



Photo credit: Nestle, Investment with cocoa farmers



# Cocoa producer groups, certification, training and credit

Bymolt, R., Laven, A., Tyszler, M. (2018). Demystifying the cocoa sector in Ghana and Côte d'Ivoire. Chapter 9, Cocoa producer groups, certification, training and credit. The Royal Tropical Institute (KIT).



## 9.1 Cocoa producer groups

NGOs and companies generally believe in the importance of organising cocoa farmers into producer groups. These may be formal farmer organisations, such as cooperatives and associations, or informal labour exchange groups.<sup>1</sup>

In Ghana, it is well documented that only a small proportion of cocoa farmers are organised in formal groups.<sup>2,3,4</sup> A study done in 2010 suggests reported that only 15% of the farmers encountered were members of a farmer association.<sup>5</sup> Nevertheless, studies do suggest that the number of formal cocoa producer groups has increased over the last decades.<sup>6</sup> Frequently mentioned benefits of being a member of a cocoa producer group are access to training,<sup>7,8,9</sup> access to inputs and mechanised farm-equipment (e.g. motorised spraying machines),<sup>10</sup> market information and better access to buyers.<sup>11</sup> Some previous studies suggest that being a member of a farmer organisation or group is correlated with higher yields<sup>12</sup> and incomes.<sup>13</sup> A number of less tangible benefits were also mentioned in the literature, such as better social contacts and increased knowledge exchange between farmers, and the opportunity to discuss common problems during meetings.<sup>14</sup>

In Côte d'Ivoire, the cooperative is the most common type of cocoa producer group. There are over 1,500 registered cooperatives but, according to the Ivorian Ministry of Agriculture, most of them are not functioning.<sup>15</sup> And there are conflicting reports on the percentage of farmers that are cooperative members. According to the Conseil du

<sup>1</sup> Laven, A. (2010). The risks of inclusion: Shifts in governance processes and upgrading opportunities for cocoa farmers in Ghana. Amsterdam: KIT. Available at: [https://pure.uva.nl/ws/files/1437472/77981\\_18.pdf](https://pure.uva.nl/ws/files/1437472/77981_18.pdf)

<sup>2</sup> Laven, A. and Boomsma, M. (2012) Incentives for sustainable cocoa production in Ghana. Moving from maximizing outputs to optimizing performance. KIT Royal Tropical Institute. Funded under the Multi-Annual Strategic Plan 2012-2015 of the Netherlands Embassy to Ghana. Available at [http://www.worldcocoafoundation.org/wp-content/uploads/files\\_mf/laven201297.pdf](http://www.worldcocoafoundation.org/wp-content/uploads/files_mf/laven201297.pdf)

<sup>3</sup> Baah, F., & Anchirinah, V. (2010). Looking for convergence: Stakeholders' perceptions of cocoa extension constraints in Ghana. *Journal of Science and Technology (Ghana)*, 30(3). Available at <https://www.ajol.info/index.php/just/article/download/64626/52401>

<sup>4</sup> Barrientos, S.W & Asenso Akyere, K. (2008). Mapping sustainable production in Ghanaian cocoa, Report to Cadbury. Institute of Development Studies & University of Ghana. Available at <https://www.cocoalife.org/progress/mapping-sustainable-production-in-ghanaian-cocoa>

<sup>5</sup> Baah, F., & Anchirinah, V. (2010). Looking for convergence: Stakeholders' perceptions of cocoa extension constraints in Ghana. *Journal of Science and Technology (Ghana)*, 30(3). Available at <https://www.ajol.info/index.php/just/article/download/64626/52401>

<sup>6</sup> E.g. Salifu, A. and Funk, R. (2012). Farmer Based Organizations in Ghana. Available at <https://gssp.ifpri.info/files/2012/04/FBOs-in-Ghana.pdf>

<sup>7</sup> Oomes, N., Tieben, B., Laven, A., Ammerlaan, T., Appelman, R., Biesenbeek, C., Buunk, E. (2016). Market concentration and price formation in the global cocoa value chain. SEO Amsterdam Economics. Available at <http://www.seo.nl/en/page/article/marktconcentratie-en-prijsvorming-in-de-mondiale-waardeketen-voor-cacao/>

<sup>8</sup> Steijn, C. P. A. (2016). Towards sustainable cocoa production: a mixed method assessment of the influence of local governance modes on the farm level impact of private cocoa certification standards in Ghana (Master's thesis). Available at: <https://dspace.library.uu.nl/handle/1874/337181>

<sup>9</sup> Waarts, Y., Ge, L., Ton, G., van der Meen, J. (2013). A touch of cocoa: Baseline study of six UTZ- Solidaridad cocoa projects in Ghana. LEI report 2013-2014. LEI Wageningen UR. Available at <http://edepot.wur.nl/305316>

<sup>10</sup> Oomes, N., Tieben, B., Laven, A., Ammerlaan, T., Appelman, R., Biesenbeek, C., Buunk, E. (2016). Market concentration and price formation in the global cocoa value chain. SEO Amsterdam Economics. Available at <http://www.seo.nl/en/page/article/marktconcentratie-en-prijsvorming-in-de-mondiale-waardeketen-voor-cacao/>

<sup>11</sup> Waarts, Y., Ge, L., Ton, G., van der Meen, J. (2013). A touch of cocoa: Baseline study of six UTZ- Solidaridad cocoa projects in Ghana. LEI report 2013-2014. LEI Wageningen UR. Available at <http://edepot.wur.nl/305316>

<sup>12</sup> Calkins, P., & Ngo, A. (2005). The Impacts of Farmer Cooperatives on the Standard of Living Of Cocoa Producing Villages in Côte d'Ivoire and Ghana. Canada: Societe de Cooperation pour le Developpement International. Available at: <http://socodevi.org/contenu/prospecteur/uploads/Cocoa-Cooperatives-and-Well-being-20051130.pdf>

<sup>13</sup> Barrientos, S.W & Asenso Akyere, K. (2008). Mapping sustainable production in Ghanaian cocoa, Report to Cadbury. Institute of Development Studies & University of Ghana. Available at <https://www.cocoalife.org/progress/mapping-sustainable-production-in-ghanaian-cocoa>

<sup>14</sup> Waarts, Y., Ge, L., Ton, G. & van der Meen, J. (2013). A touch of cocoa: Baseline study of six UTZ- Solidaridad cocoa projects in Ghana. LEI report 2013-2014. LEI Wageningen UR. Available at <http://edepot.wur.nl/305316>

