

Analysis of impact on farmers in ghana sociology



**ASSIGN
BUSTER**

Contents

- 4. 3. 3 Engagement of Members

I begin to analyse the impact of Fairtrade battle on the family support of the chocolate husbandmans in Ghana. As stated, in chapter one and two, strategic intercession is sustainable when it can impact positively on the support resources needed by the hapless to eked out a good life for himself in a manner that make him less vulnerable and without seting the hereafter at hazard. We have stated that “ it is non plenty to raise household income above a national poorness line ; it is every bit of import for families to get a capacity to forestall them from falling back into poorness when exposed to dazes ” (Neely et Al, 2004) . In other words, intercessions that develop hapless people ‘ s human and societal capital in add-on to developing their physical, fiscal and natural capital are more effective in cut downing poorness than those that overlook human and societal capital while constructing other types of capital to cut down poorness on a sustainable footing (Neely et Al, 2004) .

4. 1 SOURCE OF SECONDARY DATA

Our analysis here will pull on secondary informations gathered jointly by research workers from the Institute of Development Studies, University of Sussex and the Department of Agricultural Economics and Agribusiness, University of Ghana between 2006 and 2007 which was published in 2008 in the study commissioned by Cadbury. The survey focuses on both Fairtrade and not Fairtrade Ghanaian chocolate husbandmans. However it is relevant to our presentation here since Fair trade co-op in Ghana, the Kuapa Kokoo presently have about 50, 000 members, approximately seven per centum of <https://assignbuster.com/analysis-of-impact-on-farmers-in-ghana-sociology/>

the 720, 000 little graduated table chocolate husbandmans as member. Thirty-nine respondent stand foring 19 per centum of the interviewee is a member of Kuapa Kokoo and by extension Fair trade. On positionality and reflexiveness, Cadbury has been merchandising in Ghana for approximately 100years, (foremost through the Cadbury brothers) they are besides in partnership with Fairtrade in a committedness to better the support of the husbandmans and their household. Dr Stephanie Barrientos, who led the research, is a celebrated bookman from the Institute of Development surveies, University of Sussex, UK.

Other beginning of informations include fairtrade assorted web sites and other relevant field work conducted by other research workers.

Table 4. 1A

Membership of Kuapa Kokoo

Responses

Frequency

Valid %

Cumulative %

Yes

39

19

19

No

166

81

100

Entire

205

100

Table 4. 1B

Membership of Other Cocoa Farmers Association

Responses

Frequency

Valid %

Cumulative %

Yes

120

58. 5

58. 5

No

85

41. 5

100

Entire**205****100**

Beginning: Function Sustainable Production in Ghanese Cocoa by Barrientos and Asenso-Okyere

4. 2 Fairtrade Impact on Financial Asset

Fiscal plus is an of import entry-point for transmutation and betterment: the capableness to gain income and make up one's mind how it should be allocated provides people with a powerful agencies of constructing up a wider aggregation of assets. Sen explain that fiscal assets enhance capableness to map and achieve good being. This possibly represents the most seeable or famed impact of Fair trade battle with chocolate husbandmans in Ghana. FT changes the class of chocolate market in Ghana by her debut of a stable monetary value government that insulated the husbandmans and their family against the fluctuating universe chocolate market. The survey, published on 30 August 2008 explained that Ghana chocolate husbandmans obtain the cardinal portion (above 80 %) of their income from the chocolate farm. The support of the husbandman ' s family hence mostly depends upon how much he or she is able to acquire from his or her chocolate farm. Ability to acquire more income means a better life for the family and frailty versa.

Analysis of the informations on sale made to Fair trade by Kuapa Kokoo in the last 10 old ages utilizing simple arithmetic show that income received

<https://assignbuster.com/analysis-of-impact-on-farmers-in-ghana-sociology/>

from Fairtrade per husbandman ranges between \$ 150 and \$ 200 per twelvemonth or about \$ 350 if we concentrate on the most current twelvemonth, 2008/09 which likely was the best so far. For the ten old ages under reappraisal the entire premium received for community development is \$ 3, 637, 500. Dividing this among the 1, 300 small towns that has member in Kuapa Kokoo mean each small town will have \$ 2, 798. 02 for community development in ten old ages (See table 4. 2) . The type of installation this amount can supply is left for the reader ' s imaginativeness. All the above computation did non take into consideration the cost of enfranchisement and one-year reclamation that the husbandmans has to pay in order to retain their place in the administration.

