to spray so they can be hired by farmers), but no evidence of ability or willingness for farmers to pay for these services.</li> <li>• Enabling environment not yet in place to promote private provision</li> <li>• The main objective of CocoaAction is to provide the right inputs and the focus is on fertilizer and planting material.</li> </ul>	<ul style="list-style-type: none"> <li>• COCOBOD will use information from new mapping process to decide which farms to focus on . But this needs to be designed well in ways that won't be counterproductive (e.g. age of trees is only one factor that determines farm performance). Need to take into account presence, motivations and intentions of farmers.</li> <li>• Farmers are aware in which cases it is profitable to use farm inputs. They are trained in their use, have access to them and pay for inputs themselves with a choice of providers (possibly via a farmer organization).</li> <li>• Inputs are available via a healthy distribution market (farmers can choose between providers). Quality of inputs is controlled.</li> <li>• Where subsidies are required to kick-start improvement, they are based upon farmer performance and gradually decreased.</li> <li>• Space for cloning and grafting of planting material through private sector</li> </ul>
<b>Financing</b>	*	<ul style="list-style-type: none"> <li>• Access to credit and finance for smallholders in Ghana is generally weak.</li> <li>• Some provision by LBCs in terms of offering inputs on credit, but farmers default on these loans via side-selling</li> <li>• LBCs in debt to COCOBOD because farmers are side selling or smuggling their cocoa out</li> <li>• One suggestion of ID card to overcome this so farmers can be better monitored.</li> <li>• Long-term plan for farm rehabilitation by COCOBOD to replace ageing trees and those affected by Swollenshoot. Presumably financed by COCOBOD (via funds raise from cocoa sales -- and deducted from prices paid to farmers).</li> </ul>	<ul style="list-style-type: none"> <li>• Farmers have access to short, mid and long-term finance (based upon more flexible rules on collateral but more strict rules on FQ).</li> <li>• Short and mid-term finance is increasingly offered by banks and micro-finance institutions (e.g. credit unions) that become more active in the agri-sector (less needed by LBCs).</li> <li>• Defaulting on loans from LBCs is prevented via ID cards.</li> <li>• The government and donors facilitate availability of mid- and long-term financing.</li> </ul>

# Segment farmers and financing and align on a structured approach to realize sector wide technical assistance and input provision

## V. Organization of the service sector – next steps

Sub building blocks	Next steps
<b>Technical assistance</b>	<ul style="list-style-type: none"> <li>• Segment farmers in order to be able to select and support the best in class entrepreneurial farmers</li> </ul>
	<ul style="list-style-type: none"> <li>• Continue PPP to scale up extension, though simultaneously ensure proper targeting (i.e. to those farmers who show real potential for FQ). Private sector can increase their contributions.</li> </ul>
	<ul style="list-style-type: none"> <li>• Explore options for phasing out over time and building enabling environment for private sector provision</li> </ul>
	<ul style="list-style-type: none"> <li>• Remove duplication in delivery/projects across stakeholder groups, though ensure sufficient choice for farmers in provision</li> </ul>
	<ul style="list-style-type: none"> <li>• Clarify and communicate the business case for improved practices and input use</li> </ul>
	<ul style="list-style-type: none"> <li>• Support development of local service provision centers (with earning models)</li> </ul>
	<ul style="list-style-type: none"> <li>• Share lessons learned of industry driven support programs and determine scale-up potential</li> </ul>
<b>Input provision</b>	<ul style="list-style-type: none"> <li>• Reduce inefficiencies in government-led spraying. Be clear and consistent in decisions around spraying.</li> </ul>
	<ul style="list-style-type: none"> <li>• COCOBOD to continue implementation of plans to use information from new mapping process to target delivery e.g. to farmers who have trees below 30 years and who are disease free</li> </ul>
	<ul style="list-style-type: none"> <li>• Joint industry/government strategy on fertilizer distribution (and financing)</li> </ul>
	<ul style="list-style-type: none"> <li>• Clear PPP agenda for joint planting material distribution</li> </ul>
<b>Finance</b>	<ul style="list-style-type: none"> <li>• Pilot financing models, including the use of new credit rating tools and methodologies as well as insurance</li> </ul>
	<ul style="list-style-type: none"> <li>• Segment which stakeholder is responsible for financing: public, private or blended</li> </ul>

# Table of contents

Introduction

The Sustainable Sector Transformation Model

**Cocoa in Ghana**

Sector profile

Gap analysis

**Priority steps & business case**

Appendix – Sustainable  
Sector Scorecard



# Industry investments and government involvement have the potential to create sector-wide change, if they manage to align