<sup>15</sup> GEFAK. (no date). Study on the state of farmer cooperatives in the cocoa sector of Côte d'Ivoire. DRAFT Final report. As part of the future collaboration between cocoa farmers and the GISCO-planned project PRO PLANTEURS in Côte d'Ivoire. Available at: [https://www.kakaoforum.de/fileadmin/Redaktion/Studien/GISCO\\_COOP\\_Report\\_GEFAK\\_final.pdf](https://www.kakaoforum.de/fileadmin/Redaktion/Studien/GISCO_COOP_Report_GEFAK_final.pdf)

Café-Cacao (CCC), around 50% of cocoa farmers are members of a cooperative,<sup>16</sup> while another study points to a much lower percentage (around 20%).<sup>17</sup> Most cooperatives – some of which participate in certification programmes – are exclusive suppliers to exporters. In the literature, the most frequently mentioned benefits of being a cooperative member in Côte d’Ivoire are better payment terms (such as prompt payment, or a price premium),<sup>18,19</sup> and access to inputs, information and services.<sup>20</sup>

Despite the potential benefits of being a producer group member, why are most cocoa farmers in Ghana and Côte d’Ivoire not formally organised? Some studies have argued that the most important reason is simply an absence of cooperatives in the area,<sup>21</sup> although this doesn’t explain why farmers have not self-organised. Other studies have suggested that the benefits of collective action may be mitigated in a regulated cocoa sector, where being organised does not provide any tangible benefits in terms of price negotiation or economies of scale.<sup>22,23</sup> Some research suggests that a lack of trust between farmers can be an issue,<sup>24</sup> whilst another paper argues that regional differences are also relevant.<sup>25</sup>

In our study, survey respondents were asked, “Is someone in your household a member of a cocoa producers group?”. This could involve membership of a cooperative, association or ‘functional group’.<sup>26</sup> Not surprisingly, the researchers found relatively low rates of cocoa group membership in Ghana (11%) and in Côte d’Ivoire (21%) (Table 9.1).

Table 9.1 Percent of cocoa households with a member of a cocoa producers group, by country

|                      | Ghana | Côte d’Ivoire | pvalue | sig |
|----------------------|-------|---------------|--------|-----|
| mean                 | 11%   | 21%           | 0.00   | *** |
| std.error            | 1%    | 1%            |        |     |
| N                    | 1,318 | 908           |        |     |
| cocoa_progroup_hhmem |       |               |        |     |

Note: p-value from a one-way ANOVA test. The survey question asked, “Is someone in your household a member of a cocoa producers group?”

<sup>16</sup> ibid

<sup>17</sup> Kapoor, A. (2016). Children at the Heart; Assessment of Child Labour and Child Slavery in Côte d’Ivoire’s Cocoa Sector and Recommendations to Mondelez International. Embode. Available at: [https://www.cocoalife.org/~media/CocoaLife/Files/pdf/Library/FULL\\_REPORT\\_Cote\\_Ivoire\\_Mondelez\\_Embode\\_ChildrenattheHeart.pdf](https://www.cocoalife.org/~media/CocoaLife/Files/pdf/Library/FULL_REPORT_Cote_Ivoire_Mondelez_Embode_ChildrenattheHeart.pdf)

<sup>18</sup> Varlet, F. & Kouamé, G. (2013). Étude de la production de cacao en zone riveraine du parc national de Taï. Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) and Ministère de l’Agriculture de la Côte d’Ivoire.

<sup>19</sup> Calkins, P., & Ngo, A. (2005). The Impacts of Farmer Cooperatives on the Standard of Living Of Cocoa Producing Villages in Côte d’Ivoire and Ghana. Canada: Societe de Cooperation pour le Developpement International. Available at: <http://socodevi.org/content/prospecteur/uploads/Cocoa-Cooperatives-and-Well-being-20051130.pdf>

<sup>20</sup> Ingram V., Waarts Y., van Vugt S.M., Ge L., Wegner L., Puister-Jansen L. (2013). Towards sustainable cocoa: Assessment of Cargill and Solidaridad cocoa farmer support activities in Côte d’Ivoire 2008-2012. LEI, Wageningen UR. Wageningen. Available at : <http://edepot.wur.nl/314177>

<sup>21</sup> Varlet, F. & Kouamé, G. (2013). Étude de la production de cacao en zone riveraine du parc national de Taï. Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) and Ministère de l’Agriculture de la Côte d’Ivoire.

<sup>22</sup> Laven, A. (2010). The risks of inclusion: Shifts in governance processes and upgrading opportunities for cocoa farmers in Ghana. Amsterdam: KIT. Available at: [https://pure.uva.nl/ws/files/1437472/77981\\_18.pdf](https://pure.uva.nl/ws/files/1437472/77981_18.pdf)

<sup>23</sup> Blackmore & Heilbron (2015). Case study report: Cocoa in Ghana. Available at: <http://sectortransformation.com/wp-content/uploads/2015/03/cocoaghana.pdf>

<sup>24</sup> Laven, A. (2010). The risks of inclusion: Shifts in governance processes and upgrading opportunities for cocoa farmers in Ghana. Amsterdam: KIT. Available at: [https://pure.uva.nl/ws/files/1437472/77981\\_18.pdf](https://pure.uva.nl/ws/files/1437472/77981_18.pdf)

<sup>25</sup> Hainmueller, J., Hiscox, M., Tampe, M. (2011). Sustainable development for cocoa farmers in Ghana. MIT and Harvard University. Available at <https://www.theigc.org/wp-content/uploads/2015/02/Hainmueller-Et-Al-2011-Working-Paper.pdf>

<sup>26</sup> Membership of a cocoa producer group does not refer to participation in informal exchange labour groups.

Male-headed cocoa households reported slightly higher rates of cocoa producer group membership than female-headed households, although these differences were not statistically significant in either country (Table 9.2).

Table 9.2 Percent of cocoa households with a member of a cocoa producers group, by sex of household head

|                      | Ghana female head | Ghana male head | pvalue | sig | Côte d'Ivoire female head | Côte d'Ivoire male head | pvalue | sig |
|----------------------|-------------------|-----------------|--------|-----|---------------------------|-------------------------|--------|-----|
| mean                 | 7%                | 11%             | 0.07   | *   | 13%                       | 22%                     | 0.14   |     |
| std.error            | 2%                | 1%              |        |     | 5%                        | 1%                      |        |     |
| N                    | 232               | 1,086           |        |     | 47                        | 860                     |        |     |
| cocoa_progroup_hhmem |                   |                 |        |     |                           |                         |        |     |

Note: p-value from a one-way ANOVA test

In focus group discussions, we asked about the presence of cocoa producer groups in the communities and the extent to which participants were satisfied with their services.

