Ten Reasons Why the Ivorian Cocoa Farmer is Poor

Introduction

A drumbeat of negative news stories describing reports of child slavery and bondage in the cocoa fields of Côte d'Ivoire (Ivory Coast) continues to erode the confidence that consumers feel in the morality of consuming chocolate. Since 2000, the year the first stories about slavery broke, the European and American news media have periodically revived such stories, centered around the plights of young Malian men who had spent years imprisoned, shackled, whipped, and forced to pick cocoa, much of it ending up in American confections. Such reports were followed by the efforts of Senator Tom Harkins and Representative Eliot Engel, who together with representatives of the American chocolate industry and other concerned parties wrote the Harkins-Engel Protocol to establish a slave-free certification system for cocoa originating in the Côte d'Ivoire. Most recently, in response to the apparent dearth of actions by the chocolate industry, a lawsuit was filed against Nestlé, ADM, and Cargill. (Thys & Athreya, 2005) (Collingsworth et al., 2005).

The contention of this author is that all efforts at redressing labor problems in Côte d'Ivoire probably will fail unless root causes are confronted. The fact is, 75% of the total weight of American chocolate comes from Ivorian beans and we Americans are the world's largest consumers of such beans. Meanwhile, we pay more attention to CocoaVia, Mars' latest attempt to grab marketshare by pushing the medicinal benefits of its specially made chocolate. Excitement grows around this new development related to our personal health while the farmers who picked the beans for the chocolate continue to languish in poverty. Stories of child labor abuse will probably continue to emerge so long as the farmer cannot support his or her family.

The research behind this article originated in a sabbatic taken by the author during the fall and winter quarters of 2005-6. His interest in this topic began in August, 2003, when he visited Kuapa Kokoo in Kumasi, Ghana and interviewed farmers in the villages of Edumfe and Dadease[1]. Convinced that fair trade represents a viable alternative to current cocoa trading systems, an alternative that can help the cocoa farmer economically and socially, he revisited Kuapa Kokoo as well as Kavokiva (Côte d'Ivoire) and Macefcoop (Cameroon) in August, 2004[2]. In April, 2005, he became part-owner of a Fair Trade/Organic chocolate business, *Sweet Earth Organic Chocolates* (www.sweetearthchocolates.com). He returned to Côte d'Ivoire and to Kavokiva in August, 2005, delivering a check to Kavokiva in exchange for the rights to use

[1] Kuapa Kokoo is the world's largest cocoa cooperative, with over 50,000 members. Approximately 2% of its total cocoa production is sold Fair Trade, and it owns a 30% share of the Day Chocolate Company of England.

[2] Kavokiva is also a Fair Trade-certified™ cooperative with approximately 6,000 members. It is located near Daloa. Macefcoop, located in Mamfé, Cameroon has approximately 800 members.

the picture of one of Kavokiva's farmers on several chocolate labels. In February, 2006, the author, together with two others, established *Project Hope and Fairness*, a charitable organization whose mission is to help the West African cocoa farmer (see www.projecthopeandfairness.org.) *Project Hope and Fairness* has distributed a freezer, three cocoa scales, and 50 boots to three villages in the western cocoa region of Côte d'Ivoire. In August, 2006, the author and his Ivoirian assistant, Evariste Prégnon, purchased 200 boots and 100 sharpening files in Abidjan and distributed them to five villages in the regions of Issia and Daloa.

These are small efforts tackling an enormous problem; there are 800,000 cocoa farmers in Côte d'Ivoire. Currently, they receive only 125 CFA per Kg, which amounts to 25¢ per Kg or less than 12¢ per pound. In neighboring Ghana, farmers receive 9,000 cedis per Kg, which amounts to $1.25 per Kg or about 60¢ per pound. What accounts for the disparity? That is essentially the subject of this article.

This article lists and describes ten factors that are based on the author's interviews of cocoa farmers and others involved in the cocoa value chain, officials of the government and NGO's. It is ironic that much attention has focussed on debt relief and other forms of aid to Africa, that many studies have been made, and yet there continue to be child labor abuses in Ivory Coast, the root of which is poverty. It is also ironic that as Americans continue to enjoy their M&Ms, their Snickers, and their Hershey's Kisses, which are made largely of Ivorian beans (Regan, 2005), news media coverage of the plight of the cocoa farmer is minimal.