## Conclusions

### Sector alignment & accountability

- Now that the private sector has been aligned in CocoaAction, the next step is alignment with COCOBOD through a credible Ghana Cocoa Platform
- Duplication in projects for farmer support should be eradicated, with COCOBOD taking the lead in coordination

### Public sector governance

- More effective legislation to address deforestation, and improved coverage of support mechanisms (through partnering with the private sector)
- Maintain high quality, increase price that goes to farmers and improved delivery and targeting of support services

### Organization of production base

- The majority of producers are unorganized, but product market functions relatively well regardless
- Through fixed quality/price system little incentives to improve on quality diversification

### Strengthening of demand

- Quality is main purchasing criteria at present, with limited consideration of farm quality

### Organization of service sector

- Coverage of extension is insufficient and government spraying services inefficient. Farmers mainly access credit from LBCs
- There is a sector-wide lack of access to long-term finance for smallholders to rehabilitate or replant plantations

# Priority steps to further enhance the transformation of a fully sustainable cocoa sector in Ghana

## Priority steps

		Time-lines	Who involved
Alignment & accountability	<ul style="list-style-type: none"> <li>Key sector stakeholders should encourage COCOBOD to support and institutionalize the Ghana Cocoa Platform to ensure its successful implementation and also needs to leave space for strong participation of all stakeholders, especially the private sector</li> </ul>	Month 1-6	GCP, COCOBOD, CocoaAction
	<ul style="list-style-type: none"> <li>Synchronization and alignment of the COCOBOD strategy and the Cocoa Action strategy - Clarify role between public and private sector and define targets and KPIs per actor</li> </ul>		
	<ul style="list-style-type: none"> <li>Expansion of PPP for delivery of extension (technology packages, farmer support) via COCOBOD/GCP -- private sector, donors, NGOs contributing to same scheme</li> </ul>	Month 7-12	
	<ul style="list-style-type: none"> <li>Baseline mapping of current state of cocoa (farm size, production, management practice, use of GAPS, etc), continued mapping over time to understand progress towards SQ and FQ and segment farmers in order to be able to select and support the best in class entrepreneurial farmers</li> </ul>		
Market demand	<ul style="list-style-type: none"> <li>Through the Cocoa Strategy, buyers articulate demands for basic farm quality and targets for improvement, rewards good performance and excludes worst performance</li> </ul>	Year 1	CocoaAction
	<ul style="list-style-type: none"> <li>Enable purchasing clerks using data to measure FQ and progress towards FQ from individual farms and make purchases based on FQ and product quality</li> </ul>	> Year 1	
Sector governance	<ul style="list-style-type: none"> <li>Phase out some services that have been found to be wasteful or inefficient -- to allow private sector to provide these services and invest in farmer support where complementary to private sector (e.g. in diversification crops)</li> </ul>	Year 1	COCOBOD
	<ul style="list-style-type: none"> <li>Increase cocoa price paid to farmers by reducing inefficiencies in service provision, ensuring bonuses are paid to producers when sales values exceed revenue distributed to farmers or when currency fluctuations lead to greater revenues that predicted</li> </ul>	Year 1	
	<ul style="list-style-type: none"> <li>Implementation and enforcement of laws to prevent deforestation and farm expansion (as intensification is possible) collaboration with Forestry Commission to increase incentives for shade-grown cocoa</li> </ul>	> Year 1	
Org. of prod.	<ul style="list-style-type: none"> <li>Strengthen existing cooperatives in service delivery, set up local service centers with a business model based upon professional service delivery to good performing farmers and ensure that traitants become more active in high quality service delivery in their network, based upon fair contracting principles</li> </ul>	Year 1-3	COCOBOD, Cocoa-Action, Kuapa-koko, Cocoa Abrabopa
Service provision	<ul style="list-style-type: none"> <li>Joint industry/government strategy on cocoa specific fertilizer distribution (and financing)</li> </ul>	Year 1	COCOBOD, Cocoa-Action, CHED, CRIG, SPU, PPP, Cocalink
	<ul style="list-style-type: none"> <li>Clear PPP agenda for replantation: grafting technology, distribution structure and launching new varieties</li> </ul>	Year 1	
	<ul style="list-style-type: none"> <li>Continue PPP to scale up extension, though simultaneously ensure proper targeting based on farmer segmentation</li> </ul>	Year 1-3	