In Ghana, participants typically confirmed that cocoa producer group members get access to training about farming techniques, such as spraying and pruning, and access to seedlings. Participants generally expressed their satisfaction with producer groups in the area and said that they were a good platform for discussing problems with each other and sharing knowledge. In cases where participants expressed their dissatisfaction, they often discussed how the producer group was badly managed and eventually stopped functioning.

In Côte d'Ivoire, when discussing formal cooperatives, participants were often negative. The main reasons were financial mismanagement or embezzlement of funds by cooperative leaders. This understandably causes mistrust among community members and hampers the establishment of new cooperatives. Participants also said that it was not particularly easy to set up a cooperative without support from local actors (i.e. governments and NGOs). Being a formal cooperative member can improve a household's access to inputs and credit, and possibly a bonus from *traitants* on top of the fixed price.

In both countries, during the focus groups, participants discussed benefits and challenges of informal exchange labour groups. In Ghana, they discussed how informal exchange labour groups ease the labour burden and do not involve any costs, except food to workers. Participants did, however, mention that tensions sometimes arise when some farmers in exchange labour groups do more or less work than others, which may depend on their strength or motivation. In Côte d'Ivoire, focus group participants often said the number of labour exchange groups has been increasing in recent years. Informal exchange labour groups make farm work easier for any household that does not have access to enough household labour and cannot afford the

required hired labour. A few participants mentioned that, as a spinoff, labour exchange groups also contribute to social cohesion in the village. Some participants were not satisfied with the labour exchange groups and argued that they lack enough labourers, and that some members refuse to help others after benefiting themselves.

## 9.2 Cocoa certification

Certification standards for sustainable cocoa production are increasingly present in the Ghanaian and Ivorian cocoa sectors. Organisations, such as UTZ/ Rainforest Alliance<sup>27</sup> and Fairtrade prescribe a set of sustainability standards that, if met by farmers, result in a price premium on top of the producer price. Certified farmers typically receive training on good agricultural practices and farm management.

In Ghana, Fairtrade reported the highest number of certified producers in 2015, but the lowest cocoa volumes produced under the three standards. UTZ reported the most hectares certified and also the highest volumes. In Côte d'Ivoire, UTZ was easily the largest certifier, in terms of numbers of producers, hectares certified and total volumes of certified cocoa (Table 9.3).<sup>28</sup>

Table 9.3 Estimated production volumes and number of producers for each certifier in Ghana and Côte d'Ivoire (2015)<sup>29</sup>

|                         | Number of producers, Ghana | Hectares, Ghana | Volumes (MT) Ghana | Number of producers, Côte d'Ivoire | Hectares, Côte d'Ivoire | Volumes (MT) Côte d'Ivoire |
|-------------------------|----------------------------|-----------------|--------------------|------------------------------------|-------------------------|----------------------------|
| UTZ                     | 92,671                     | 298,000         | 169,057            | 193,444                            | 827,500                 | 486,842                    |
| RA/SAN                  | 57,825                     | 138,000         | 103,954            | 96,448                             | 453,000                 | 297,325                    |
| Fairtrade International | 109,229                    | 241,000         | 79,678             | 32,494                             | 173,000                 | 111,300                    |

In our study, survey respondents were asked whether or not their household's cocoa was certified and, if so, to what standard. In Ghana, 24% of respondents reported that their household's cocoa is certified. We suggest this figure is high, given that only 11% earlier reported being a farmer group member, and certified farmers are usually organised in groups. In fact, 42% of respondents said that they "didn't know" if they were certified. Among those who claimed to be certified, UTZ and Rainforest were the most common certifications and often double certification was reported

<sup>27</sup> In January 2018, UTZ and Rainforest Alliance merged forming a new organization; a new certification programme will be available in 2019. Source: <https://utz.org/merger/>. This merger makes UTZ/Rainforest Alliance by far the largest voluntary sustainability standard in the cocoa sector, both in terms of production volumes and numbers of producers. <https://utz.org/merger/>

<sup>28</sup> Lemoud, J., Potts J., Sampson, G., Garibay, S., Lynch, M., Voora, V., Willer, H., Wozniak, J. (2017). The State of Sustainable Markets – Statistics and Emerging Trends 2017. International Trade Centre (ITC), Geneva. Available at [http://www.intracen.org/uploadedFiles/intracenorg/Content/Publications/State-of-Sustainable-Market-2017\\_web.pdf](http://www.intracen.org/uploadedFiles/intracenorg/Content/Publications/State-of-Sustainable-Market-2017_web.pdf)

<sup>29</sup> *ibid*

(Table 9.5). In Côte d'Ivoire, only 7% of all respondents reported that their household is certified (Table 9.4); we suggest this figure is low.

As so many respondents stated “don't know”, we suggest that the concept of certification is not well understood by many. In fact, when cross-checking responses in the field, some farmers believed they were certified because they had received a certificate of participation for a training. Therefore, we advise against making strong conclusions about certification from this data.

Table 9.4 Percent of cocoa households that are certified, by country

|                        | Ghana | Côte d'Ivoire | pvalue | sig |
|------------------------|-------|---------------|--------|-----|
| Yes                    | 24%   | 7%            | 0.00   | *** |
| No                     | 35%   | 62%           |        |     |
| Don't know             | 42%   | 31%           |        |     |
| N                      | 1,318 | 908           |        |     |
| cocoa_certification_yn |       |               |        |     |

Note: p-value from a Chi-squared test

Table 9.5 Type of certification held (of those certified), by country

|                     | Ghana | Côte d'Ivoire | pvalue | sig |
|---------------------|-------|---------------|--------|-----|
| UTZ                 | 96%   | 76%           | 0.00   | *** |
| Rainforest Alliance | 87%   | 27%           | 0.00   | *** |
| FLO / Fairtrade     | 1%    | 12%           | 0.00   | *** |
| Organic             | 0%    | 0%            | 0.72   |     |
| N                   | 326   | 41            |        |     |

Note: p-value from a one-way ANOVA test

## 9.3 Training

Government agencies, companies and NGOs all agree that transferring knowledge of modern farming techniques to farmers is an important way of improving productivity levels.<sup>30,31,32</sup>

In Ghana, the ‘new cocoa extension’ programme was launched in 2010 as the Cocoa Extension Public-Private Partnership (CEPPP). The programme aims to provide an efficient and cost-effective extension service to cocoa farmers to increase their

<sup>30</sup> Cargill (2017). Cargill Cocoa Promise global report. Available at: <https://www.cargill.com/sustainability/cocoa-promise/cocoa-farmer-training>

<sup>31</sup> World Cocoa Foundation (2016). Learning as we grow. Putting CocoaAction into Practice. Cocoa Action Annual Report 2016. Available at [http://www.worldcocoaoundation.org/wp-content/uploads/2016-CocoaActionReport-English\\_WEB\\_10-30.pdf](http://www.worldcocoaoundation.org/wp-content/uploads/2016-CocoaActionReport-English_WEB_10-30.pdf).

