



SYNTHESIS OF LESSONS-LEARNT IN SUCCESSFUL SCALE-OUT OF CLIMATE SMART COCOA THROUGH THE PRIVATE SECTOR IN GHANA

AUTHORS

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ABOUT CCAFS

The Climate Change, Agriculture and Food Security (CCAFS) program of the Consortium of International Agricultural Research Centers (CGIAR) seeks to marshal the science and expertise of CGIAR and partners to catalyse positive change towards climate-smart agriculture (CSA), food systems and landscapes, and position CGIAR to play a major role in bringing to scale practices, technologies and institutions that enable agriculture to meet triple goals of food security, adaptation and mitigation. The three main objectives of the program is to Sustainably increase agricultural productivity, to support equitable increases in farm incomes, food security and development, adapting and building resilience of agricultural and food security systems to climate change at multiple levels, and reducing greenhouse gas emissions from agriculture. In Ghana, the CCAFS program is being implemented in the cocoa sector by the International Institute of Tropical Agriculture (IITA) in partnership with the Rainforest Alliance.

ABOUT IITA

The International Institute of Tropical Agriculture (IITA) is a non-profit institution that generates agricultural innovations to meet Africa's most pressing challenges of hunger, malnutrition, poverty, and natural resource degradation. Working with various partners across sub-Saharan Africa, we improve livelihoods, enhance food and nutrition security, increase employment, and preserve natural resource integrity. The Climate Change Agriculture and Food Security (CCAFS) program in IITA-Ghana is determined to develop tailor-made stepwise climate smart management and finance packages to enhance the resilience and productivity of Ghanaian Cocoa farmers in the face of the adverse impacts of climate change on Cocoa production.

CITATION

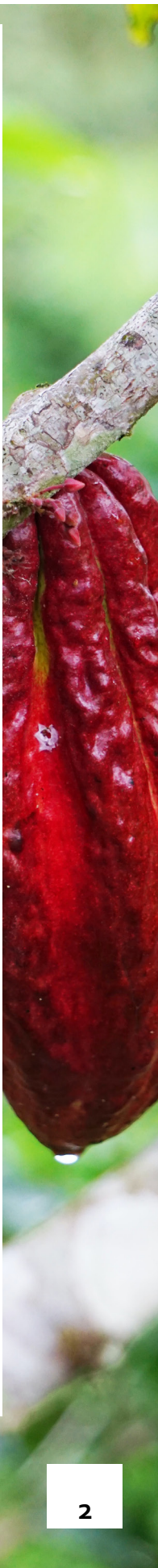
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Background

CCAFS II Cocoa project was initiated in 2019 to consolidate the gains of CCAFS I on Mainstreaming Climate Smart Cocoa Value Chains. The focus of CCAFS

- 1) Conduct a detailed cost-benefit analysis (CBA) of the CSC packages and augment that with return on investment on these practices to inform specific policies/actors on impact lending in cocoa;
- 2) Co-generate CBA data for CSC packages with the private sector on the stepwise approach to influence a sector-wide policy strategy on Climate-smart cocoa by re-engaging both public and private sector companies;
- 3) Develop a framework to institutionalize a stepwise investment approach for cocoa extension delivery and voluntary standard programs under certification.

This infographic highlights the lows and the highs of implementing CSC through the private sector lens and provide insights to others enrolling in this type of endeavour.