# Potential ways for VSS to deliver value in the sustainable market transformation model

## Potential added value of VSS



### I. Sector alignment & accountability



#### Defining Farm Quality

- Provide input in definition of Farm Quality
- Develop guidance on how to step up from Farm Quality levels to their standards
- Developing standards on quality of service delivery



#### Monitoring, learning & assurance

- Collect, analyze and report data to measure progress on KPIs (audit data could be part of this)
- Provide additional assurance on demand (e.g. could be on a geographical basis or per supply chain)



#### Traceability

- Implement a sector wide traceability system (which links to the monitoring system)
- Trace sector wide investments



### III. Strengthening market demand



#### Claims

- Regulate B2B and consumer claims & communication, if any

# We have identified 3 interventions and a number of assumptions underlie our model

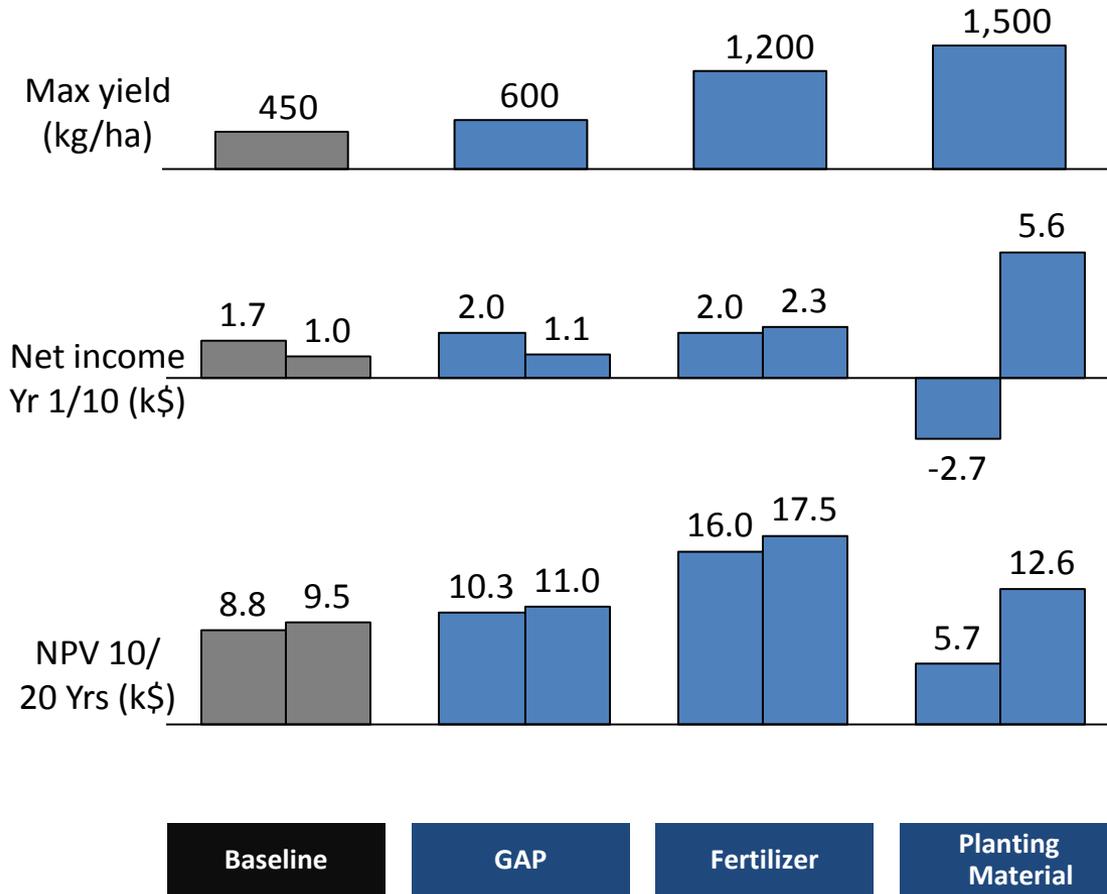
## Interventions and key assumptions

	Description		Key Assumptions
<b>Baseline</b>	Farmers continue to farm current crop, productivity declines as trees age	<ul style="list-style-type: none"> <li>• Farm size: 2.9 ha</li> <li>• Cost of labor: USD 3.5 / day</li> <li>• Cocoa prices: stable at Sept 2014 prices and 2% annual increase each year (2 scenarios)</li> <li>• Farm gate price: 53% of world price</li> <li>• Fertilizer, pesticide, labors cost remain stable</li> <li>• Initial trees age: 10 years</li> <li>• Training costs excluded from analysis</li> <li>• Discount rate: 15%</li> </ul>	<ul style="list-style-type: none"> <li>• Yield: 450 kg/ha</li> <li>• Labor: 45 days/ha</li> </ul>
<b>GAP</b>	Baseline + additional use of pesticides		<ul style="list-style-type: none"> <li>• Max yield: 600 kg/ha</li> <li>• Labor: 67 days/ha</li> <li>• Pesticide cost: USD 58/ha</li> </ul>
<b>Fertilizer</b>	GAP + additional use of (subsidized) fertilizer		<ul style="list-style-type: none"> <li>• Max yield: 1,200 kg/ha</li> <li>• Labor: 100 days/ha</li> <li>• Fertilizer cost: USD 125/ha (subsidized)</li> </ul>
<b>Planting Material</b>	Farmers replant 100% of their farm		<ul style="list-style-type: none"> <li>• Max yield: 1,500 kg/ha</li> <li>• Labor: 140 days/ha</li> <li>• Replanting cost: USD 380/ha</li> </ul>

Sources: ICCO, IITA, IndexMundi, GIZ

# Timeframes and key assumptions have a critical impact on the projected outcomes and value of each of the interventions

## Key business case findings



### Key findings:

- Clear business case for GAP and Fertilizer interventions