Kuapa Kokoo Exports (Source FLO fact and figure) A the last two column are my computations

Table 4. 2

Crop Year

Fairtrade gross revenues (metric tons)

Fairtrade gross revenues as % of entire

Payment by Fairtrade \$ 1, 600/ton

Premium \$ 150/ton

A 1999/2000

450

2. 4 % A

\$ 720, 000. 00

\$ 67, 500. 00

A 2000/01

850

2. 60 %

\$ 1, 360, 000. 00

\$ 127, 500. 00

A 2001/02

400

1. 20 %

\$ 640, 000. 00

\$ 60, 000. 00

A 2002/03

650

1. 70 %

\$ 1, 040, 000. 00

\$ 97, 500. 00

A 2003/04

1, 300

A 3. 5 %

\$ 2, 080, 000. 00

\$ 195, 000. 00

A 2004/05

1, 800

A 2. 9 %

\$ 2, 880, 000. 00

\$ 270, 000. 00

2005/06

2, 550

6. 30 %

\$ 4, 080, 000. 00

\$ 382, 500. 00

2006/07

2, 500

7.70 %

\$ 4,000,000.00

\$ 375,000.00

2007/08

4,250

12.00 %

\$ 6,800,000.00

\$ 637,500.00

2008/09

9,500

27.00 %

\$ 15,200,000.00

\$ 1,425,000.00

A

10 Old ages Total (& gt ; 40, 000members)

A

\$ 38, 800, 000. 00

\$ 3, 637, 500. 00

The above calculation agrees with the determination published in the study committee by Cadbury mentioned above (Barrientos and Asenso-Okyere, 2008) . The tabular array from the study reproduced below (appendix 4. 7) will give more penetration into this. It has revealed among other things that most of the family still live on less than one dollar per twenty-four hours. The “ higher ” income received from sale to Fairtrade has non bring forth important impact on family public assistance and net income (Ruben, et al 2009 ; Thomson, 2005 ; Booth and Whetstone 2007 ; and Davidson and Wilson, 2008) . “ The current incomes generated from chocolate entirely are deficient to back up many husbandmans and their households. On mean husbandmans surveyed in this instance survey were found to be gaining a day-to-day income from chocolate estimated at US \$ 0. 42, and a average per capita day-to-day income from chocolate and all other beginnings of US \$ 0. 63, which is below the US \$ 1 per twenty-four hours poorness line ” (Barrientos and Asenso-Okyere, 2008) It has been observed that the husbandmans does non received the existent payment made for their merchandise on the footing of Fairtrade minimal monetary value but a dilution of mean monetary value received from all beginning. This is made worse sing the fact that Fairtrade sale is merely 27 % (the highest so far in 15 old ages of battle) coercing the husbandmans organisation to sell in

order market at assorted monetary value. With small or no internal control, this may function as an avenue to rip off and work the nonreader and semi-illiterate husbandmans, who will accept whatever is paid to them without inquiry (Nelson and Galvez 2000) .

Appendix 4. 7 Beginning: Function Sustainable Production in Ghanese Cocoa (Barrientos and Asenso-Okyere, 2008)

District

Number of Household

Percentage portion of cocoa income in entire household income (average proportion)

Mean entire family income (million cedis)

Average income from chocolate (million cedis)

Mean Household Size

Mean per capita family income per twenty-four hours (US \$, per individual per twenty-four hours) **

Mean per capita income from chocolate per twenty-four hours (US \$, per individual per twenty-four hours) **