The article begins with a short history of the political situation in Côte d'Ivoire, particularly as it impacts the cocoa trade. It then builds on the history of Côte d'Ivoire, considering ten reasons why the cocoa farmer is so poor.

This article is dedicated to the West African cocoa farmer, who labors long and hard that we in the United States and Europe may eat our chocolate. While we debate about issues of economic policy and of appropriate foreign aid, the cocoa farmer cannot afford a bar more than once per year (Cocoa Farmer, 2004), much less an elementary education for his or her children.

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A. History of Cocoa Growing in the Côte d'Ivoire

The end of the 19^{th} century saw West Africa joining the family of the world's cocoa-producing areas. The first West African cocoa growing began on the islands of Sao Tomé and Principe, located in the Gulf of Guinea off the coast of Côte d'Ivoire and Ghana. Even though the international community had banned slavery in the 1870s, the colonial Portuguese living on these islands were actively purchasing and using slaves from Angola well into the 20^{th} century. This story was exposed by a trial against Cadbury, a Quaker-owned company, which claimed that the chocolate company, known for its social activism, was knowingly producing chocolate from beans picked by slaves (Satre, 2005.)

Cocoa was introduced to continental Africa when a Ghanaian laborer, Tetteh Quarshie, returning in 1876 from six years working on another island, Fernando Po, secreted under pain of death some unfermented cocoa beans in his clothing and brought them to his family's farm in Mampong, Ghana (Anonymous, 2006A.) This was the period known as the *Scramble for Africa*, when, shortly after the Berlin Conference of 1885, sub-Saharan Africa was broken up among the French, British, Belgians, and Germans (Hochschild, 1998). The French were anxious to develop their holdings. At the time, Côte d'Ivoire was blanketed with forest and roamed by bands of elephants. The first cocoa plantations appeared in the eastern zones, but cocoa culture moved west as rainfall diminished and the soils lost their fertility.

Côte d'Ivoire rapidly developed into a major grower of cocoa and coffee. Today, it is the fourth largest grower of coffee in the world and it produces 43% of the world's cocoa. French citizens living in Côte d'Ivoire were encouraged to establish plantations and because of the need for intensive labor to care for the trees and process the cocoa pods, they used forced labor. This lasted until the Second World War (Anonymous, 2006B.)

Many Ivorians elected to join the cash economy and a class of smallholders, cocoa farmers tending 5-20 acres, developed. In order to compete with the French plantation owners who were using forced labor, the smallholders encouraged the immigration of Burkinabé from Burkina Faso. Last August, a Burkinabé cocoa farmer interviewed in Batteguedea, Côte d'Ivoire, stated that his grandfather came to the Daloa area from Burkina Faso at the turn of the 19^{th} century (Ouedrago, J.B., 2005). During this period, different ethnicities began to live in neighboring villages, although rarely together in one village.[3]

In 1932, Félix Houphouët Boigny, a young doctor who would eventually become president, cut his political eye-teeth by defending small African cocoa planters against the appropriation of land by the large French plantation owners. He also fought against other unfair political treatment by the French colonialists of the Ivorian farmers. In 1944, Houphouët-Boigny created an agricultural union, the

[3] The author visited the village of Depa, where the Bété (autochtones or indigenous) lived in one community and all others, including Burkinabé, lived in a community adjacent.

SAA and in 1946, he became the first African member of the French *Assemblée Nationale*. In 1958, he was appointed First Minister of Côte d'Ivoire, and as a close ally of President Charles de Gaulle, he declared the country's independence from France in 1960 and assumed the presidency. During his subsequent 32 years in power, Houphouët-Boigny was the odd African leader, working with the former colonial power instead of choosing the more popular socialist route. His rightward leanings caused resentment among other African leaders, but it also led to rapid economic development—especially during the 1960s and 1970s, when Côte d'Ivroire was called the *Ivorian Miracle*, and Abidjan was referred to as the *Paris of Africa*. In response to the criticisms of other African leaders, who, during the time of the Cold War, were playing the First World off against the Second World, Houphouët-Boigny maintained very close relations with the Mother Country, even going so far as to build a tunnel from his residence to that of the French ambassador and maintaining a government within a government by employing French in critical positions. Responding to criticism of his chumminess to the West, he is reported to have said, "Let's each of us do his experiment, each respecting the other's approach, and then in ten years, let's compare the results." (Hofnung, 2005). In the short-term, Houphouët-Boigny won.