- High sensitivity of all interventions to initial age of trees. Planting material becomes vital if starting age is increased to 15 or 20 years. Below adjusted figures for (20-year) NPV, based on initial age of 15 and 20 years:



- High sensitivity of all interventions to future cocoa prices. Below adjusted figures for 20-year NPV based on 2% annual prices decreases and 2% annual prices increases:



# Table of contents

Introduction

The Sustainable Sector Transformation Model

Cocoa in Ghana

**Appendix – Sustainable Sector Scorecard**



# 1. Sector alignment & accountability (1/2)

## Sustainable Sector Scorecard

	Description	*	**	***
<b>Platform for sector dialogue, alignment and coordination</b>	<ul style="list-style-type: none"> <li>Representation of all major stakeholders in the sector</li> <li>National buy-in and balanced voice different stakeholders</li> <li>Management at arm's length from government – though with government as key stakeholder</li> <li>Systems of checks &amp; balances</li> <li>Clear roles &amp; responsibilities</li> <li>Commitment of resources</li> <li>Strong leadership and facilitation</li> </ul>	No platform exists.	<ul style="list-style-type: none"> <li>A platform exists, but not all crucial stakeholders participate / several platforms exist in parallel.</li> </ul>	<ul style="list-style-type: none"> <li>Platform exists which includes all major relevant stakeholders.</li> </ul>
<b>Shared vision and interest: on Farm Quality and Sector Quality</b>	<ul style="list-style-type: none"> <li>With minimum &amp; aspiration levels.</li> </ul>	<ul style="list-style-type: none"> <li>No actors in the sector promote sustainability or only very isolated activities.</li> </ul>	<ul style="list-style-type: none"> <li>Strong vision exists, but not shared / sharing of weak vision.</li> <li>Different actors promote different concepts of FQ, lower company commitments undermine strong vision.</li> </ul>	<ul style="list-style-type: none"> <li>Yes, the sector is fully aligned on a strong vision for FQ and SQ.</li> </ul>
<b>Joint strategy towards vision, including clear KPIs</b>	<ul style="list-style-type: none"> <li>Including clearly defined objectives and KPIs.</li> <li>Includes a long-term vision with sequenced milestones. KPIs need to be meaningful, measurable.</li> </ul>	<ul style="list-style-type: none"> <li>No strategy in place.</li> </ul>	<ul style="list-style-type: none"> <li>Some strategy exist, but is either weak or not joint (different actors follow different strategies to reach their sustainability objectives of different dimension.</li> </ul>	<ul style="list-style-type: none"> <li>Clear, joint strategy of the steps to be taken to reach FQ and SQ and clear roles and responsibilities as well as commitments of different stakeholders.</li> </ul>

