

Factsheet final findings Global Challenges Programme Call 2



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

Summary

The project aims to investigate how to increase financial inclusion of cocoa farmers in Ghana. At first, the focus was on the relevance of information transparency; how information about farmers and their farming practices can help them get access to credit. However, recent scientific evidence suggests that access to savings products is much more important for long-term food security than access to credit, so the project decided to increase focus on access and use of savings products by cocoa farmers. Several interventions were organised to increase the uptake of savings products. Among others a new long-term savings product (a pension product) for cocoa farmers was developed. The study suggests 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. Therefore also an aspirations/hope enhancing intervention was organised to induce cocoa farmers to take care of old age, among others by regularly saving for old age.

Final Research Findings

The study concludes that transparency can strengthen the position of smallholders by holding the supply chain actors accountable for negative environmental and social externalities of their business practices. The project also found 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.

The projects' savings studies revealed that cocoa farmers are very eager to open savings accounts. It also appears that farmers prefer savings products with possibilities to withdraw savings before old age. However, cocoa farmers find it very difficult to sustain savings for old age at a regular basis.

Uptake of improved inputs is very important for future food security. However, social capital is a major reason for low access to inputs: 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.

Outcomes achieved

An important outcome of the project is that many cocoa farmers due to the interventions opened savings accounts. Several farmers opened a normal savings account. However, more importantly, the study induced many cocoa farmers to open a long-term savings account, i.e. a pension account. Retirement plans have for the longest of times been an issue in the informal sector, especially in agriculture in rural areas. This is no different for cocoa farmers in Ghana. As much as government or private-sector pension programs exist in the formal sector and urban areas, the informal rural areas rely on traditional means of relying on family members and community for social support in times of need, including old age. Access to a long-term savings account helps to improve old age planning enormously. The study also induced several cocoa farmers to actively save on their savings accounts.

Messages to

A) Actors from private sector:

- Financial intermediaries should improve access to mobile banking in the informal sector in order to financially include cocoa farmers.
- In order to induce cocoa farmers to save more for old age it is very important that financial intermediaries collect savings regularly in case farmers do not have access to mobile banking possibilities.

B) Civil society and practitioners organizations:

- It is very important that an appropriate indemnity insurance system will be developed for cocoa farmers.

C) Policy makers:

- The government in Ghana should actively help to develop an appropriate old age pension system for farmers working in the informal system.

Knowledge products

- Journal article: [Transforming agribusiness in developing countries: SDGs and the role of FinTech](#). *Current Opinion in Environmental Sustainability*, December 2019
- Journal article: [Digital technologies, hyper-transparency and smallholder farmer inclusion in global value chains](#). *Current Opinion in Environmental Sustainability*, December 2019.
- Article: [The role of social capital in adoption of risky versus less risky subsidised input supplies: empirical study of cocoa farmers in Ghana](#).
- Article: [Do smallholder farmers prefer commitment or flexibility in pensions savings accounts? A randomized experiment of 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 [Chocoa 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 – Agricultural Extension Department](#)
- [People Pension Trust](#)

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