

ACCRA, Ghana, December 10 (Infoplusgabon) - Recent studies criticising the global chocolate industry for exploitative practices have concerned ethical consumers. Cocoa farmers only earn about 6% of the chocolate industry's total revenues. Leading chocolate companies have since 2001 made pledges to end widespread abusive labour practices, but continue to fall short.

In Ghana, local firm Federated Commodities (FedCo.com.gh) has shown it is only by improving the cocoa supply chain, with experienced local oversight, that ethical, sustainable and profitable cocoa and chocolate industries can exist. CEO Hajia Maria Adamu-Zibo is ready to form international partnerships to take the Ghanaian cocoa sector forwards.

Cocoa is essential to the livelihoods of up to 50 million people around the world, including around five million smallholder farmers. West Africa, mainly Ghana and Ivory Coast, produces about 70% of the world's cocoa on 1.5 million farms, with the majority of the crop coming from small farms (3-5 hectares of land).

Cocoa farmers work very hard, often under strenuous conditions, yet don't earn enough to cover their basic needs. Although the worldwide chocolate market is valued at USD 103 billion, on average, farmers earn only about 6% of the chocolate industry's total revenues. Many cocoa farming communities in West Africa lack access to education, potable water, and basic social amenities.

Furthermore, labour practices on cocoa farms are problematic. In a bid to reduce production costs, farmers are inclined towards child labour. An estimated 1.56 million children work on

cocoa farms in Ghana and Ivory Coast. About 43% of children aged 5-17 in these two countries are engaged in hazardous work, including exposure to agrochemicals without protective equipment, the use of dangerous tools and working at night.

Despite years of pledges from chocolate manufacturers to end abusive employment practices in their supply chains, there has been a 14% increase in the number of children working in cocoa farms over the past 10 years, accompanied by a 62% rise in production.

Federated Commodities' Sustainable Practices Countering Child Labour in the Cocoa Industry

The Director of Impact at the Fairtrade Foundation (www.Fairtrade.org.uk), Louisa Cox, cited in a Guardian article (<https://bit.ly/2JubU5y>) suggested that 'long-term finance, training and technical services, and helping farmers diversify beyond cocoa' is needed to help address child labour in the cocoa industry. These are all measures that Federated Commodities (FedCo)—an indigenous licensed buying company (LBC) founded in 1996 in Ghana—has a sustained track record of taking.

"As an affiliate company of Global Haulage (GlobalHaulageGroup.com), FedCo engages in the supply of traceable and certified cocoa beans to help promote sustainability in cocoa production through community development and capacity building of farmers. Under this programme, farmers are trained on adult literacy and good agricultural, business and social practices, which empowers them economically," says Hajia Maria Adamu-Zibo, the Managing Director of

Federated Commodities, in an interview with AfricaLive.net (<https://bit.ly/3ocQE3B>).

“The wellbeing of the farmer is of high priority to us. We strive to have a relationship beyond just transactions with the over 50,000 farmers who make up our supply base. We were amongst the first indigenous privately owned firms to go into sustainability. FedCo has achieved several milestones since then. We have 300 employees, 1,700 purchasing clerks, a larger fleet of vehicles, as well as an affiliate company that does not only cocoa haulage but also other endeavours related to the industry.”

“We have also touched the lives of countless farmers and communities across Ghana through social interventions. The FedCo Cocoa Farmers Association consisting of about 15,000 farmers provides social benefits, including funeral benefits, and loan facilities to set up farms, to buy agricultural inputs, and to send their children to school. A total of 3,000 farmers have benefited from various forms of financial support in excess of USD 500,000 towards their farming activities. Together with our partners, FedCo has since 2012 supplied over 44,000MT of sustainable cocoa beans and invested about USD 7 million in sustainability, through training, cash premium payments, and various projects.”

