

## Factsheet final 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 financial inclusion of cocoa farmers in Ghana. In first instance, we focused on the relevance of information transparency; how information about farmers and their farming practices can help them get access to credit. However, line with recent scientific evidence which suggests that access to savings products is much more important for long-term food security than access to credit, the project decided to increase focus on access and use of savings products by cocoa farmers. We organised several interventions to increase the uptake of savings products, among others we developed a new long-term savings product (a pension product) for cocoa farmers. Our study suggest that cocoa farmers are very eager to open savings accounts. However, it turned out to be difficult for cocoa farmers to continue savings for old age at a regular basis, e.g. due to a lack of hope regarding the future. We therefore also organised an aspirations/hope enhancing intervention to induce cocoa farmers to take care of old age, among others by regularly saving for old age.

#### Final Research Findings

Related to the initial aim of the study regarding the relevance of information transparency, we conducted two studies. First, a study on “Digital technologies, hyper-transparency and smallholder farmer inclusion in global value chains.” The study characterises the rise of hyper-transparency in global value chains (GVCs), followed by the potential of ICT technology to enhance inclusion of smallholders in GVCs. The study concludes that transparency can strengthen the position of smallholders, other market players, states and civil society by holding the supply chain actors accountable for negative environmental and social externalities of their business practices. Second, a study on the relevance of FinTech in the context of agribusiness in developing countries. This study argues that new sources of data, (green) technologies, and analytical approaches in combination with mobile financial services can create a digital ecosystem in which tackling the transformation of agribusiness in developing countries in line with the agenda for sustainable development seems more possible than ever. However, the study also uncovers serious limitations and risks such as: underinvestment in infrastructure, including physical capital, constraining access and implementation; shortages of human capital that may lead to divergence across the agribusiness sectors in developing and industrialized nations. We also identified a “knowledge gap” in our current understanding of the cost, benefits and scalability of these technologies due to a lack of rigorous research.

From the projects' savings studies, we found that cocoa farmers are very eager to open savings accounts. It also appears that farmers prefer flexibility: they prefer savings products with possibilities to withdraw savings before old age over savings products that do not enable them to withdraw money before pension. However, we also found that cocoa farmers find it very difficult to sustain savings for old age at a regular basis, among others due to a lack of hope regarding the future.

As uptake of improved inputs is very important for future food security, our project also examined why access to improved inputs is very low for many cocoa farmers. We find that e.g. social capital is a major reason for low access: network social capital has a significant effect on access to seedlings, but not fertilizer. Network social capital can even bypass government subsidy

qualification criteria for access to seedlings. Getting access to fertilizer, on the other hand, depends primarily on farmers' readiness to adopt inputs.

### Intermediate achievements

As our study clearly suggests that cocoa farmers have difficulties in continuing to save for old age, among others probably due to a lack of hope about the future, we recently organised another intervention –a so-called aspirations enhancing intervention by means of a pension documentary- that aims to incentivize farmers to save on a regular basis for old age. While results of the latter intervention still need to be analysed, some initial discussions with farmers indicate that the hope and aspirations intervention has been appreciated very much, and will probably enhance farmers' savings for old age.

### Messages to

#### A) Actors from private sector:

- An important message resulting from our study is that, while cocoa farmers are very eager to open savings accounts, the use of these accounts is limited. Hence, additional measures are needed to induce farmers to use their savings accounts, and to sustain a regular pattern of savings, especially long-term savings. Initial results of our pension documentary treatment suggests that especially interventions that increase hope/ aspirations of cocoa farmers, in combination with access to financial products, can be very successful.

#### 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 WUR-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 [Chococo festival](#) in Amsterdam.

### Co-creation

In spring 2018 the project held a 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.

Due to project activities, the project leader has been invited to provide a training at Ghana Statistical Services in October 2019. This training has been attended by project partners (i.e. from the University of Ghana, CRIG and People pension Trust). There are now ongoing discussions with Ghana Statistical Services to conduct a Ghana-wide survey of relevance of financial inclusion, e.g. for cocoa farmers.

In 2109 a final workshop in Ghana will be organised.

### Consortium Partners

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

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### Project website

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