

INCLUSIVE VALUE CHAIN COLLABORATION



Info sheet 02 – November 2015 Inventory of value chain collaborations in the cocoa and oil palm sectors in Ghana

Anna Laven and Katarzyna Jaskiewicz

Project background

The aim of the Inclusive value chain collaboration (VCC) project is to examine whether and how VCC involving tree-crop farmers in Ghana (cocoa and oil palm) and South Africa (macadamia and avocado) can be made more equitable and inclusive. This info sheet focuses on cocoa and oil palm in Ghana.

In this info sheet we define the VCC concept, identify different arrangements, and provide an emerging framework for assessing inclusive VCC. It has been developed based on data gathered during the first annual Learning Platform (LP) in Ghana (Fig. 1) as well as through field and desk research.

What is value chain collaboration?

Control and coordination in value chains are increasingly being exercised through value chain collaboration. VCC is understood as voluntary arrangements between different actors in a chain, including producers and buyers and often also governments and NGOs. The motivation of VCC is reaching a win-win situation by capitalising on collaborative advantage. It is assumed that these partnerships have the potential to act as drivers for upgrading and that they reduce transactions costs for smallholder farmers.

Value chain collaboration arrangements

We can make a distinction between VCC arrangements 'within' the chain, like contract farming and verification, and 'beyond' the chain, like public-

private partnerships (PPPs), certification and innovation platforms that involve non-chain actors like government agencies and NGOs.

In the cocoa value chain we see the development of international manufacturers, processors and/or cocoa traders establishing strong ties with one or two Licensed Buying Companies (LBCs) or farmer groups. Examples are collaborations between Cargill-Akuafo Adamfo, Touton-PBC, Kokoopa-Noble Resources, and Lindt-Amajaro Ghana Limited (AGL). The focus of the collaboration is on service delivery (e.g. training) and certification. Third parties, like NGOs, are often involved, for example as trainers or auditors. For the cocoa chain we also observed that local (smaller) licenced buying companies (LBCs) have less direct ties with international markets and NGOs, and therefore participate less in sustainability programmes, certification and PPPs.

In Ghana's oil palm value chain, outgrower schemes are still common arrangements between smallholders and processors. We also identified a collaboration between the oil palm research institute (OPRI), a trader, NGO and small-scale oil palm farmers.



Fig. 1. Results of participatory brainstorming on VCC

Participatory inventory exercise

During the first annual LP that took place in Accra on 13 August 2015, participants from both the private and public sector, including NGOs and research institutes, were asked to present existing value chain collaborations in the cocoa and oil palm sector in Ghana, and make an inventory of existing collaborations.

Table 1. Examples of VCCs

VCC in cocoa	VCC in oil palm
Convergence of Science (CoS-SiS)	Convergence of Science (CoS-SiS)
National cocoa platform	Roundtable on Sustainable Palm oil (RSPO)
Different collaborations between LBCs and traders (see above)	Food and Agriculture Sector Development Policy (FASDEP) II
Cocoa Livelihood Programme of the World Cocoa Foundation	Outgrower schemes

Objectives of VCC

VCC can have different objectives. Often mentioned are:

- Capacity building of farming communities, e.g. training on good agricultural practices (GAP) to increase yields and income;
- Support the establishment and strengthening of farmers' associations/groups;
- Support services for rehabilitation, intensification and diversification;
- Credit schemes to farmers;
- Payment for environmental services, enhancement of carbon stocks and reduction of emissions from forest degradation (REDD+);
- Promotion of (cocoa) certification and Climate-SMART production.

Inclusive VCC

Understanding the level of inclusiveness is both about the nature and outcome of the process. The extent to which farmers will be able to benefit from VCC depends on the terms of participation and the matching of their capacities with the way the value chain functions. Hence, inclusiveness is not a matter of being 'included' or 'excluded', it is also about local people's aspirations and how they are considered in the process of inclusion or exclusion.