Despite his *Baoulé* origins, Félix Houphouët-Boigny did not favor those of his ethnic background. Instead, he saw the advantages of opening his country to immigration: he encouraged French and Lebanese immigration as well as Burkinabé from neighboring Burkina-Faso. Houphouët-Boigny also understood the importance of the cocoa-coffee sector of the Ivorian economy. To maintain its viability, he established the *Caistab*, or *caisse de stabilization*, an account that was used by the government to maintain consistent farmgate prices. During the 1980s, however, the world price of both coffee and cocoa sank to historic lows and stayed at those levels. This bankrupted the *Caistab* and made Côte d'Ivoire susceptible to the dictates of the World Bank, which loaned money on conditions that countries liberalize their financial institutions. At this point, Côte d'Ivoire began a steady economic decline.

The last years of Houphouët-Boigny's term saw a rapid erosion of his power and of the economy of Côte d'Ivoire. He died in the middle of his term and the President of the National Assembly, Henri Konan Bédié, finished it. In reaction to the substantial influx of "foreigners" during the Houphouët-Boigny years and the rising discontent over the country's economic woes, Bédié introduced the concept of *Ivoirité*, and differentiated between biologically pure Ivorians and those of "doubtful origin". This allowed the government to distract its citizens from certain governmental failing, putting the limelight on people from the north.

Since then, *Ivoirité* has also been used by others -- by General Robert Gueï, who deposed Bédié, by Laurent Gbagbo, the current president, and by the Supreme Court, which ruled that Alassane Ouattara, a presidential candidate from the northern part of Côte d'Ivoire could not assume such a role because of his non-Ivoirian parentage. It was *Ivoirité* that led to the schism between north and south. On February 19, 2002, the country was torn into two halves—the northern portion which is primarily Muslim and the southern portion, which is partly Christian and partly Muslim. A further downward spiral happened on December 7, 2004, when the Ivoirian military launched assaults on French soldiers in Bouake and in Abidjan. Two military jets launched rockets and killed 9 French soldiers and an American citizen on a humanitarian mission--apparently on orders from the highest levels of government. Blé Goudé, a young Ivoirian who commands the *Jeunes Patriotes*, also said to be following orders of President Gbagbo, led an uprising against the country's remaining 8,000 French. Crying "To each his Frenchman", people who had lived in Côte d'Ivoire for their entire lives were forced to the airport and to leave the country forever. Today, very few French remain, although French companies still run the electric infrastructure, the cell phone network, and the water.

The vacuum created by the French has been partially filled by the Lebanese, who have purchased many formerly French properties; it is said that more than half of the high-rises in Abidjan are now Lebanese-owned.

The *Ivorian Miracle* was therefore a mirage (Hugeux, V., 2004). The standard of living has plummeted. The once prosperous Côte d'Ivoire now ranks 163 out of 177 in the UN Human Development Index. The average life expectancy is 42. (Almberg, 2005).

Côte d'Ivoire is at a crossroads: will it succumb to chaos, sucked into a whirlpool of ethnic hatreds, destroyed, like some galaxies, by its own gravitational forces? Or, will it, with the help of the world community, use reason and pragmatism to embark on the path of unification politically and economically in order to break the spiralling downward trend?

The answer to this question is being written daily. On the positive side, Côte d'Ivoire is blessed with a highly educated electorate. The newspapers of this country maintain a high standard of professionalism. The infrastructure is still good, better than that of Ghana. But on the negative side, ethnic hatreds still simmer below the surface. Although many Ivoirians complain about the cynical use of *Ivoirité*, there are still people in high places who seem to hold unity second to their own personal political ambitions.