# 1. Sector alignment & accountability (2/2)

## Sustainable Sector Scorecard

	Description	*	**	***
<b>Alignment of investments, technology packages and farmer support methods</b>	<ul style="list-style-type: none"> <li>Investments made in the sector are aligned across stakeholder groups (around farm and sector quality and how to achieve that), to reduce duplication in effort and improve efficiency in allocation of funds and effectiveness of joint efforts.</li> </ul>	<ul style="list-style-type: none"> <li>No alignment of investments in farmer support.</li> </ul>	<ul style="list-style-type: none"> <li>Some actors align investments and support strategies .</li> </ul>	<ul style="list-style-type: none"> <li>All /most investments and support strategies are aligned.</li> </ul>
<b>Monitoring, assurance and learning</b>	<ul style="list-style-type: none"> <li>Monitor to measure progress on FQ and SQ KPIs, to measure impacts and to facilitate sector wide learning.</li> <li>Additional assurance could be integrated if there is a demand for it.</li> </ul>	<ul style="list-style-type: none"> <li>No system in place to monitor the implementation and success of a sector wider strategy.</li> </ul>	<ul style="list-style-type: none"> <li>Scattered systems exist, but not wide-spread or not efficient enough.</li> <li>Primary focus on assurance not on improvement of sector strategy or farmer performance.</li> </ul>	<ul style="list-style-type: none"> <li>There is an efficient and widespread monitoring system in place (with additional assurance options if required).</li> <li>Monitoring results are used to promote learning at sector and farm level</li> </ul>

## 2. Strengthening of demand

### Sustainable Sector Scorecard

	Description	*	**	***
<b>Market alignment &amp; discipline</b>	<ul style="list-style-type: none"> <li>Consistent enforcement of vision on farm and sector quality by all market players in rewarding best performers and excluding worst practices.</li> </ul>	<ul style="list-style-type: none"> <li>There is no agreement between companies on quality purchasing and discrimination of worst practices.</li> </ul>	<ul style="list-style-type: none"> <li>Some companies implement quality purchasing and discrimination of worst practices.</li> </ul>	<ul style="list-style-type: none"> <li>There exist agreements between the major companies in certain landscapes/supply sheds of companies on quality purchasing and discrimination of worst practices. Implementation is monitored.</li> </ul>
<b>Buying practices</b>	<ul style="list-style-type: none"> <li>Companies compete to become buyer of choice through procurement practices (reliability, payment terms, transparency) that reflect demand for sustainability.</li> </ul>	<ul style="list-style-type: none"> <li>Buying practices that do not favor FQ.</li> </ul>	<ul style="list-style-type: none"> <li>Some companies implement buying practices favor FQ through reliability, transparency, capacity building etc.</li> </ul>	<ul style="list-style-type: none"> <li>Buying practices adopted sector-wide, and favor FQ on a large scale.</li> </ul>
<b>Product traceability</b>	<ul style="list-style-type: none"> <li>Ensuring products can be traced back to the farm on which they were grown.</li> <li>Requires tracking and documentation of some kind (and often for segregation to be built into the system).</li> </ul>	<ul style="list-style-type: none"> <li>Traceability systems not in place or blocked by market regulation.</li> </ul>	<ul style="list-style-type: none"> <li>Traceability only in place for a limited number of niche chains.</li> </ul>	<ul style="list-style-type: none"> <li>Traceability widely implemented in the sector or replaced by monitoring based systems</li> </ul>

# 3. Public sector governance

## Sustainable Sector Scorecard

	Description	*	**	***
<b>Regulation</b>	<ul style="list-style-type: none"> <li>Where the market fails to remove poorest quality and worst practices.</li> </ul>	<ul style="list-style-type: none"> <li>No, many cases where sector regulation falls short or is even counterproductive to realize market transformation.</li> </ul>	<ul style="list-style-type: none"> <li>Some good policies in place, but poor enforcement .</li> </ul>	<ul style="list-style-type: none"> <li>In general the right regulation exists and is effectively enforced, removes commodities produced worst quality/illegal practice from the market.</li> </ul>
<b>Support mechanisms by government</b>	<ul style="list-style-type: none"> <li>Support/subsidies to obtain inputs, research into agricultural practices, crop types, disease etc, infrastructure, basic services (water provision etc), credit and finance.</li> </ul>	<ul style="list-style-type: none"> <li>Lack of services and infrastructure (R&amp;D, capacity building, energy, water, roads, grades and standards, contract oversight) put whole sector at a competitive disadvantage.</li> </ul>	<ul style="list-style-type: none"> <li>Services and infrastructure available only to elite farmers or well served areas.</li> </ul>	<ul style="list-style-type: none"> <li>Basic services and infrastructure in place and accessible to majority of producers.</li> </ul>
<b>Market governance</b>	<ul style="list-style-type: none"> <li>Overall sector and farm quality can be raised through regulation of supply, demand, transaction systems, price and quality e.g.</li> <li>Via minimum prices</li> <li>Buffer stock management</li> <li>Marketing boards</li> <li>Auction systems</li> <li>Commodity exchanges</li> </ul>	<ul style="list-style-type: none"> <li>Counterproductive measures to regulate the market and maintain sufficient value at the producer base.</li> </ul>	<ul style="list-style-type: none"> <li>Some good and some bad measures / lack of some measures.</li> </ul>	<ul style="list-style-type: none"> <li>Market governance is either not needed or effective in creating the right economic environment, capture value at the production base.</li> </ul>