Agona Mampong

34

58. 9

<https://assignbuster.com/analysis-of-impact-on-farmers-in-ghana-sociology/>

11. 67

7. 01

6. 09

0. 84

0. 56

New Edubiase

35

59. 8

11. 13

6. 33

5. 94

0. 64

0. 36

Akim Oda

27

67. 3

10. 84

7. 02

6. 56

0. 62

0. 34

New Tafo

30

58. 7

7. 45

5. 08

6. 73

0. 44

0. 33

Dunkwa

37

76. 5

14. 73

10. 96

7. 14

0. 67

0. 47

Manso Amenfi

34

74. 9

12. 07

9. 3

6. 79

0. 55

0. 41

All Districts

197

66. 2

11. 46

7. 73

6. 54

0. 63

0. 42

Divine cocoa a company partially owned (45 per centum) by these husbandmans, Fairtrade and other involvement harmonizing to the company web site, ([www. divinechocolateshop. com](http://www.divinechocolateshop.com)) paid a dividend of ? 47, 379 to husbandmans (about 470, 000) in 2007 for company twelvemonth stoping 2006, (for the first clip) the same twelvemonth its gross revenues rose to ? 8. 9million. The company ' s growing has been enormous lifting from ? 5million in 2004 to ? 12. 7million as at the terminal of 2009. The rate of impact in the life of the husbandmans sing the growing rate and turnover of the company may be less just. Apart from two slots given to the husbandman ' s administration on the board, no individual Ghanaian or representative of the husbandmans is member of senior direction of the company (Doherty and Tranchell 2005, Annual Report 2008/09) .

Sing the lifting profile of Fairtrade and the value of her retail sale (? 195. 4million) of chocolate merchandises from these manufacturers during the last 10 old ages (table 4. 4) , more seeable impact is expected.

4. 2. 1 Fairtrade Premium

Fairtrade premium is an extra income paid to the husbandman ' s administration, the Kuapa Kokoo for investing in community development as agreed in the general assembly of the husbandmans. However, FT study of 2007 revealed that up to fifty per centum of premium is spent in running the administration (Fairtrade, 2007 ; and Davidson and Wilson, 2008) . This money is under the rigorous control of the administration and impact could

<https://assignbuster.com/analysis-of-impact-on-farmers-in-ghana-sociology/>

merely be felt at community degree, and some fillip at twelvemonth terminal paid to husbandmans. The value (Table 4. 2) is besides excessively meager to accomplish any touchable development at the community degree. In a documental movie, *The Bitter Aftertaste* by Philip Thompson husbandmans were seen kicking about the cheapjack type of Fairtrade undertaking executed in Ghana (Thompson, 2006) .

Table 4. 4 Estimated UK retail gross revenues by value 1998-2009 (? million) - FLO

A

1998

1999

2000

2001

2002

2003

2004

2005

2006

2007

2008

2009

Cocoa products*

1.0

2.3

3.6

6.0

7.0

10.9

16.5

21.9

29. 7

25. 5

A 26. 8

A 44. 2

Graph 4. 1 - From Cocoa gross revenues figure of FLO (fact and figures)

4. 2. 2 Fairtrade Income Distribution

Looking at the income expense of Fair trade on her web site (one-year study) reveal why the manufacturers may non have plenty to liberate them and their family from poorness (Davidson and Wilson, 2008) . More than 70 per centum of income is spent on selling, publicity, licensing, merchandise development and disposal. (The analysis is presented in appendix 4. 2) . It revealed that the “ excess ” paid on top of trade good monetary value in the stores by ethical consumers remain in the European states economic system instead than bettering the batch of the hapless manufacturers and the economic system of their state which depend chiefly on primary green goods, corroborating public rhetoric.

Appendix 4. 6

Crop Year

Fairtrade gross revenues (metric tons)

Fairtrade gross revenues as % of entire

Payment by Fairtrade \$ 1, 600/ton

Premium \$ 150/ton

A

10 Old ages Total (& gt ; 40, 000members)

A

\$ 38, 800, 000. 00

\$ 3, 637, 500. 00

A

Income per husbandman in 10years

A

\$ 970

\$ 91

A

Income per husbandman per annum

A

\$ 97

\$ 9. 1

A

Income per husbandman in 2008/09 (47000)

A

\$ 323. 40

\$ 30. 31

A

Premium per small town (1300)

A**A**

\$ 2, 798. 08

4. 2. 3 Additional cost to Farmers

Farming the Fairtrade manner has besides been argued to be expensive as it involves more labour years than conventional method. FairTrade certified husbandmans organisations must follow certain criterions sing labour conditions, and fulfil a figure of demands, related to environmental, economic and societal developments (ICO website accessed on 19 Aug 2010) . Cocoa cultivation is labour demanding, this twosome with deficit of hired labor in the sector, along with increased labor costs and high cost of inputs have contributed to many husbandmans neglecting to follow improved patterns and maintain their farms (Barrientos and Asenso-Okyere, 2008) . This is a drain for Fairtrade minimal monetary value paid to husbandmans.