<sup>32</sup> Mondelez International (2015). Cocoalife progress report 2015. Available at [https://www.cocoalife.org/~/\\_media/cocoalife/Files/pdf/Library/Cocoa%20Life%20Progress%20Report](https://www.cocoalife.org/~/_media/cocoalife/Files/pdf/Library/Cocoa%20Life%20Progress%20Report)

productivity, improve income and enhance their livelihoods.<sup>33</sup> CEPPP is made up of public and private partners who, together, provide funds for recruitment, remuneration, and training of extension agents and also jointly provide for training materials, publications and the cost of training farmers. Public partners include COCOBOD and its subsidiaries, such as the Cocoa Health and Extension Division (CHED). The private sector partners include Mondelêz (Cadbury), Solidaridad (West Africa), World Cocoa Foundation/Cocoa Livelihoods Programme (WCF/CLP) and allied agencies, Armajaro Ghana Limited (AGL), Rainforest Alliance and farmers. GIZ-Sustainable Cocoa Business, in collaboration with the other partners, provides support in the training of farmers in the Farmer Business School.<sup>34</sup>

In Côte d'Ivoire, ANADER is the main body that provides training on good agricultural practices for cocoa and for other crops. ANADER is an independent organisation supported by partners from in and outside Côte d'Ivoire, including CCC, the cocoa regulating institute. ANADER training focuses primarily on cocoa, but also on a variety of other crops (e.g. rice, cashew, coffee, cassava, oil palm). ANADER's capacity to provide quality training to all cocoa farmers is said to be more limited than in Ghana.<sup>35</sup> Other organisations that provide training for cocoa farmers are (certified) cooperatives and companies.

In our household survey, respondents were asked “Did you yourself receive any training related to cocoa farming in the past 5 years?” Around half of Ghanaian respondents reported having had some cocoa training in the past five years (Table 9.6). Male respondents reported higher rates of training (56%) compared with female respondents (34%) (*highly significant*). This may be due to the fact men are often the head of the household, and because men play a larger role than women in cocoa production activities and marketing. In Côte d'Ivoire, fewer than a fifth of Ivorian respondents reported receiving any cocoa-related training in the past five years. Around 20% of male respondents reported having received training, compared with only 5% of female respondents.

Table 9.6 Percent of respondents who have received cocoa training in the past 5 years

|                          | Ghana | Côte d'Ivoire | pvalue | sig |
|--------------------------|-------|---------------|--------|-----|
| Mean                     | 49%   | 17%           | 0.00   | *** |
| std.error                | 1%    | 1%            |        |     |
| N                        | 1,318 | 908           |        |     |
| cocoa_training_5years_yn |       |               |        |     |

Note: p-value from a one-way ANOVA test. The survey question was, “Did YOU yourself receive any training related to cocoa farming in the past 5 years?”

<sup>33</sup> An extensive list of objectives can be found on the Ministry website: Ministry of Food and Agriculture (2017). Cocoa Health and Extension division. Available at <http://www.e-agriculture.gov.gh/index.php/cocoa-sub-sector/cocoa-health-and-extension-division>

<sup>34</sup> *ibid*

<sup>35</sup> FLA (2015). Evaluer la situation actuelle des femmes et des jeunes agriculteurs et l'état nutritionnel de leurs familles dans deux communautés productrices de cacao en Côte d'Ivoire. Rapport préparé par Fair Labour Association, Juillet 2015.) Available at [http://www.fairlabor.org/sites/default/files/documents/reports/femmes\\_et\\_des\\_jeunes\\_nutrition\\_dans\\_communautes\\_de\\_dacao\\_juillet\\_2015.pdf](http://www.fairlabor.org/sites/default/files/documents/reports/femmes_et_des_jeunes_nutrition_dans_communautes_de_dacao_juillet_2015.pdf)

Trainings can vary considerably, in terms of frequency, quality and the types of topics covered. In Ghana, most respondents (74%), who reported receiving some training, only had contact with trainers for 1-2 days. We would suggest that such low intensity training is unlikely to be sufficient to drive a change to undertake improved practices. Only 16% of respondents reported receiving between 3-5 days of training. Nevertheless, in most focus group discussions, participants said that there were more opportunities to participate in training now compared with five years ago.

In Côte d'Ivoire, the situation appears quite different. Training was received by a smaller proportion of respondents than in Ghana, but those receiving training benefited from more intensive support. Of the Ivorian respondents who had received at least some training, 35% reported receiving more than 10 days of support. These patterns of training between Ghana and Côte d'Ivoire hold regardless of the sex of the respondent (Table 9.7). In focus group discussions, around half of the communities said there were fewer opportunities now than five years ago, while half the communities discussed how there was now more training.

Table 9.7 Number of cocoa training days received in the past 5 years?

|                         | Ghana | Côte d'Ivoire | pvalue | sig |
|-------------------------|-------|---------------|--------|-----|
| none                    | 0%    | 1%            | 0.00   | *** |
| 1-2 days                | 74%   | 21%           |        |     |
| 3-5 days                | 16%   | 28%           |        |     |
| 5-10 days               | 4%    | 16%           |        |     |
| 10+ days                | 5%    | 35%           |        |     |
| N                       | 643   | 151           |        |     |
| cocoa_training_days_cat |       |               |        |     |

Note: p-value from a Chi-squared test

In addition, we asked respondents about the type of training they received. In Ghana and Côte d'Ivoire, 93% of respondents who received training said they received training on good agricultural practices. Other topics that gained a lot attention in training were pest and disease management, child labour, good environmental practices and health and safety (Table 9.8).