Reflections Via CCAFS II Theory of Change

Theory of Change for CCAFS II

Engage → Pilot → Invest

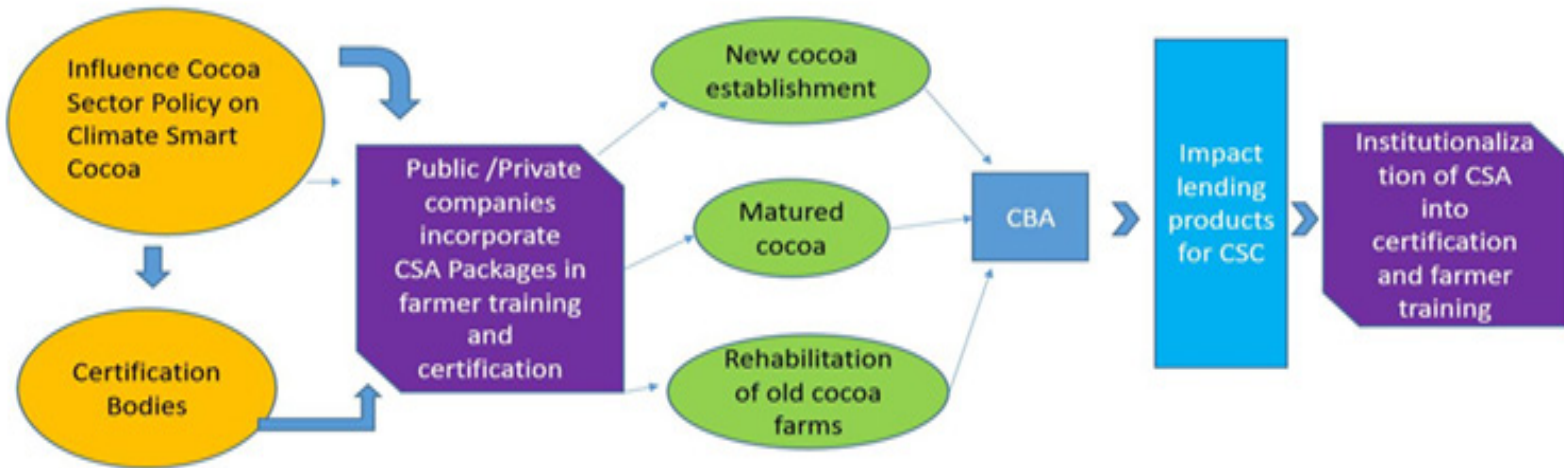


Fig 1.o. CCAFS II Theory of Change

The project theory of change proposed a three-stage pathway towards a successful implementation. Below are highlights of each of these stages:

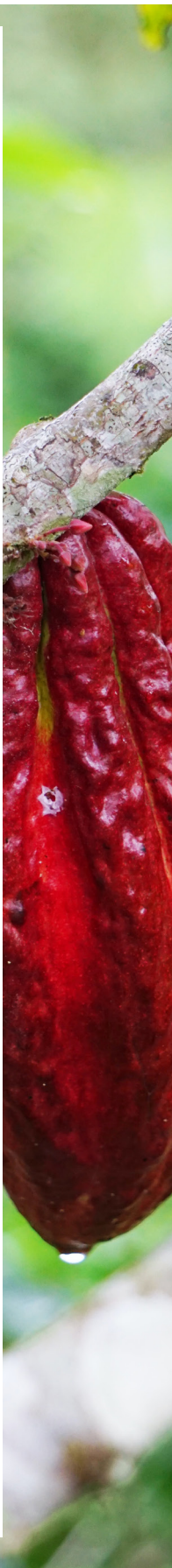
Institutional Engagement

Several companies were re-engaged under CCAFS II to partner the project to field test the CSC recommendations using the Stepwise investment Approach (Please see <https://cgspace.cgiar.org/handle/10568/105808> to read more). Certification bodies (Utz and Rainforest Alliance) were also engaged to incorporate CSC concepts in their certification process.

On the high side, IITA signed collaborative agreements with two companies to pilot CSC through a co-financing and co-learning arrangement. *Agro Eco-Louis* Bolk Institute as also contracted to do same, and Rainforest Alliance was brought on board for the development of products and activities to influence cocoa sector policy. This was done through the national/ regional stakeholder dialogues, workshops and the multi-stakeholder engagement processes. Rainforest alliance was responsible for the dissemination of concepts and tools developed. Delays in the finalisation of Collaboration agreements with the companies, and delays in setting up the CSC plots was some the downside of the engagement engagements process.

CSC Pilots with Companies

Climate smart cocoa plots were set up in the cope and adjust climate impact zones (Please see <https://hdl.handle.net/10568/111476> to read more). CSC plots were demarcated for new cocoa establishments and matured cocoa. The major challenge was a lack of funds to set up subplots for individual CSC practices. This would have allowed the project team to generate benefits for individual CSC practices as compared to the benefits (yield) from the bundled CSC practices for every step of the stepwise investment pathway. The other challenge was that the project relied solely only the field staff of the



companies for data collection on cost and benefits which resulted in some delays on monthly basis. On the high side, over 1000 cocoa farmers were trained in climate change related topic through farmer yield schools set up in the CSC pilots 'communities with over 100 lead farmers on CSC Coaching.