4. 2. 3 Access to Credit

Lack of or limited entree to capital is no uncertainty an hindrance to investing and enterpriser (Davis, 2003) . Making chance for subsistence husbandmans with limited fiscal capital to entree recognition in signifier of little loans is an impact that will convey positive alteration to their support and a opportunity to gaining future income (Carswell, 1997) Kuapa Kokoo recognition brotherhood, an arm of the Fairtrade co-ops perform the function of rural banking supplying little loans to husbandmans utilizing available premium received. The husbandmans enjoy recognition extended to it by the purchasers harmonizing to the ordinance of Fairtrade, purchaser utilizing Fairtrade license is expected to pay up to fifty percent down-payment for green goods in order to assist the husbandman with needed recognition for their farm work and out of season disbursals. However in the study of Barrientos and Asenso-Okyere, (2008) , noted that entree to recognition did non impact significantly on the support of the husbandmans. This could be because the limited fund available sing the entire premium received holding sold a meager 6. 3 % of the entire green goods under Fairtrade label in 2005/06.

It is really clear that while direct impact on fiscal assets of the husbandmans by Fairtrade is minimum (Becchetti and Costantino, 2007) , the outwardness is important. FT battle with the husbandmans has ensured a government of stable chocolate monetary value and insulated the famers and their family against daze from ceaseless monetary value fluctuations. Second, the partnership between the husbandmans and Fairtrade that lead to formation of Divine Chocolate Company is another positive impact of FT

on the husbandmans and their family, non losing sight of the fact that it hold great chance for their hereafter. Third, the exposure to market provides all needed information to cut a reasonably good contract with purchasers ((Becchetti, et Al, 2007 ; Becchetti and Constantino, 2008 ; Imhof and Lee, 2007) ,

4. 3 Fairtrade and Coperatives – Impact on Ghanaians ‘ Cocoa Farmers household Social Capital

Social capital refers to community web and wider group claims on which families and persons belonging to societal groups of changing grades of inclusiveness in society at big can pull. For more on Social Capital see appendix 4. 1

Social capital from co-ops can interpret into entree to relevant market information and purchasers, pay employment and concern chances, formal and informal loans, hard currency progresss, inputs on recognition, accomplishments, safety cyberspace, shared resources for production and selling, and migration chances (Davis, 1996) .

SLF as a model reveals the part of co-ops – as mediating bureaus – to poverty decrease (Wanyama et al, 2008) . See box 4. 2 for more on Agric Cooperatives.

4. 3. 1 Fairtrade Cooperatives

Forming a community based and self governed administration by husbandmans is the first status predating battle with Fairtrade (Booth and Whetstone, 2007) . Fairtrade does non hold distinct standards that centre on the end of beef uping societal capital. However, its attack, directed at

<https://assignbuster.com/analysis-of-impact-on-farmers-in-ghana-sociology/>

prolonging virtuous local co-ops or producers ' associations, may bring forth this consequence indirectly (Becchetti and Constantino, 2008) . The concerted organisation offers its members a stronger topographic point on the market, reduces fight, guarantee sustainability and obtain more bargaining power. Through this FT is pulling on utilizing co-ops (manufacturer ' s administration) as a alteration bureau interceding entree of the husbandmans and their family to valuable livelihood assets in the most efficient and effectual mode (Wanyama et al, 2008) . Co-operatives, though non perfect, is described as holding valuable effects on societal capital development and community engagement (Weitzman, 2006) . (See more on co-ops in the appendix 4. 3) Studies suggest that the most discernible part of FT enterprises in Ghana and other hapless states has been to beef up competency of manufacturer groups (as in the instance of Kuapa Kokoo in Ghana) and to increase their negotiating power. “ Successful organizational development and selling support, provided as portion of the FT bundle, can bring forth additions far beyond the commercial value of the merchandises traded through FT channels ” (DFID, 2000) .