Table 9.8 Types of training received in the past 5 years, by country

|  | Ghana | Côte d'Ivoire | pvalue | sig |
|--|-------|---------------|--------|-----|
| Good production practices              | 93%   | 93%           | 0.96   |     |
| Pest and disease management            | 78%   | 66%           | 0.00   | *** |
| Child labour                           | 53%   | 60%           | 0.13   |     |
| Good environmental practices           | 51%   | 59%           | 0.09   | *   |
| Post-harvest storage and processing    | 39%   | 34%           | 0.25   |     |
| Health and safety                      | 34%   | 42%           | 0.07   | *   |
| Record-keeping and business management | 26%   | 18%           | 0.04   | **  |
| Savings and loans                      | 12%   | 20%           | 0.01   | *** |
| Gender                                 | 4%    | 21%           | 0.00   | *** |
| Other                                  | 4%    | 5%            | 0.54   |     |
| Cooperative management                 | 1%    | 26%           | 0.00   | *** |
| N                                      | 643   | 151           |        |     |

Note: p-value from a one-way ANOVA test

In both countries, respondents reported that government extension is the main training provider (even though the private sector often financially supports public extension). In Ghana, the private sector was reported to be more engaged in the direct provision of training than in Côte d'Ivoire. In Ghana, 26% of respondents who received training said they got training from a Licenced Buying Company (LBC) (Table 9.9).

Table 9.9 Training source, by country

|                      | Ghana | Côte d'Ivoire | pvalue | sig |
|----------------------|-------|---------------|--------|-----|
| Government extension | 78%   | 73%           | 0.20   |     |
| Company, LBC         | 26%   | 9%            | 0.00   | *** |
| Farmer organisation  | 9%    | 15%           | 0.07   | *   |
| NGO                  | 5%    | 3%            | 0.15   |     |
| Other                | 1%    | 5%            | 0.00   | *** |
| Don't know           | 1%    | 3%            | 0.00   | *** |
| Trader               | 0%    | 0%            |        |     |
| N                    | 643   | 151           |        |     |

## 9.4 Credit

Access to credit allows cocoa households to take advantage of their training and invest in their farms.<sup>36,37,38</sup> However, we know from previous studies that credit is not always used to make on-farm investments. For example, credit can be used by cocoa farmers to support their households during the off-season when there is less money available,<sup>39</sup> or used to pay for education, health expenditures and family emergencies.<sup>40,41</sup>

Farmers often have difficulties accessing a loan from a bank because they are perceived to be unreliable borrowers.<sup>42</sup> Additionally, banks typically require their clients to have a bank account and some savings, and few farmers fulfil this requirement.<sup>43</sup> Farmers are also put off by the long distances to town centres where banks are based,<sup>44</sup> as well as high interest rates.<sup>45</sup> In our focus group discussions, participants often mentioned these same issues, and added that some banks require a farmer to be a member of a farmer organisation. Participants noted that banks have real concerns that borrowers will not repay their loans and so try to mitigate the risk by offering group loans, which make the group accountable for each other. However, farmers discussed how they were also wary of taking on this group risk.

In practice, the easiest way for cocoa farmer to get access to a small loan is through a local cocoa buyer instead of through banks. In Ghana, these are the LBCs and local purchasing clerks (PCs); in Côte d'Ivoire these are called the *pisteurs*. Fellow farmers, relatives or friends are other main providers of credit.<sup>46,47,48</sup> In Côte d'Ivoire, farmers also access loans from farmer organisations.<sup>49</sup> Moneylenders, who normally

<sup>36</sup> World Cocoa Foundation (2016). Learning as we grow. Putting CocoaAction into Practice. Cocoa Action Annual Report 2016. Available at [http://www.worldcocoafoundation.org/wp-content/uploads/2016-CocoaActionReport-English\\_WEB\\_10-30.pdf](http://www.worldcocoafoundation.org/wp-content/uploads/2016-CocoaActionReport-English_WEB_10-30.pdf).

<sup>37</sup> Mondelēz International, Cocolife progress report 2015. Available at <https://www.cocolife.org/-/media/cocolife/Files/pdf/Library/Cocoa%20Life%20Progress%20Report>

<sup>38</sup> Cargill (2017). Cargill Cocoa Promise global report. Available at <https://www.cargill.com/sustainability/cocoa-promise/cocoa-farmer-training>

<sup>39</sup> Barrientos, S.W & Asenso Akyere, K. (2008). Mapping sustainable production in Ghanaian cocoa, Report to Cadbury. Institute of Development Studies & University of Ghana. Available at <https://www.cocolife.org/progress/mapping-sustainable-production-in-ghanaian-cocoa>

<sup>40</sup> Waarts, Y., Ge, L., Ton, G. & van der Meen, J. (2013). A touch of cocoa: Baseline study of six UTZ- Solidaridad cocoa projects in Ghana. LEI report 2013-2014. LEI Wageningen UR. Available at: <http://library.wur.nl/WebQuery/wurpubs/fulltext/305316>

<sup>41</sup> Balineau, G., Bernath, S., Pahuatini, V. (2017). Cocoa farmers' agricultural practices and livelihoods in Côte d'Ivoire. Insights from cocoa farmers and community baseline surveys conducted by Barry Callebaut between 2013 and 2015. Technical Reports, No. 24. AFD, Paris. Available at <http://www.afd.fr/en/cocoa-farmers-agricultural-practices-and-livelihoods-cote-divoire>

<sup>42</sup> Baah, F., & Anchirinah, V. (2010). Looking for convergence: Stakeholders' perceptions of cocoa extension constraints in Ghana. Journal of Science and Technology (Ghana), 30(3). Available at: <https://www.ajol.info/index.php/just/article/view/64626>

<sup>43</sup> Balineau, G., Bernath, S., Pahuatini, V. (2017). Cocoa farmers' agricultural practices and livelihoods in Côte d'Ivoire. Insights from cocoa farmers and community baseline surveys conducted by Barry Callebaut between 2013 and 2015. Technical Reports, No. 24. AFD, Paris. Available at <http://www.afd.fr/en/cocoa-farmers-agricultural-practices-and-livelihoods-cote-divoire>

<sup>44</sup> Mensima Macnally-Boateng, A. (2016) Financial inclusion in Ghana: how has the use of akuafu cheques introduced cocoa farmers to banks? International Institute for Social Studies/Erasmus: The Hague/Rotterdam. Available at [https://thesis.eur.nl/pub/37284/AMacNally\\_MA\\_2015\\_16\\_GPPE.pdf](https://thesis.eur.nl/pub/37284/AMacNally_MA_2015_16_GPPE.pdf)

<sup>45</sup> Ibid.