B. Ten Factors That Have Contributed to the Impoverishment of the Ivorian Cocoa Farmer

Most Ivorian cocoa farmers know little of the world that consumes their product. They don't know why the prices are low, why they can no longer afford a car, why their communities are crumbling, or why they can no longer send their children to school. They are extremely susceptible to manipulation by ambitious politicians who, knowing of the outside world, are experts at attaching blame, gleaning money from well-meaning programs, while depriving the farmers themselves of their just desserts. Like any situation in a complex world, no effect is without its multiple causes. Certainly, the poverty of the Ivorian cocoa farmer is no exception. Listed and discussed on the following pages are ten factors proposed to contribute to the cocoa farmer's poverty. If each factor were regarded as an independent variable, and the poverty of the farmer were assigned the status of dependent variable, factor number one, taxes, is not only an historical but also a continuing contributor to the Ivoirian cocoa farmer's impoverishment that clearly out-paces all other factors. In August, 2006, the farmgate price for cocoa beans in the Issia area was 125 FCFA per Kg, amounting to less than 12¢ per pound. In August, 2006, farmers in the Cape Coast region of Ghana were receiving 9,000 cedis per Kg, amounting to 51¢ per pound.

Factor 1: Taxes
A trip to five villages in August, 2006, convinced this author that Ivorian farmers receive approximately 125 CFA per Kg, which is just under one-third what the government itself receives. Imagine an American crop where the tax on that crop is almost three times the farmgate price!

Nine different taxes are leveled on a Kg of fermented, dried cocoa beans. Percentage rates are calculated on an FOB price of 800 FCFA (*Franc Communautaire Financiere Africaine*) per Kg. These are listed below (Coulibaly & Bouabre, 2006):

1. *Droit Unique de Sortie* (export tax):	220 FCFA
2. *Taxe d'Enregistrement*: 5% of the price	40 FCFA
3. ARCC (*Autorité de Régulation de Café et Cacao*):	6.65 FCFA
4. BCC (*Bourse de Café et Cacao*):	4.50 FCFA
5. FRC (*Fond de Régulation du Cacao*):	2.00 FCFA
6. FDPCC^{F} (*Fond des Producteurs de Café et Cacao*)	6.25 FCFA
7. FDPCC^{I} (*Fond des Producteurs de Café et Cacao*	18.75 FCFA
8. Réserve de Prudence	10.00 FCFA
9. Sacherie-Brousse	5.00 FCFA
TOTAL	313.15 FCFA

FDPCC^{F} refers to FDPCC—*Fonctionnement*
FDPCC^{I} refers to FDPCC--*Investissement*

It is beyond the capabilities of this author to state how these funds are used. It is also common knowledge that journalist Guy-André Kieffer disappeared and probably died trying to find out (Reporters Without Borders, 2006). Suffice it to say, both the World Bank and the International Monetary Fund consider the current system non-transparent. In fact, monies deposited from these taxes are to be found in the BNI (*Banque Nationale d'Investissement*), but no one in the Ministre de l"Economie et des Finances is able to get a report on the FDPCC[I] account (Airault, P., 2006.)

In addition, according to a personal interview with people at the director level of a a major buyer doing business in Côte d'Ivoire, the burlap bags purchased with the *Sacherie-Brousse* fund find their ways to other purposes, rarely for transporting cocoa from the farms (*brousse*) to the buyers. According to the anonymous report, burlap bags with the FDPCC logo are often found at plants bagging cashews.

In another anonymous report, monies collected from taxes were used to purchase the old Nestlé plant in Fulton, NY—for a reported $40,000,000, a very good price indeed. However, since that purchase, the plant remains shut and not one ounce of Ivorian chocolate has been produced.

Clearly, the government of the current President Laurent Gbagbo has to explain to Ivoirian cocoa farmers and to international lending institutions why the taxes are so many and so much and the purposes to which funds are put.

Factor 2: Structured Adjustments
After the Second World War and with the proclaimed independence of one African country after another, many fledgling African states were left with colonial institutions such as price stabilization accounts or marketing boards but without the appropriate personnel or knowledge to maintain them. This was not the case of Ivory Coast, whose president (Houphouët Boigny) effectively maintained a positive relationship with the mother country, France, while employing French nationals to run the colonial insitutions. The CAISTAB, or *caisse de stabilization*, a bank account established to pay farmers when the currency was weak or the international cocoa prices had fallen, functioned effectively to maintain a reasonable standard of living for the farmers.

