

KUAPA KOKOO

GHANA



"A bite of Fairtrade chocolate means a lot to peasant farmers in the south. It opens the doors to development and gives children access to healthcare, education, and a decent standard of living."

K. Ohemeng-Tinyase, Managing Director of Kuapa Kokoo



Children at school, Ghana. Courtesy www.fairtrade.net, Kennet Havgaard.

Kuapa Kokoo was founded in 1993 following the liberalisation of the cocoa market in Ghana. By setting up their own company, Kuapa Kokoo farmer members have been able to trade directly with the state-run cocoa board which controls all cocoa exports. It is the only farmer-owned organisation among the private companies granted government licences to trade cocoa. Kuapa Kokoo now represents almost 50,000 small-scale cocoa growers. Sales to the Fairtrade market have grown from around 3% of total production in 1999 to 12% in 2007.

For Kuapa Kokoo's Fairtrade sales the organisation receives the Fairtrade Minimum Price of US\$1,600/tonne plus the Fairtrade Premium of US\$150/tonne. If the New York price rises above the Fairtrade Minimum Price then they receive the New York price plus the Fairtrade Premium. Organic certified cocoa attracts an additional premium of US\$200/tonne from Fairtrade buyers.

Fairtrade Premium funded projects over the last 14 years have included:

- Training programmes in management and leadership skills and hiring two agricultural officers.
- The building and completion of four schools, two day-care centres and two mobile cinemas.
- The purchase of scales and machines for cracking palm kernels. These machines reduce farmers' workload, give them greater control over the production process and allow them to increase their revenue by adding value to their product.
- The construction of a warehouse.
- The creation of a credit union to provide members with access to credit and banking services.
- The development of alternative income generating schemes, such as tie-dye textiles, soap making, corn milling and snail farming for the local and export markets.
- The acquisition of mobile health clinics to provide members with healthcare services and HIV/AIDS workshops.
- The drilling of 174 boreholes to provide access to clean drinking water.
- The construction of public toilets.

Fairtrade at Work: The First Farmer Owned Fairtrade Chocolate

In 1997, Kuapa Kokoo farmers voted at their AGM to produce a mainstream chocolate bar to be marketed in the UK that would compete directly with other major brands. In collaboration with non-government organisations, Kuapa Kokoo set up The Day Chocolate Company. In 1998 the Divine Fairtrade milk chocolate bar was launched, the first ever farmer-owned Fairtrade chocolate bar.

"We have taken our destiny into our own hands. Through Fairtrade and Kuapa we now have a lot of progress. I have learnt a lot from Kuapa. I grew up in cocoa and I see many differences between Kuapa and the other buying companies." Comfort Kwaasibea, cocoa farmer.

Kuapa Kokoo owns 45% of the shares in Divine Chocolate Ltd. and 33% of Divine Chocolate USA Inc. This unique venture allows Kuapa Kokoo's members to increase their profits and enhance their knowledge of the western chocolate market.

Drying the cocoa, Ghana. Courtesy www.fairtrade.net, Kennet Havgaard.



FLO ID: 1475

Fairtrade Certified since: 1996

Fairtrade Certified products: Cocoa

Number of members: 50,000 farmer members

The Kuapa Kokoo Story

Kuapa Kokoo means 'good cocoa farmer' in the Twi language of Ghana. Their motto is 'Pa Pa Paa' which means 'best of the best' in Twi. Established in 1993 it became Fairtrade Certified in 1996.

Kuapa Kokoo is an umbrella cooperative. Farmers are members of village societies which sell their cocoa through the trading arm of Kuapa Kokoo to the government cocoa board. Members are predominantly smallholders living in remote parts of the country. The average farm is 4 hectares with around 3 hectares under cocoa, which accounts for virtually 100% of the farmers' cash income.

Some farmers grow plantain, coco yam, cassava and vegetables for home consumption and plantain and oranges for sale at local markets. But the soil in many cocoa farms is too poor to grow vegetables and other food crops so they must be bought in at extra cost.

Kuapa Kokoo is able to improve the lives of its members by ensuring reliable and prompt payment. It does this thanks to its own system of community elected Recorders who are responsible for keeping the weighing scales accurate, testing cocoa quality, and paying correctly and on time. Kuapa Kokoo also provides training, a credit loan scheme and access to market information, as well as funding community projects from the Fairtrade Premium generated from Fairtrade sales.

The participation of women is actively promoted by Kuapa Kokoo. Women are represented on the regional and national Management Committees. Seminars and workshops have also been introduced to help women develop leadership skills and diversify their income generating opportunities such as soap making using the potash produced from burnt cocoa husks.



Kuapa society, Ghana. Courtesy www.fairtrade.net, Kennet Havgaard.

FAIRTRADE CERTIFIED COCOA: EMPOWERING COCOA FARMERS

Fairtrade Certified cocoa offers farmers an opportunity to lift themselves and their families out of poverty. The Fairtrade standards for cocoa, work to address and overcome the challenges faced by cocoa farmers in the Global South. The standards require that:

- Producers are small family farms organised in cooperatives or associations which they own and govern.
- The Fairtrade Minimum Price is paid to the producer organisations. When the world market price rises above the Fairtrade Minimum Price, the market price is paid plus the Fairtrade Premium.
- A Fairtrade Premium is paid on top of the purchase price and is used by producer organisations for investment in community, environment and economic development projects.
- The use of agrochemicals is restricted or prohibited and environmental sustainability is encouraged.
- If requested, pre-harvest lines of credit are given to the cooperatives up to 60% of the final estimated purchase price.
- If the Fairtrade Certified cocoa is also certified organic then an Organic Price Differential is paid to the producer to cover the additional costs of certified organic production and to encourage the use of environmentally friendly practices.
- The use of child labour or any form of forced labour is prohibited in the production of Fairtrade Certified cocoa.

While cocoa production occurs within the tropical regions of the Global South, the majority of cocoa manufacturing and consumption occurs in the West. Approximately 90% of the world's cocoa supply is grown and harvested on small family-owned farms; only 5% of cocoa is grown on plantations.

COUNTRY PROFILE: GHANA

A well-administered country by regional standards, Ghana is often seen as a model for political and economic reform in Africa. Cocoa exports are an essential part of the economy and Ghana is the world's second-largest producer. The IMF said the Ghanaian economy had proved to be relatively resilient to the Global Financial Crisis because of the high prices of cocoa and gold.

Transporting cocoa and other crops is hampered by unreliable transport and the lack of access roads. The income of small-scale cocoa producers is unstable and unpredictable as it is tied to the volatile price of cocoa on the New York and London stock markets: in 2000, the New York price fell to a 27-year low of US\$714/tonne; it recovered to a 28-year high of US\$3,275/tonne in summer 2008, then plummeted below US\$2,000/tonne in the autumn as a result of the global financial crisis.

Country Statistics (2009)

HDI rank: 152 out of 177 countries placing Ghana in the bottom 20%

The Human Development Index (HDI) measures the average achievements in a country in three basic dimensions of human development: a long and healthy life, knowledge and a decent standard of living.

Life expectancy at birth: 56.5 years

18% of children under 5 years old are underweight.

GDP per capita: US\$1334

Gross Domestic Product (GDP) per capita is obtained by dividing the annual GDP, at current market prices, by the population of a country. GDP is the total value of all goods and services produced in a particular economy.

Export commodities: Gold, cocoa, timber, tuna, bauxite, aluminium, manganese ore, diamonds

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a **better deal**
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Producers