Appendix 4. 1 More on Social Capital

Social capital may be defined as. the ability of histrion to procure benefits by virtuousness of rank in societal webs or societal constructions (Krishna, 2000) . Putnam (1993, p. 167) defines societal capital as ‘ trust, norms and webs, that can better the efficiency of society by easing co-ordinated actions ‘ . Similarly, Fukuyama (1999) defines societal capital as an informal norm based on trust and honest behavior between two or more persons. It entails reciprocity within communities and between families based on trust

deducing from societal ties (Moser, 1998) . This trustworthiness societal capital can cut down uncertainty of refund and dealing costs (Grootaert 1998) . To sum up, it can be said that trust based societal capital lead to a higher degree of economic growing (Harriss 2002) . The grade of interaction with others in the context of societal webs can enable economic agents to cut down dealing costs and partly address entree restraints originating from imperfect markets (Grootaert, 1998) . Social and cultural establishments can hold a major impact on hapless families ' entree to resources. In the survey country, within farming community, societal agreements in signifier of agric co-ops are used to bridge resource spreads (land, labor, and capital) .

4. 3. 2 Kuapa Kokoo

Kuapa Kokoo is the concerted administration of about 47, 000 little holder husbandmans in Ghana. It was set up in 1993 with 20, 000 members from 22 small towns with the aid of Twin Trading, (a UK ATO in Ghana) to protect the husbandmans and their family from development and to profit from the market liberalization of chocolate in the 1990s and place them favorable to prosecute other participants in chocolate market. It was certified and licenced by Fairtrade in 1994 as a chocolate husbandman co-ops.

The growing of the co-ops since the clip of enfranchisement has been overpowering. It presently has 48, 854 husbandmans as member- 28 per centum of which are women- from more than one 1000 small towns. (FTO, Kuapa Kokoo) This growing and enlargement particularly the gender justness (presently have adult female president) has been ascribed to Fairtrade tutoring. Apart from rank growing, there is besides structural

<https://assignbuster.com/analysis-of-impact-on-farmers-in-ghana-sociology/>

growing with four sub-units to provide for different facet of the husbandmans, their family and community demands: Kuapa Kokoo Limited, Kuapa Kokoo Farmers ' Trust, Kuapa Kokoo Credit Union and Divine Chocolate (Detail presented in appendix 4. 5)

Appendix 4. 5 Kuapa Kokoo – Fairtrade co-op in Ghana

Kuapa Kokoo is the concerted administration of about 47, 000 little holder husbandmans in Ghana. It was set up in 1993 with 20, 000 members from 22 small towns with the aid of Twin Traiding, (a UK ATO in Ghana) to protect the husbandmans and their family from development and to profit from the market liberalization of chocolate in the 1990s and place them favorable to prosecute other participants in chocolate market. It was certified and licenced by Fairtrade in 1994 as a chocolate husbandman co-ops with four sub-units to provide for different facet of the husbandmans, their family and community demands as follows

Kuapa Kokoo Limited: A the commercial and trading unit, an accredited Licensed Buying Company (LBC) authorized to buying purchase chocolate on behalf of the co-op throughout the state. It provides a scope of preparation plans and services such as subsidized agricultural inputs. A A A A A A

Kuapa Kokoo Farmers ' Trust: a trust fund dedicated to supplying societal substructure for the communities and extra income coevals for husbandmans. The trust is funded via fairtrade premium and other fund from charity administrations.

Kuapa Kokoo Credit Union: A It performs the function of a rural bank supplying recognition at low involvement rate to husbandmans while promoting redemptive civilization.

Divine Chocolate: a UK cocoa company set up by Kuapa Kokoo (ain 45 %) , Twin, and spouses. It use chocolate beginning from Ghana to bring forth cocoa and other chocolate merchandises.

The major impact apart from the rank growing is hard to mensurate as is societal capital by and large. However, from the above description of the co-op, it sure that trust, bonding and networking necessary for the growing of members, their family and community was achieved, and distributing across 1, 300 small towns.