By the 1980s, however, Houphouët Boigny was old, he had overspent the nation's budget, the currency was weak and the world price for cocoa was greatly diminished. The CAISTAB had become unable to support the Ivorian cocoa farmer. In addition to its non-functionality, accountability for the use of the funds had diminished, although nowhere near the level currently seen. To use a World Bank term, the system was "not transparent." Furthermore, the ratio of farmgate price (price paid the farmer) to f.o.b. price ("free on board" or cost of commodity after all taxes and duties had been paid) was the lowest of 7 major cocoa-producing nations (p. 43, Varangis and Schreiber, 2001)

Varangis and Schreiber (2001) give the World Bank's somewhat sanguine view of the reforms of the CAISTAB. They claim that the reforms reduced the role of the state in marketing cocoa, opening this up to the private sector. Furthermore, they claim, restrictions to competition in domestic marketing were lifted. And finally, the elimination of certain CAISTAB powers improved transparency.

A view counter to the World Bank's can be seen in an article written by the International Labor Rights Fund (ILRF, 2005). They cite negative consequences of the liberalization policies, somewhat opaquely termed *Structured Adjustment Program* (SAP). Among the consequences cited: in exchange for greater transparency in Abidjan and Yamassoukro, the farmer became more vulnerable to international cocoa price decreases and instability; the Ivorian currency was devalued by 50% and consequently teachers' salaries were cut in half; "user fees" were incorporated into the nation's health system; there was a radical upsurge in rural poverty, leading to the current practices of child bondage and slavery. During this time, neighboring Ghana was not forced to disband its COCOBOD, and Ghana now has a much lower incidence of child bondage and forced labor.

Ul Haque (2004) faults neoliberal policies for failing to target fundamental problems such as low primary goods prices, lack of investment by the international community in infrastructure and delivery systems that would raise productive efficiency. Furthermore, he states that neoliberalism seems to focus on improving productive efficiency and producers' share in the price but essentially does not accomplish this.

And finally, a cursory perusal of the nine taxes listed previously speaks volumes for the view that the current system is far worse than the old CAISTAB system which the World Bank decried.

Factor 3: Governmental Instability

The current unsettled situation with a country split in two, with little progress made because of the racist ideology known as *Ivoirité* promoted by certain elements in and out of government, it is extremely difficult to make progress toward economic accountability, toward transparency in the use of funds. Until Côte d'Ivoire is united once again, funds collected from the cocoa farmers are probably going to be misused on both sides of the no-man's-land established by the French forces and the U.N.

In the south, it is very difficult to move on the nation's highways without paying a wide range of fees whose levels are determined at the moment. For example, the author was charged $50 simply to return to Abidjan after a day in Grand Bassam. The fees charged to drive down main arteries are arbitrary and capricious, and one is not particularly inclined to argue with someone carrying a machine gun. This seriously cuts into the farmer's profits, as middlemen are needed who specialize in playing the various games (e.g., sitting for hours in line at a police checkpoint, driving one 1 Km and repeating the performance.)

Factor 4: Mother Nature

In the early 80s, a prolonged drought led to the desiccation of rainforests, which caught fire throughout West Africa. Many cocoa farms in Ivory Coast burned, and with them were destroyed the savings of many farmers (Georges, 2005) and their abilities to move the product to market. The Ivorian cocoa farmer was much more successful in the 50s and 60s (Rosenblum, 2005).

Factor 5: Depressed World Cocoa Prices; Price Volatility
World cocoa prices impact the farmer both directly and indirectly. Depressed prices spread through the value chain, depressing farmgate prices. Indirectly, depressed world prices and volatile prices can bankrupt governmental price stabilization schemes such as the CAISTAB. International prices of cocoa have dropped from $2.40 per Kg in 1970 to $1.47 per Kg in 2004 (Nyambal, 2006.)

