

Factsheet midterm findings Global Challenges Programme Call 2



Information transparency system as a low-cost scalable solution to farmers' access to credit and services

Summary

The project aims to investigate how to increase farmer inclusion in Ghana through information transparency; how information about farmers and their farming practices can help them get access to credit in particular. There is two ends to this coin – one is looking what farmers can do to help themselves; and the other is what financial institutions and other value chain players can do to facilitate access to credit.

On the farmer side, farmers can improve the likelihood of getting access to credit by building savings first. Knowing that farmers have savings is a form of collateral that banks in Ghana assess when considering giving out loans. The project has successfully completed two studies to look into how to encourage farmers to save.

On the value chain side, the project studies how to improve automation of information collection to ensure transparency that will allow farmers to get access to credit as well as facilitate trade. Sources of data transparency used to estimate farmer level of credit-worthiness include data from food-safety and social standards, and geo-data. Together these data are used to estimate productivity and assess farmer credit risk.

Interim Research Findings

From the projects' pensions study, it was found that pensions take-up is higher for individuals with higher income fluctuation. Also for younger farmers, women and those receiving remittances, flexible pensions product where 50% of savings can be withdrawn at any time before retirement, increases uptake. This comes as no surprise as especially women may value flexibility over commitments. Regarding services provision to cocoa farmers, such as fertilizer, seedlings and training, the project found that despite significant quantities provided by the government and other value chain partners, few of those provisions are taken up by farmers themselves, especially productive seedlings. The project also found that almost 40% of cocoa farmers (and these were Fairtrade certified farmers) make on average less than US\$1.7 per day. Over 60% of farmers make less than \$US100 per month, which is what a minimum-wage job in town pays. Clearly, incentives for farmers to remain on farms is questionable. Last but not the least, the project found significant interest from public- and private- sector to do a productivity analysis of cocoa farmers based on survey data combined with geo-data.

Intermediate achievements

Looking at the pensions study findings (low uptake and use), the company behind the pension product decided to come up with a mobile pensions plan which would hopefully encourage a higher uptake and use of the savings accounts. They are even considering sending some text-message reminders to farmers.

The project got significant interest from [Cocobod](#) to collect geo-data and estimate a cocoa productivity analysis. This is completely in line with the project plan to do a yield gap and productivity frontier analysis. If this proves to be an efficient way of estimating optimal productivity and see where farmers fall short to optimize productivity. Even though Cocobod is not a project partner, it is rather a very engaged project beneficiary.

Messages to

A) Actors from private sector:

- So far the project has introduced two products to cocoa farmers that have been provided by private sector partners: a long-term savings (pension) product, and productive cocoa seedlings. Even though, economically speaking, both products should benefit the farmer significantly, the project found very limited take-up/use of both products. It is worthwhile spending more effort in understanding the *behavioural* aspects of why farmers do not take up products that are free and that are supposed to be good for them.

B) Civil society and practitioners organizations:

- Public-private partnerships (PPPs) encouraged through some civil society organisations have been very useful in starting pre-competitive dialogue to raise issues related to cocoa farming. However, through direct co-funding of some of private-sector initiatives, they have failed to defend farmers interests. A perfect example are fertilizer-, productive seeds- etc. initiatives where at first, it was good to provide support to solve some of the burning problems of poor productivity and quality of cocoa farmers around the world. But now, these organisations still support the same type of projects even though the productivity has gone up significantly, and as a result, the cocoa prices are hitting the rock bottom. It is always good to follow up on the industry developments, including especially crop prices, and not rely so heavily on experiences and demands of the private sector partners only.

C) Policy makers:

- The Dutch Ministry of Foreign Affairs, through [IDH Sustainable Trade Initiative](#) and [Solidaridad](#), has been putting a lot of effort in improving productivity and quality of cocoa across West Africa. However, the two most important West African governments are now preventing these programs from penetrating the market in producing countries. This specifically applies to the Coffee-Cocoa Council in Ivory Coast and Cocobod in Ghana, because the PPP efforts to improve cocoa productivity and quality had resulted in increased cocoa productivity and plummeting cocoa prices. They didn't raise farmer incomes at all. The fact that almost 40% of Fairtrade certified farmers surveyed live below the UN-defined poverty line (when looking at farm income only) goes to prove that.

Knowledge products

- Paper presented at the International Cocoa Symposium in Lima, Peru, in November 2017: [Commitments vs Flexibility regarding take-up of pension savings accounts: A Randomised Control Trial on Cocoa Farmers in Ghana](#)

Knowledge networks

Project members are part of an extensive WageningenUR-initiated group of cocoa researchers. The group exchanges news over email and meets at cocoa conferences, such as the [International Symposium on Cocoa Research](#), [World Cocoa Conference](#) and [Chocoa festival](#) in Amsterdam.

Co-creation

In spring 2018 the project held 3-day workshop with all consortium partners in Accra, during which research interest, challenges and way forward were discussed. Together the project members have addressed the relevant research output that could come out of this project and defined who will collaborate on which papers.

Via NWO-WOTRO and the F&BKP the project had an opportunity to link to two other GCP2 projects. One is the GCP-3 project [Cocoa crop improvement, farms and markets in Ghana and Ivory Coast](#). Project members both projects happened to be together in Ghana at the same time, which allowed this Information transparency system project group to attend brainstorming workshop of the GCP-3 project. Both projects found a lot of overlapping interest in using geo-data to estimate yields and believe that they are in a good position to collaborate on some research in the coming year. Additionally, the project has planned to write a joint paper for a special issue of Current Opinion in Environmental Sustainability with GCP-2 [SUPERSEAS](#) project leader Simon Bush.

Consortium Partners

- [Wageningen University, Development Economics](#) (NL)
- [AgriPlace](#) (NL)
- **Partners that joined the project later**
- [Cocoa Research Institute of Ghana](#) (CRIG)
- [University of Ghana](#)

Contact person

Robert Lensink, Wageningen University – Development Economics, b.w.lensink@rug.nl

Project website

- [F&BKP Research Project page](#)