<sup>46</sup> Tano, M. A. (2012). Crise cacaoyère et stratégies des producteurs de la sous-préfecture de Méadji au Sud-Ouest ivoirien (Doctoral dissertation, Université Toulouse le Mirail-Toulouse II). Available at: <https://halshs.archives-ouvertes.fr/tel-00713662/>

<sup>47</sup> Barrientos, S.W & Asenso Akyere, K. (2008). Mapping sustainable production in Ghanaian cocoa, Report to Cadbury. Institute of Development Studies & University of Ghana. Available at <https://www.cocolife.org/progress/mapping-sustainable-production-in-ghanaian-cocoa>

<sup>48</sup> Balineau, G., Bernath, S., Pahuatini, V. (2017). Cocoa farmers' agricultural practices and livelihoods in Côte d'Ivoire. Insights from cocoa farmers and community baseline surveys conducted by Barry Callebaut between 2013 and 2015. Technical Reports, No. 24. AFD, Paris. Available at <http://www.afd.fr/en/cocoa-farmers-agricultural-practices-and-livelihoods-cote-divoire>

<sup>49</sup> Ingram, V., Waarts, Y., Ge, L., van Vugt, S., Wegner, L., Puister-Jansen, L., Ruf, F., Tanoh, R. (2014). Impact of UTZ certification of cocoa in Ivory Coast: Assessment framework and baseline. Wageningen, LEI Wageningen UR (University & Research centre), LEI Report 2014-010. Available at: <http://edepot.wur.nl/307584>

charge high interest rates, are another source of credit.<sup>50</sup> In focus group discussions, many participants said they prefer to take small loans from a cocoa PC, rather than from a bank or microfinance institution (MFI). Loans from PCs are based on trust and can be provided as long as the farmer sells all of their cocoa to the same PC. Farmers, who have proven themselves to be trustworthy in previous seasons, have easier access to loans. Unfortunately, participants added that farmers who have been unable or unwilling to repay their loans may try to avoid the PC and sell to another PC. Therefore, the high risk of lending to farmers is well known by banks, small lenders and farmers themselves, and explains why responsible farmers face barriers to accessing credit, and why interest rates are so high.

In our study, we asked cocoa households whether or not they borrowed money in the past year from any source. In both countries, more than one quarter of respondents said they had done so. In Ghana, there was no significant difference in the rate of borrowing between cocoa and non-cocoa households (Table 9.10). In Côte d’Ivoire, the proportion of cocoa households that borrowed money was only slightly higher than non-cocoa households.

Perhaps surprisingly, we found no statistical difference in the proportion of male-headed and female-headed households borrowing money in either country in the past year. This suggests that barriers to accessing credit faced by female-headed households are not dissimilar to those faced by smallholders generally.

Table 9.10 Credit, percent of respondents who borrowed money last year from any source

|                  | Ghana cocoa | Ghana non-cocoa | pvalue | sig | Côte d’Ivoire cocoa | Côte d’Ivoire non-cocoa | pvalue | sig |
|------------------|-------------|-----------------|--------|-----|---------------------|-------------------------|--------|-----|
| mean             | 27%         | 26%             | 0.81   |     | 26%                 | 21%                     | 0.01   | **  |
| std.error        | 1%          | 3%              |        |     | 1%                  | 2%                      |        |     |
| N                | 1,318       | 242             |        |     | 908                 | 575                     |        |     |
| loan_lastyear_yn |             |                 |        |     |                     |                         |        |     |

Note: The question was asked: "Last year, did you yourself borrow any money from anyone, including friends, banks, money lenders or others?"

In Ghana and Côte d’Ivoire, we see that cocoa households most often access loans through local buyers, such as LBCs or *pisteurs*. Non-cocoa households rely on friends or relatives to borrow money more frequently than cocoa households. In Côte d’Ivoire, cooperatives were also mentioned as a source of credit, whereas in Ghana they were not (Table 9.11). These findings are broadly in line with other research and confirm that cocoa households have more options to take small loans, even if they borrow at similar rates to non-cocoa households.

<sup>50</sup> Balineau, G., Bernath, S., Pahuatini, V. (2017). Cocoa farmers’ agricultural practices and livelihoods in Côte d’Ivoire. Insights from cocoa farmers and community baseline surveys conducted by Barry Callebaut between 2013 and 2015. Technical Reports, No. 24. AFD, Paris. Available at <http://www.afd.fr/en/cocoa-farmers-agricultural-practices-and-livelihoods-cote-divoire>

Table 9.11 Sources of credit in Ghana and Côte d'Ivoire, by cocoa household versus non-cocoa households

|                                   | Ghana cocoa | Ghana non-cocoa | pvalue | sig | Côte d'Ivoire cocoa | Côte d'Ivoire non-cocoa | pvalue | sig |
|-----------------------------------|-------------|-----------------|--------|-----|---------------------|-------------------------|--------|-----|
| LBC or PC                         | 37%         | 5%              | 0      | *** | 0%                  | 0%                      |        |     |
| Family or friends                 | 30%         | 37%             | 0.29   |     | 24%                 | 42%                     | 0      | *** |
| Bank                              | 19%         | 33%             | 0.01   | **  | 2%                  | 1%                      | 0.53   |     |
| Village money lender              | 7%          | 2%              | 0.1    | *   | 8%                  | 8%                      | 0.98   |     |
| MFI                               | 3%          | 3%              | 0.78   |     | 0%                  | 0%                      | 0.48   |     |
| SACCO/credit union                | 2%          | 8%              | 0.01   | *** | 5%                  | 8%                      | 0.33   |     |
| Trader                            | 1%          | 2%              | 0.58   |     | 8%                  | 14%                     | 0.1    | *   |
| Company                           | 1%          | 8%              | 0      | *** | 0%                  | 0%                      | 0.48   |     |
| Other                             | 1%          | 3%              | 0.32   |     | 5%                  | 5%                      | 0.85   |     |
| VSLA/ISLC                         | 0%          | 0%              | 0.67   |     | 2%                  | 3%                      | 0.58   |     |
| Church/mosque/<br>religious group | 0%          | 0%              |        |     | 0%                  | 1%                      | 0.61   |     |
| Pisteurs                          | 0%          | 0%              |        |     | 30%                 | 5%                      | 0      | *** |
| Cooperative/producer<br>group     | 0%          | 0%              |        |     | 18%                 | 16%                     | 0.58   |     |
| Don't know                        | 0%          | 0%              |        |     | 0%                  | 0%                      | 0.48   |     |
| N                                 | 353         | 238             |        |     | 118                 | 63                      |        |     |

Abbreviations: LBC: licensed buying company; PC: purchasing clerk; MFI: Microfinance institution; SACCO: Savings and Credit Cooperative; VSLA: village savings and loans group (informal); ISLC: Informal Susu Loan Club (susu means 'small small')

In Ghana, most borrowers took out loans of between US\$100 and US\$400 in the past year, with no statistical difference in loan amounts between cocoa and non-cocoa households (Table 9.12). The average loan size of cocoa households is around US\$290. In Côte d'Ivoire, borrowers took smaller loans, which ranged between US\$50 and US\$250. Cocoa households tended to borrow larger amounts than non-cocoa households (*highly significant*), with the average loan being around US\$175.