> Today, one of the biggest threats facing farmers is the risk of falling crop prices. Since the beginning of the 1990s, the liberalisation of commodity trading and pricing in developing countries has shifted the burden of risk from governments to farmers. In many ACP countries [African Caribbean Pacific], producers previously insulated from the day-to-day vagaries of the world market now bear the full brunt. As bad luck would have it, price volatility is greatest for commodities traded by poorer countries. FAO figures show a 27% variation from the trend for exports from developing countries between 1961 and 2001, compared with 14% for developed countries. (Anonymous, February, 2005)

One method of reducing price volatility is to remove product from the market, storing it until prices rise. This can be done with cocoa beans, but only if they are kept in adequate facilities. Cocoa farmers certainly do not have the capital to do this, nor do cooperatives.

There appear to be two camps regarding the price disconnect between First and Third Worlds. These are the Free Marketers or the Neoliberals and the anti-Free Marketers. The Free Marketers assume that government methods of control are almost always non-transparent and subject to corruption. They look into other methods of combatting dropping commodity prices. For example, the World Bank's Commodity Risk Management group (CRM) currently studies institutional models that combat the price disconnect by combining price risks from many small farmers and hedging them in international markets. World bank-sponsored research into feasibility of this approach is taking place in Cameroon, Costa Rica, Côte d'Ivoire, Dominican Republic, Ghana and Kenya, in the coffee, cocoa and cotton sectors. (Anonymous, February, 2005.)

The anti-Free Market forces include UNCTAD, the U.N. Commision on Trade and Development. They point to European and American government subsidies (decidedly anti-Free Market institutions) that allow First World farmers to dump other commodities on the international market, effectively exerting a downward pressure on prices. Two recent examples that have been given some attention by the press were the dumping of American cotton and French powdered milk in Sub-Saharan Africa, causing thousands of farmers to lose their farms. As Mali's Finance Minister, Bassary Toure pointedly says, "You're hypocrites. You tell us to play the rules of the open market at the same time you subsidize your farmers." (Baxter, 2003.)

Cocoa prices are not affected by dumping, as neither Europe nor the United States grow cocoa. Nevertheless, until recently, prices have remained stagnant for close to 20 years, and West African cocoa farmers have had to accept diminished income from growing, fermenting, and drying cocoa. One reason for the diminished prices is the increased production of cocoa during this period of time. The four largest cocoa producers of West Africa—Cameroon, Nigeria, Ghana, and Côte d'Ivoire—all increased their total outputs during the 90's. For example, Ghana averaged 192,000 tons in the mid-80s and it increased that to 361,000 tons annually by 1999 (Varangis & Schreiber, 2001.)

Factor 6: Lebanese Diaspora of the 1970s and 1980s
Beginning in 1975 and lasting 16 years, a savage civil war between Shi'ites, Druze, Maronite Christians, Palestinians, and Syrians, with periodic Israeli and American self-serving interventions created a hell on earth for many residents of Beirut. The disorder and conflict of this period caused billions of dollars in damage and led to a diaspora of approximately a half million Southern Lebanese (Shi'a), many of them to West Africa. Today, small businesses in Côte d'Ivoire are largely Lebanese-owned. Bread sold throughout Ivory Coast is manufactured in Lebanese bakeries. The tools used by cocoa farmers are purchased from Lebanese wholesalers in Abidjan. The plastic shoes that West Africans wear in their villages are manufactured and sold by Lebanese.

West Africa, already home to relatives or friends who had moved earlier (Afife, 2005), beckoned with the possibilities of an easy life. Ivory Coast under Houphouët Boigny was a can-do country; everyone was welcome to seek their fortune, whether they were Malian, Burkinabe, Liberian, French, Chinese, or Lebanese. Many Lebanese started bakeries. Many purchased trucks and began to act as intermediaries between *acheteurs* (buyers such as Cargill) and *fermiers*, the farmers.

Two intermediaries arose. The Lebanese *traitant* was generally paid by the buyers in cash. The traitant, having a white skin, required an African intermediary, called the *pisteur* to bargain directly with the villages. The name comes from the necessity of following *pistes* or paths to reach villages where the cocoa beans were accumulated and dried additionally if necessary. The *pisteur* was usually an Ivorian, Burkinabe, or Malian, usually Muslim, whose race allowed him to bargain effectively at the village level. The Lebanese *traitant* specified the quality of bean required, the amount needed, and paid the *pisteur*, who bargained with the village representative and purchased the required amount of cocoa beans.

