

Introduction

Ghana's cocoa sector contributes about 10% of agricultural GDP (which is 30% of overall GDP) but is challenged with several sustainability issues (i.e., low farmers' income, child labour, and deforestation). Stakeholders in the cocoa sector in Côte d'Ivoire and Ghana are developing new forms of coordination (organizational innovations) to meet the challenge of producing sustainable and traceable cocoa. These may be driven by cocoa traders and processors (chocolate companies) in collaboration with both governmental and non-governmental institutions. However, information about these organizational innovations remains scanty.

This study seeks to outline and examine the organizational innovations (OIs) employed by actors within Ghana's cocoa value chain, particularly, towards addressing the key sustainability issues.

Conceptual Framework

This study follows the conceptual framework of transaction cost economics (Williamson, 1998), with an organizational innovation being a new form of governance structure implemented by a value chain actor to reduce transaction costs.

Gereffi et al., (2005) provides insight into considerations employed to choose between the several transaction activities in the global value chain and how actors along the chain can "drive" the chain by controlling transaction.

Methodology

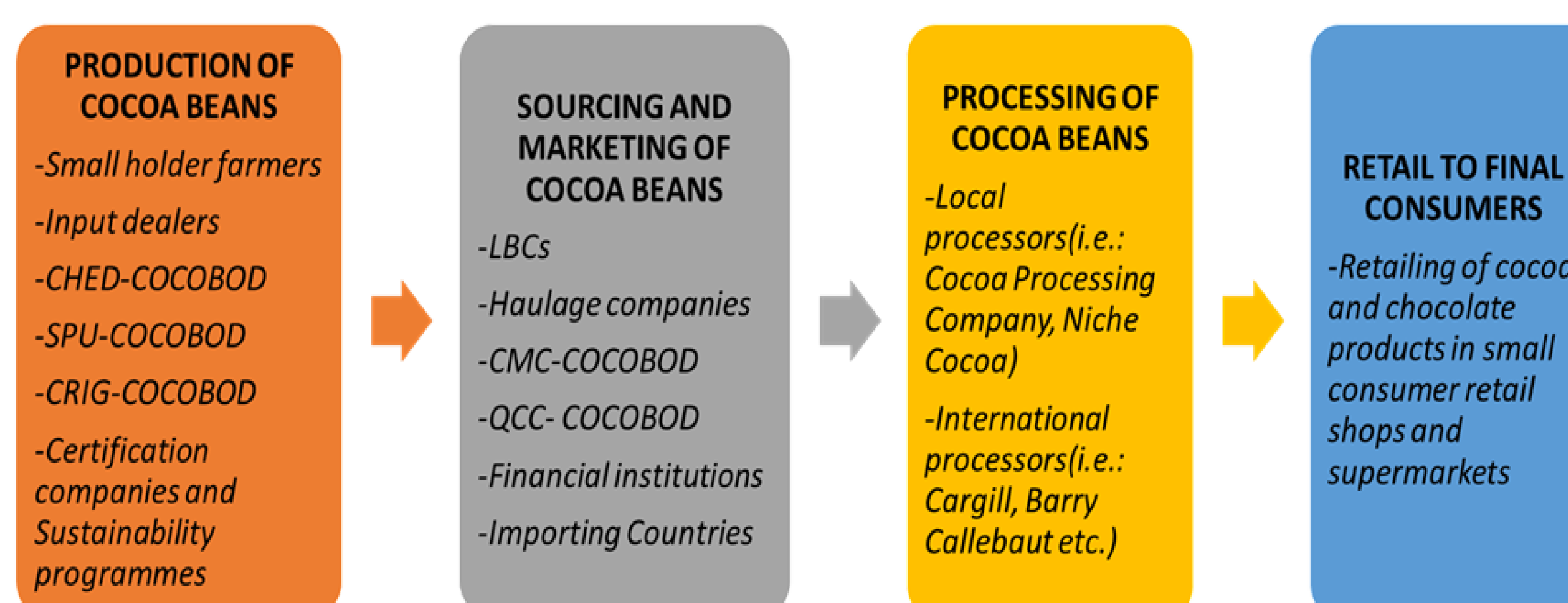
The study method follows a qualitative design and uses data obtained through desk reviews and key informant interviews of value chain actors to analyse the various innovations capable of contributing to better sustainability within Ghana's cocoa sector.

Overall, seven databases were used for the literature review with duration between 2010 and 2021 and subject related keywords. Of the over 50,000 results from the search, about 43 out of the relevant 232 were selected and used for the review.

Further, we conducted about 16 KIs with processors, licensed buying companies (LBCs), non-governmental organizations (NGOs), certification companies, an expert in the cocoa industry, and COCOBOD.

Results

The cocoa value chain in Ghana comprises several actors whose activities are concentrated under the main segments of the value chain: production, transportation and processing and marketing (Camargo and Nhantumbo, 2016). These actors, both direct and supporting, may be private or public organizations as well as formally or informally organized



The findings from the desk review, affirmed by results from KIs show that the major actors in Ghana's cocoa value chain include input dealers, farmers, the Ghana Cocoa Board (COCOBOD), processors, CSOs/NGOs, companies, research institutions, financial institutions, development partners, and final consumers. The role of the Ghana Cocoa Board (COCOBOD) as a regulator in Ghana's cocoa sector is affirmed by the results from the data collected. COCOBOD regulates the sector through its 5 main subsidiaries: Quality Control Company (QCC), Cocoa Marketing Company (CMC), Cocoa Research Institute of Ghana (CRIG), the Cocoa Health and Extension Division (CHED) and the Seed Production Unit (SPU).

Data gathered from the various actors in the cocoa value chain revealed that there are four main sustainability issues hampering the cocoa production in Ghana. They include deforestation, child labour, farmer poverty and aging of cocoa farmers.



The various actors admonished that various policy measures have been put in place to address these issues of sustainability in Ghana's cocoa industry. Major organizational innovations helping to address the issues of sustainability revealed from the data gathered are Living Income Differential (LID), Virtual mode of Payment and Certification Schemes and Sustainability programmes. Other innovations identified include establishment of Rural Service Centres, Cocoa Farm Rehabilitation and intensification programme, cocoa farm irrigation system, the cocoa management system and introduction of the cooperative system to cocoa farmers.

Also, the data gathered revealed the emergence of a new certification scheme dubbed the African Regional Standard which seeks to harmonize all the various certification schemes. This new standard is a collaboration between the two leading global producers, Ghana and Cote d'Ivoire.

Conclusions

While Ghana's cocoa value chain can boast of several innovations, only a handful can be classified as organizational innovations ((i.e., living income differential, virtual payments, and certification scheme and sustainability programme); with the others being technical innovation (i.e., hand pollination and irrigation) and institutional innovation (i.e., rural service centres and cocoa farm rehabilitation programme. Future projects should introduce innovative ways of facilitating stronger transaction related linkages for value chain enhancement. Further, future projects must leverage on private-public partnership arrangements to create:

- (i) a network among private companies, research institutions, and the public sector (in this case the regulator); and
- (ii) (ii) public-private dialogues to address barriers to the development and/or implementation of organizational innovations as well as other sustainable cocoa management issues.

References

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