Table 9.12 Amount of money borrowed in the past year (of those borrowing) (US\$), by cocoa and non-cocoa household

|                 | Ghana cocoa | Ghana non-cocoa | pvalue | sig | Côte d'Ivoire cocoa | Côte d'Ivoire non-cocoa | pvalue | sig |
|-----------------|-------------|-----------------|--------|-----|---------------------|-------------------------|--------|-----|
| mean            | 290.37      | 260.46          | 0.42   |     | 175.78              | 100.67                  | 0.00   | *** |
| std.error       | 13.81       | 32.38           |        |     | 12.30               | 10.69                   |        |     |
| N               | 330         | 52              |        |     | 228                 | 115                     |        |     |
| loan_amount_usd |             |                 |        |     |                     |                         |        |     |

Note: Exchange rate: 31 December, 2016

We find that collateral is not often required when accessing a loan or, if it is, the value of a household's crops can be used as a guarantee (Table 9.13). Very few households reported using land for collateral, which should dispel the myth that a lack of formal title is a serious barrier to accessing small loans.

Table 9.13 Credit, type of collateral used

|                   | Ghana cocoa | Ghana non-cocoa | pvalue | sig | Côte d'Ivoire cocoa | Côte d'Ivoire non-cocoa | pvalue | sig |
|-------------------|-------------|-----------------|--------|-----|---------------------|-------------------------|--------|-----|
| None              | 41%         | 49%             | 0.37   |     | 46%                 | 65%                     | 0.00   | *** |
| Crops             | 30%         | 21%             |        |     | 37%                 | 25%                     |        |     |
| House             | 12%         | 10%             |        |     | 0%                  | 0%                      |        |     |
| Other             | 7%          | 8%              |        |     | 5%                  | 6%                      |        |     |
| Land              | 5%          | 2%              |        |     | 1%                  | 2%                      |        |     |
| Cash deposit      | 5%          | 11%             |        |     | 0%                  | 0%                      |        |     |
| Furniture         | 0%          | 0%              |        |     | 0%                  | 0%                      |        |     |
| Livestock         | 0%          | 0%              |        |     | 0%                  | 1%                      |        |     |
| Vehicle/motorbike | 0%          | 0%              |        |     | 0%                  | 0%                      |        |     |
| Plantation        | 0%          | 0%              |        |     | 10%                 | 1%                      |        |     |
| N                 | 353         | 63              |        |     | 238                 | 118                     |        |     |
| loan_repayment_c  |             |                 |        |     |                     |                         |        |     |

In Ghana and Côte d'Ivoire, nearly half of all households used their loans for school fees/educational costs, which is consistent with our earlier finding that school related costs are one of the biggest and most important households expenditure items. In Ghana, cocoa households more frequently used loans to purchase farm inputs than non-cocoa households.

In Côte d'Ivoire, it was found to be relatively uncommon for loans to be used to purchase inputs or to hire labour. This data suggests that a lack of credit availability is not the main reason for low on-farm investments in Côte d'Ivoire since Ivorian households borrow at the same rate as Ghanaian households but are more likely to use the credit for other purposes.

Table 9.14 Credit, how did your household use the credit borrowed last year

| Seedlings                                   | Ghana cocoa | Ghana non-cocoa | pvalue | sig | Côte d'Ivoire cocoa | Côte d'Ivoire non-cocoa | pvalue | sig |
|---|-------------|-----------------|--------|-----|---------------------|-------------------------|--------|-----|
| School fees/educational costs               | 44%         | 38%             | 0.41   |     | 47%                 | 41%                     | 0.23   |     |
| Inputs (fertiliser, herbicides, pesticides) | 34%         | 17%             | 0.01   | *** | 11%                 | 7%                      | 0.26   |     |
| Hired labourers                             | 19%         | 30%             | 0.05   | *   | 2%                  | 14%                     | 0.00   | *** |
| Other                                       | 15%         | 16%             | 0.91   |     | 32%                 | 20%                     | 0.03   | **  |
| Food for consumption                        | 13%         | 14%             | 0.79   |     | 4%                  | 5%                      | 0.57   |     |
| Farm tools                                  | 9%          | 16%             | 0.12   |     | 2%                  | 3%                      | 0.58   |     |
| Seedlings                                   | 9%          | 10%             | 0.91   |     | 0%                  | 2%                      | 0.22   |     |
| Small business/trade                        | 7%          | 10%             | 0.50   |     | 2%                  | 10%                     | 0.00   | *** |
| Funeral costs                               | 6%          | 2%              | 0.14   |     | 10%                 | 6%                      | 0.23   |     |
| Wedding costs                               | 5%          | 2%              | 0.28   |     | 0%                  | 1%                      | 0.61   |     |
| Transport costs                             | 2%          | 2%              | 0.83   |     | 1%                  | 0%                      | 0.32   |     |
| Clothes                                     | 1%          | 5%              | 0.08   | *   | 0%                  | 2%                      | 0.22   |     |
| Buy or lease land                           | 1%          | 5%              | 0.04   | **  | 0%                  | 0%                      | 0.48   |     |
| Car or motorbike                            | 1%          | 5%              | 0.02   | **  | 0%                  | 0%                      | 0.48   |     |
| Machinery, tractor                          | 1%          | 0%              | 0.55   |     | 0%                  | 0%                      |        |     |
| Hire machinery, tractor                     | 0%          | 2%              | 0.17   |     | 0%                  | 1%                      | 0.16   |     |
| Repair machinery                            | 0%          | 0%              | 0.67   |     | 0%                  | 0%                      |        |     |
| Storage                                     | 0%          | 0%              |        |     | 0%                  | 0%                      |        |     |
| Processing                                  | 0%          | 0%              |        |     | 2%                  | 3%                      | 0.79   |     |
| Farmer organisation membership fees         | 0%          | 0%              |        |     | 0%                  | 0%                      |        |     |
| Don't know                                  | 0%          | 0%              |        |     | 0%                  | 2%                      | 0.04   | **  |
| N   | 353         | 63              |        |     | 238                 | 118                     |        |     |

In Ghana, most households were able to repay the loan within the agreed repayment period, although 10% reported not being able to do so. In Côte d'Ivoire, loan repayment difficulties appear to be more acute, particularly among non-cocoa households. We find that 23% of cocoa households and 36% of non-cocoa households were not able to pay back their loan within the agreed repayment period (*highly significant*) (Table 9.15). This finding provides a partial explanation as to why some households are unable to access credit, and why interest rates can be prohibitively high. We also note that the most common loan purpose – school related costs – does not generate a short-term return on investment, and would not help households to make repayments in the way farm investments might.