Developing CSC Financial Packages and CSC Business model

Data on Cost and Benefits have been analysed and aggregated for Climate smart practices in the two climate zones. The results of the CBA for matured cocoa and new cocoa establishment was considered in the development of the CSC financial packages (expected to be loan products from the banks interested in financing CSC). The figure below summaries the CSC Business for model to serve as blueprint towards CSC finance in Ghana.

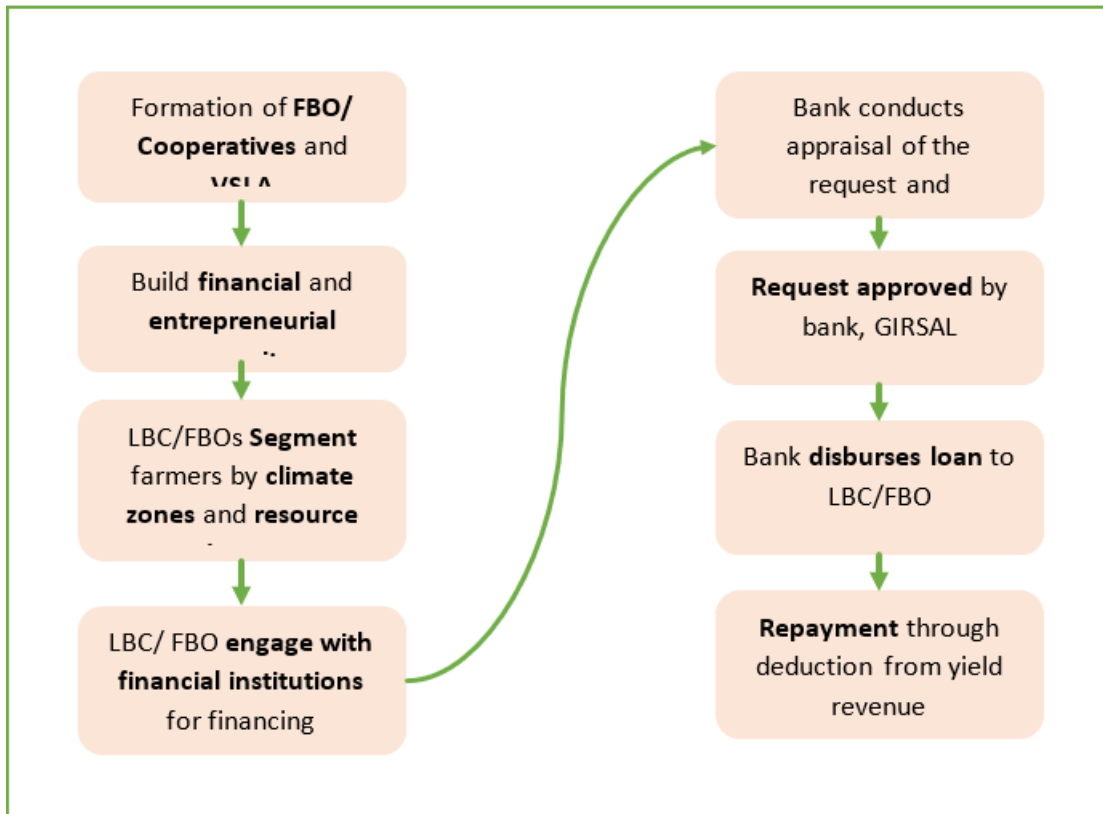


figure 2: Financing Climate Smart Cocoa A Proposed Framework

The main merits of this CSC finance framework is that , it has gone through many reviews with financial institutions after the first report on the “Assessment of the current agricultural finance sector with major focus on Cocoa: Bank of Ghana (BOG) policy and strategies for financing sustainable agricultural value chains” (please see <https://hdl.handle.net/10568/107736> and read more). This has been largely accepted by the agricultural finance experts as the best bet for CSC financing in Ghana. The inability to get impact investors onboard through the local banks and lack of data to develop tailored made financial projects for women and youth is the downside of this CSC Finance model. The push towards getting companies to institutionalise CSC given this clear pathway should be encouraged.

References

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Dalaa M, Kofituo R, Annan H, Kortei A, Asare R. 2019. Assessment of the current agricultural finance sector with major focus on Cocoa: Bank of Ghana (BOG) policy and strategies for financing sustainable agricultural value chains. International Institute of Tropical Agriculture (IITA). CGIAR Research Program on Climate Change, Agriculture and Food Security (CCAFS).

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