“Access to financing has always been a problem for the farmers. Farmers' lives are improved when we facilitate access to inputs and credit facilities so that they effectively carry out their pre-and post-harvest work. We are big on helping farmers by assisting them add value their livelihoods. Going forward, we intend to help more farmers improve their living income by helping them get sustainability programs that will see them get paid more.”

On diversification beyond cocoa, Hajia Adamu-Zibo says, “We have diversified into the cashew market which gives us a great alternative during the lean period of the cocoa season. Part of our community engagement drive is getting into farm service agreements with individual farmers. Deals like that will see us take care of their yield in exchange for the commodity after harvest. Diversification helps farmers earn more because they are not banking their livelihoods on just one crop. Processing is part of our long term plan as well.”

Empowering Farmers through Local Educational Authorities and Skills Partnerships

Federated Commodities has big dreams for farmers in Ghana. “We go beyond just buying. We really try to do more for the farmers and communities,” says Hajia Adamu-Zibo. The LBC believes that partnering with academic institutions to impart technical skills holds promise for improving farmers’ lives and the cocoa industry.

“We have put in place programmes to help improve the quality of life of our farmers. For instance, we have worked with local educational authorities to build schools that will help give youth relevant skills to work in the industry. So far, we have constructed seven schools and intend to build more,” she says.

“Training programmes for farmers are also part of our agenda so that they can learn how to

diversify crops and make use of crop by-products. We are also teaching them financial literacy skills to empower them to better manage their finances. Since October 2018, about 2,032 farmers have enrolled in FedCo's Village Savings and Loan Programme, run in partnership with Solidaridad West Africa, which is enabling farmers to save for their futures and fund their ventures. We have had interactions with the Kumasi Technical School about the possibility of their students making tools that can help farmers break the cocoa. Discussions are also ongoing on how we can mechanise more processes."

With more partnerships and funding, Federated Commodities aims to be able to do more, for more communities. "Our activities have really enhanced communities. We have also built libraries, computer centres, community halls and over 100 boreholes. It makes me so happy to see FedCo's impact in the lives of farmers and in communities, and how appreciative they are," says Hajia Adamu-Zibo.

Working with Valrhona to improve educational facilities in Ghana's Western Region.

FedCo has a long-term agreement with Valrhona (www.Valrhona-Chocolate.com), a French premium chocolate manufacturer that sources and transforms the finest cocoa to make high-quality chocolate. The agreement allows Valrhona to source cocoa directly from 1001 producers in eight communities in Ghana's Western region.

Community leaders stressed the importance of improving educational facilities. A subsequent

assessment of schools revealed 30% of students were learning in unsafe conditions, while a third of children were out of school. In 2017, Valrhona launched a five-year project to improve access to education and learning conditions for the communities' 4882 children.

FedCo-sponsored Asamankese Cocoa Pilot Project

Cocoa farming is the economic base of Asamankese town, in Ghana's Eastern Region, but the farmers have struggled with skilled labour and agricultural inputs—which has contributed to limited yields and little to no profit.

FedCo has been working with farmers in Asamankese to improve production and yield by providing skilled labour and inputs such as fertilizer. However, the project is currently on hold due to funding challenges. Hajia believes that this project has lots of potential and that many more similar ones can be done;

“in spite of these initial challenges we are determined to pursue this and similar projects because we believe that they offer significant benefit to our farmers”.

FedCo is open to new partnerships that will allow the project to recommence.

As one of the top foreign exchange earners for Ghana, cocoa is central to the country's economic development. The 'cash crop' has sustained lives over generations and successive governments have explored interventions to revamp the sector.

Interventions taken by the Ghana Cocoa Board (Cocobod) under President Nana Akufo-Addo's administration, have since 2017 included increasing volumes of cocoa production through improved agronomic practices and increasing producer prices. In September 2020, the government announced a 28% increase in the guaranteed producer price it pays to farmers for the 2020/21 growing season. The price rise is due to the implementation of a price floor of USD 2,600 per tonne and a living income differential of USD 400 per tonne, to put more money into the hands of farmers. Ivory Coast is taking similar steps.