# 4. Organization of the production base

## Sustainable Sector Scorecard

	Description	*	**	***
<b>Effective Producer organization for service market</b>	<ul style="list-style-type: none"> <li>The organizational model that enables efficient delivery of high quality extension, inputs and finance</li> </ul>	<ul style="list-style-type: none"> <li>Producers are not organized in any way to ensure effective access to a high quality and competitive service market.</li> <li>The service market is not organized in a way to effectively serve a large number of unorganized farmers.</li> </ul>	<ul style="list-style-type: none"> <li>While some effective organization models that allow producers to access competitive service markets exist, still many are facing monopolistic service markets or are trapped in trading relationships.</li> </ul>	<ul style="list-style-type: none"> <li>Farmers are well organized and have access to competitive, high quality service markets.</li> <li>Alternatively the service market is organized in such a way to reach out to unorganized farmers and provide them with high quality services at a competitive price.</li> </ul>
<b>Effective producer organisation for product market</b>	<ul style="list-style-type: none"> <li>The organizational model that allows for efficiency in supply chains, rewarding of quality and capturing sufficient value at the production base to re-invest</li> </ul>	<ul style="list-style-type: none"> <li>Farmers have no choice where to sell their produce and their lack of market power leaves little room to invest in their farms.</li> </ul>	<ul style="list-style-type: none"> <li>Larger scale and/or better capitalized farmers are effectively organized to ensure access to a remunerative product market which rewards quality and leads to efficiency in the supply chain.</li> </ul>	<ul style="list-style-type: none"> <li>Most farmers are organized in such a way that they can access to a remunerative product market which rewards quality and leads to efficiency in the supply chain as well as sufficient value captured at the production base to invest in farm quality.</li> </ul>

# 5. Organization of the service sector

## Sustainable Sector Scorecard

	Description	*	**	***
<b>Technical assistance</b>	<ul style="list-style-type: none"> <li>• Good quality extension services are provided to producers to enable the achievement of farm quality, rewards good performance and excludes worst practices.</li> <li>• The deliverable model is sustainable, accessible, demand driven, participatory, consistent, continuous, available, and bundled.</li> </ul>	<ul style="list-style-type: none"> <li>• Sector is not capable of delivering basic TA.</li> </ul>	<ul style="list-style-type: none"> <li>• Sector delivers some TA, but not as driver for FQ or TA only reaches a very limited number of farmers.</li> </ul>	<ul style="list-style-type: none"> <li>• Sector is able to deliver different levels of TA driving FQ and reaches out to a large proportion of the farmers in need for TA.</li> </ul>
<b>Input provision</b>	<ul style="list-style-type: none"> <li>• Input provision supports farmers in producing farm quality. The deliverable model is sustainable, accessible, demand driven, consistent, continuous available, bundled.</li> </ul>	<ul style="list-style-type: none"> <li>• Sector is not capable of delivering basic inputs or inputs face quality and authenticity issues.</li> </ul>	<ul style="list-style-type: none"> <li>• Sector delivers some quality input provision, but not as driver for farm quality or the services only are available to a limited amount of farmers.</li> </ul>	<ul style="list-style-type: none"> <li>• Sector is able to efficiently/competitively deliver quality inputs in ways that are adapted to smallholder farms, driving FQ.</li> </ul>
<b>Financing</b>	<ul style="list-style-type: none"> <li>• Availability, accessibility and relevance of short, mid and long term credit to smallholders necessary to support investments in FQ.</li> </ul>	<ul style="list-style-type: none"> <li>• No formal provision of affordable finance from value chain, banks, warehouse receipts, producer organizations or microfinance base.</li> </ul>	<ul style="list-style-type: none"> <li>• Formal finance only available to large farms with sufficient collateral.</li> </ul>	<ul style="list-style-type: none"> <li>• The financial /private sector provides finance in a competitive and inclusive way, with products adapted to the smallholder majority.</li> </ul>