Other impact include the strengthening of the organisation, better entree and usage of recognition, accretion of assets, every bit good as alterations in outgo and investings (Ruben and al, 2009) . Fairtrade provide entree to web between co-ops members and foreigners at meso, micro and macro degree within Ghana and the outside universe through market entree in Europe and USA. This improved sense of assurance is apparent through the local and international coverage this one time stray co-operative now enjoys (Ruben et al 2009) . For illustration, some of the members have travelled to Europe on the measure of Fairtrade battle. In add-on, the grade of interaction among members have reduced drastically their cost of life and marketing their merchandise, increase their ego regard, improved market and export cognition and assurance to negotiate with purchasers (Fairtrade. org) . Outwardnesss include, mentoring, e. g. members down the ladder larning

new techniques from others up ; allow members to develop trust and repute with one another e. g by lending to and taken loan from the recognition strategy ; and development of range for corporate action (coal miner, 1998)

Appendix 4. 3 History and importance of Agric Cooperatives

The Agric Cooperatives

The International Co-operative Alliance defines a co-operative as:

‘ an independent association of individuals united voluntarily to run into their common economic, societal and cultural demands and aspirations through a jointly-owned and democratically controlled endeavor. ‘ (ICA, 1995)

This definition is accompanied by seven rules that serve as standards to find whether an association of individuals is a co-operative:

voluntary and unfastened rank ;

self-government and self-government ;

democratic member leading ;

co-operation among co-operatives ;

concern for community.

instruction, preparation and information ;

member financial engagement ;

Historical grounds show that particularly in Europe Agric Cooperative motion has been a signifier of societal capital used by peasant husbandmans to

<https://assignbuster.com/analysis-of-impact-on-farmers-in-ghana-sociology/>

protect themselves against exploitative inclinations of in-between work forces in their pursuit for endurance. Prior to the development of co-op, the agribusiness was controlled by in-between work forces who impoverish, frustrate, cheat and rip off little husbandman and besides working the consumers (Svendsen and Svendsen, 2005) . It was besides developed as a response to the growing of capitalist economy and rise of big companies who were both purchasing green goods from the husbandmans and selling goods to them. Concerted motion become necessary to protect the apparently powerless husbandmans from development (Chirwa et al. , 2005 ; Hussi & A ; Murphy, 1993) .

Over the old ages, co-ops have resisted the negative effects of a fast changing environment and shown resiliency during clip of crisis ; have been a privileged land for discoursing and happening solutions to common jobs. Many new intercessions (including Fairtrade) give hope for a fresh, community-committed, independent and member-owned agricultural concerted motion. Agricultural co-ops give position to strategic confederations between big endeavors organized in co-ops and smallholder husbandmans family, and underline the demand to beef up the assets of husbandmans and co-ops, i. e. beef up material assets, such as land every bit good as immaterial assets such as abilities and cognition. (ILO et al. , 2008) . It is besides indispensable to advance deep economic, political and societal reforms that lead to true engagement, societal justness and equity. Birchall (2003) makes the point that cooperatives, more efficaciously than other signifiers of economic administration have the possible to cut down poorness - provided their values and rules are respected. However, when

members turn unsighted oculus on the demands of other likely members, or because those involved with poorness obliteration see co-ops as instruments instead than every bit independent administrations he argued, this potency may non ever be realised, In line with this, Munkner (2001) put it this manner “ co-ops do non assist the hapless, but by working together, by pooling their resources, by subjecting themselves to group subject and by accepting to unite self-interest and group solidarity the hapless can work out some of their jobs by manner of organized self-help and common assistance better than entirely. ” Sustainability of co-ops as self-governed concerns is drawn from assorted rank composing and clients, which provides them with assets (fiscal capital, capablenesss of different kinds and societal capital) helping as cardinal to their accomplishment. (Zeller 2003, Develtere 1994, and Develtere & A ; Fonteneau 2003) .

On the downside, agric co-ops have been described as infamously inefficient type of administration particularly when made up of peasant husbandmans with bulk barely able to read or compose as in the instance of Ghana (Booth and Whetstone, 2007) . He argued further that when speaking about such diverse issues as member engagement, concerted decision-making, dues, portions, nest eggs or distributions of net income they understand reasonably much the same thing. (Develtere and Pollet, 2004))

4. 3. 3 Engagement of Members