"Indeed, cocoa has been an important commodity for our country. Cocoa is not just a cash crop for us; it has also become part of our politics. The cocoa sector feeds about 800,000 people in the country and issues that affect the industry can be quite emotive. Unfortunately, our industry has suffered a dip in production in recent times occasioned by climatic changes as well as factors such as disease. The impact of the measures the government has put in place will start being felt in a few years, with the expected rise in volumes of production," says Hajia Adamu-Zibo.

“Adding value to our cocoa is also part of our national strategy. Value addition will help increase the value of our product, boost our standing in the global cocoa industry, and lead to job creation.”

“The government is focusing on increasing production while also encouraging diversification in the overall agriculture sector to improve the sector and boost our national revenue. Cocoa and cashew processing will help add value and put even more people to work. It will also help more companies like us benefit from the industrialisation drive of the Ghanaian economy. Other commodities the government is looking at include coconut and rice production, to ensure the agricultural industry reduces its reliance on cocoa. This will give Cocobod room to better strategise and add value to cocoa.”

“In the future, cocoa will not be the dominant crop in Ghana if our diversification plans come to fruition. Cocoa will still be an important and relevant crop but it won't be as prominent as it is now.”

Partnership: The Path To International Growth

With the African Continental Free Trade Area (AfCFTA) agreement set to commence in January 2021, Hajia Adamu-Zibo believes that Ghana stands to gain greatly as long as the country improves its skill base and makes production funding more accessible.

“We are well endowed with natural resources and qualified hardworking personnel. The relevant bodies are doing their best, but we are still not as sophisticated as we need to be for the international market. The majority of items we import can be produced locally, but we lack the finesse required to make our products more attractive. A lack of focus on perfecting our products opens the door to a high import rate. Our country must improve its skill base,” she says.

“The other obstacle in the way of our production capacity is funding. The cost of funding in Ghana is very high compared to other countries. If the interest rates eat so much into your margins, then you can barely run a profitable venture. If we work on the rate and make funds more accessible, we will create room for more innovation and production in our country.”

Federated Commodities is exploring global partnerships to tap more into the global cocoa industry. “We are looking to seal important contacts in Europe and America as we seek sustainability partnerships that will be of mutual benefit. In Africa, we are looking at maybe getting partners in Cote D'Ivoire as well as South Africa because these are two strong cocoa markets. We possess the knowledge as far as cocoa is concerned and an ideal partner would be someone who has the technical expertise to process on a large scale,” says Hajia Adamu-Zibo.

“Ghana can be the hub when it comes to business in all spheres if we adjust our tariffs. That way, we will favourably compete with Togo and Cote D’Ivoire. Maybe we also need to diversify our languages and get proficient in French. Ghana is surrounded by francophone countries and that should push us to learn French to properly transact.”

Skills Development: Optimising for Greater Heights

As Ghana seeks to grow its economy and compete more on a global scale, Hajiya Adamu-Zibo calls on the government to, “place more emphasis on skill development.”

“We must cultivate a culture of perfectionism so that we develop the right disciplines and products that serve our people and beyond. If we have the right skills, we will have the right mindsets and ultimately the right products. Of course, we have to tackle issues of cost and infrastructure but I believe skills should be our priority,” she says.

On Federated Commodities’ ambitions to make greater contributions to the global sustainable cocoa industry, as well as Ghana’s agricultural sector, Hajia Adamu-Zibo, says, “There are a lot of challenges in the cocoa industry, and the competition is very keen, yet we have a loyal customer base. I believe Federated Commodities must be doing something right and that is why our farmers are happy with us.”

“We need good partnerships to help our farmers so that we can keep them motivated. We are looking at skill development, education sponsorships, loans and savings programmes and host of other programmes. Our consistency has made us very trustworthy and reliable in a very competitive environment. In a decade, I foresee a company full of diversified professionals that can thrive in many fields and make this company a huge name in Ghana and beyond.” (Distributed by APO Group).

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