Fig 2. Cocoa being weighted

Moreover, it is about recognising the diversity among the included (or excluded) and the different capabilities and incentives under which they have to participate in VCC. Farmers' choices, their autonomy and agency are key aspects in this respect.

To assess the inclusiveness of VCC, we grouped all these considerations in Table 2 on the next page. This is a first step towards developing an assessment framework.

The importance of local networks

Taking the different types of VCC and different arrangements into account is important to understand which factors influence the success of a given collaboration. In our research we look at both the vertical relations and value chain dynamics, the horizontal relations and dynamics, and how these interact. As presented in Fig. 3, a value chain collaboration is not only embedded in a particular value chain but also in local networks. The VC logic, the 'local logic' and the interplay between them all shape VCC processes and impacts.

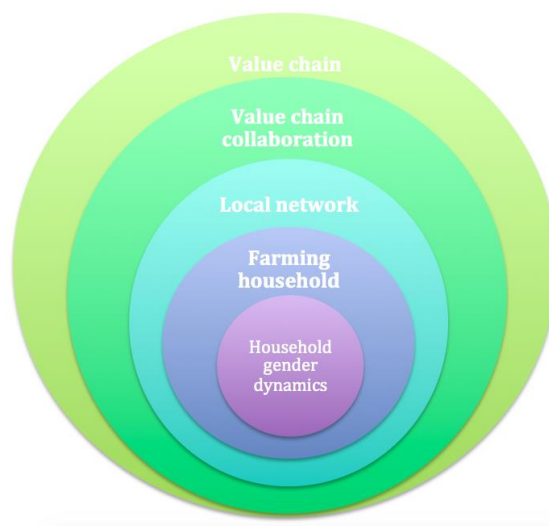


Fig.3 Visualisation of the variety of relations

Table 2. Questions for assessing inclusiveness

Process	Impact
Who is included/excluded? → Based on what criteria?	<ul style="list-style-type: none"> • Tackling gender inequalities • Sustainable impact on poverty reduction • Increasing outreach
How is a farmer included? → Quality and terms of engagement? What are incentive structures?	<ul style="list-style-type: none"> • Rearranging existing power dynamics • Improving outreach
Alignment of capabilities with VC logic	<ul style="list-style-type: none"> • Increased access to opportunities (upgrading)
Accommodating heterogeneity? → Diverse farmer profiles	<ul style="list-style-type: none"> • Supporting diverse outcomes/trajectories
Nature of knowledge transfer -> top down?	<ul style="list-style-type: none"> • Rearranging existing power dynamics
How are decisions made? → Taking local aspirations into account? What are intra-household dynamics?	<ul style="list-style-type: none"> • Supporting diverse outcomes/trajectories • Rearranging existing power dynamics

For example, at the local level ‘change makers’ such as purchasing clerks (PCs), lead farmers, traditional authorities (chiefs), representatives of institutions (e.g. District Assembly members and Church leaders) often play a role as gatekeeper to markets and support services. For our research it is important to better understand the role of these actors, the way in which they influence the process and impact of VCC, and the local dynamics they create.

Conclusions and recommendations

- A better understanding of local networks is needed, both in the cocoa and oil palm sectors.
- More knowledge is needed on local (smaller) LBCs and how they and the farmers from whom they source are included or excluded from collaborations in the cocoa value chain.
- Understanding intra-household dynamics is important for assessing the inclusiveness of VCC.
- Where households engage in both cocoa and oil palm production, like in some districts in the Eastern Region, there is a potential to link oil palm with cocoa initiatives. Moreover, because of the similarities between the households involved in these two tree crops, cross-sector learning can benefit actors involved in these value chains.
- VCC tends to focus on the export market, overlooking local processing activities. These activities are an important contribution to farmers’ livelihoods, particularly for women engaged in the processing of palm oil.
- Given the amount of projects that focus on similar areas or themes, there is a great potential for joint learning and collaboration in complementary projects. Working groups could be established to share experiences and knowledge and to encourage collaboration for sustainable cocoa production and biodiversity conservation.



Fig 4. Oil palm fruits for sale at the Kumasi market for domestic consumption