Table 9.15 Percent of borrowers able to repay the loan within the agreed repayment period

|                             | Ghana cocoa | Ghana non-cocoa | pvalue | sig | Côte d'Ivoire cocoa | Côte d'Ivoire non-cocoa | pvalue | sig |
|-----------------------------|-------------|-----------------|--------|-----|---------------------|-------------------------|--------|-----|
| no                          | 10%         | 8%              | 0.09   | *   | 23%                 | 36%                     | 0.00   | *** |
| yes                         | 67%         | 56%             |        |     | 71%                 | 45%                     |        |     |
| repayment period is ongoing | 24%         | 37%             |        |     | 6%                  | 19%                     |        |     |
| N                           | 353         | 63              |        |     | 238                 | 118                     |        |     |
| loan_repayment_success      |             |                 |        |     |                     |                         |        |     |

In Ghana, the main reasons for not taking a loan were “not wanting to be in debt” and “no need” (Table 9.10). Respondents also sometimes mentioned that loans were “not available in the community” or that the “interest rate is too high”. In Côte d’Ivoire, an even higher proportion said that they “didn’t need a loan”. This contributes to our impression that poor access to credit is not the main reason why such a low proportion of Ivorian farmers use inputs and hire labour.

Table 9.16 Credit, if your household did not take a loan last year, why not?

|                                | Ghana cocoa | Ghana non-cocoa | pvalue | sig | Côte d’Ivoire cocoa | Côte d’Ivoire non-cocoa | pvalue | sig |
|--------------------------------|-------------|-----------------|--------|-----|---------------------|-------------------------|--------|-----|
| I don’t want to be in debt     | 38%         | 35%             | 0.41   |     | 40%                 | 43%                     | 0.33   |     |
| I didn’t need a loan           | 30%         | 27%             | 0.41   |     | 42%                 | 35%                     | 0.02   | **  |
| Not available in the community | 17%         | 23%             | 0.06   | *   | 12%                 | 13%                     | 0.63   |     |
| Interest rate too high         | 14%         | 15%             | 0.76   |     | 1%                  | 1%                      | 0.68   |     |
| Other                          | 11%         | 17%             | 0.03   | **  | 9%                  | 16%                     | 0.00   | *** |
| Lack of collateral / security  | 3%          | 6%              | 0.14   |     | 3%                  | 2%                      | 0.50   |     |
| Repay period too short         | 3%          | 2%              | 0.53   |     | 1%                  | 1%                      | 0.81   |     |
| Spouse refused                 | 2%          | 3%              | 0.55   |     | 1%                  | 2%                      | 0.63   |     |

## 9.5 Summary

**In both countries the majority of cocoa farmers are not formally organised.** In Ghana, only 11% said that someone in their household was a producer group member compared with 21% in Côte d’Ivoire.

**There is no significant difference between male-headed households and female-headed households with regards to producer group membership.** Overall, we find the household head is nearly always the cocoa producer group member, irrespective of gender.

**A large proportion of respondents in Ghana (42%) and Côte d’Ivoire (31%) do not know if their household is certified to a standard.** Sometimes respondents confuse receiving a training certificate with being certified to a standard.

**A higher proportion of households in Ghana have received some cocoa training than in Côte d’Ivoire.** In Ghana, 49% of respondents said they had received training related to cocoa farming in the past five years, compared with only 17% in Côte d’Ivoire.

**However, those who received trainings in Côte d’Ivoire typically received more days of training than farmers in Ghana.** Of those receiving training, most Ghanaian

respondents only participated in 1-2 training days in the past five years (74%). Such low training intensity is unlikely to be sufficient to drive a change in practices.

**In both countries, a higher proportion of men than women reported receiving training in the past five years.** In Ghana, male respondents reported higher rates of training (56%) compared with female respondents (34%). Likewise, in Côte d'Ivoire, 20% of male respondents reported having received training in the past five years, compared with only 5% of female respondents.

**In both countries, around one quarter of cocoa households borrowed money in the past year.** A similar proportion of cocoa and non-cocoa households reported borrowing money, even though focus group participants suggested that it was easier for cocoa households to borrow.

**We find no statistical difference in the proportion of male-headed and female-headed households borrowing money in either country in the past year.** This suggests that barriers to accessing credit faced by female-headed households are not dissimilar to those faced by smallholders generally.

**The most common way cocoa households access small loans is through local buyers (LBCs, PCs and *pisteurs*) or family and friends, rather than banks.** Loans from local buyers are usually based on trust and are provided so long as the household agrees to sell all of their cocoa to the buyer.

**In Ghana, cocoa households borrowed an average of US\$290 last year compared with around US\$175 in Côte d'Ivoire** (of those borrowing). Generally, collateral is not required to access such small loans or, if it is, the value of a household's crops can be used as a guarantee. A lack of formal title is not a barrier to accessing small loans.

**In Ghana and Côte d'Ivoire, nearly half of all households used their loans for school fees.** In Ghana, cocoa households more frequently used loans to purchase farm inputs than non-cocoa households. In Côte d'Ivoire, it was found to be relatively uncommon for loans to be used to purchase inputs.

**In Ghana, 10% of cocoa households reported not being able pay back their loan within the period agreed compared with 23% in Côte d'Ivoire.** This finding goes some way to explaining why some households are unable to access credit, and why interest rates can be prohibitively high.

**In Ghana and Côte d'Ivoire, the main reasons for not taking a loan were “not wanting to be in debt” and “didn't need a loan”.** This contributes to our impression that poor access to credit is not the main reason why such a low proportion of Ivorian farmers use inputs and hire labour.