For an excellent account of the Lebanese experience in Abidjan and Côte d'Ivoire and how modern technology fosters a transnational community, see *Lebanese in Motion: Gender and the Making of a Translocal Village (*Peleikis, A., 2003.)

Factor 7: Degradation of the Ivorian Bean's Reputation
During the period of the immigration of the Lebanese, the quality of shipments of the Ivorian bean began to decline. Varangis & Schreiber (2001) lay this squarely at the feet of the *traitants* and *acheteurs* who, they claim, took to mixing

low-quality beans into high-quality beans in order to increase shipment volumes and revenues.

Some buying companies in Côte d'Ivoire are endeavouring to change this situation. Cargill, reportedly, maintains high buying standards (Soulard, L & Winters, L., 2006). It has published and distributed information on quality maintenance (Cargill, 2006) and has donated over 100 small trucks to villages. Currently, it has established a partnership with several transporters to help farmers get their beans from their farms and villages to the transporters. (Soulard, L & Winters, L., 2006) Barry-Callebaut (Willems, 2006) established two years ago a program, *Partenaire de Qualité*, to bring leaders of participating cooperatives to Abidjan for classes and to have them sign a binding agreeement regarding work conditions, commercial practices, quality conditions, and buying conditions.

Ghana, whose beans now command a higher price (3%) on the international market, had two advantages: one, it had the *COCOBOD*, which continued to act as a buyer and therefore exerted authority over the grading and quality of the beans. Ghana also had Cadbury, which has since the beginning of the 20th century promoted the Ghanaian bean to the outside world while visiting villages and conferring with local officials on how to induce a steady increase in bean quality. The Ghanaian beans are considered to be larger and fattier than Ivorian beans. and has alre Ghanaian beans are supposedly larger and therefore higher in the highly desirable cocoa butter (Willems, 2005.)

In an effort to promote the Ivoirian cocoa bean and to reverse the erosion of its reputation, the BCC (Bourse de Café Cacao) launched the *Le Chocolat du Planteur* program, using Didier Drogba, the famous Ivoirian soccer star to promote a line of chocolate bars whose beans come from specified regions. Information about this program is available at www.lechocolatduplanteur.com. Barry-Callebaut is producing the bars in one of its plants in Germany, and the bars are being distributed at Monoprix and Lafayette Gourmet (France), Kaufland (Germany), and Prosuma (Côte d'Ivoire). Advertising for the bars began in June, 2006.

Factor 8: Multinational Corporations

How the large chocolate corporations have impacted the cocoa farmer is difficult to ascertain—given the deficit of information. In the early 1980s, with a confluence of profligate government spending, reliance on the French for financial support, and bush fires, Houphouët-Boigny blamed the multinational corporations and the speculators on the London markets for the precipitous drop in the price of cocoa. In an attempt to control world prices, he held 300,000 MT of cocoa off the market. This had no effect on world price, as buying companies simply purchased more from Malaysia and Indonesia, but it did mean that almost a year's production of cocoa was wasted. (Hofnung, T., 2005)

This author has been fortunate to be able to interview the plant manager (Willems, B., 2005, 2006) of SACO, a subsidiary of Barry Callebaut, one of the largest European chocolate companies and two directors of Cargill (Soulard, L. &

Winters, L., 2006). He has yet to successfully land an interview with ADM, the third multinational that controls the Ivoirian bean market.

The plant manager (Willems, 2005) was kind enough to provide several examples of how a large cocoa buying company can help the cocoa farmer. In Ivory Coast, Barry Callebaut employs several individuals to travel to the farmers and discuss with them issues related to the growing and handling of cacao beans; part of the conversation focuses on methods of quality and yield improvement. In addition, Barry Callebaut maintains a storage and drying facility in Sinfra and shares profits with the local cooperatives. See "Factor 7" for a description of Barry-Callebaut's *Partenaire de Qualité* program.

Cargill, in an effort to shorten the supply lines, built two collecting stations, one in Daloa, and the other in Gagnoa. This increases the farmgate price by reducing shipping costs assessed the cocoa farmer. In addition, Cargill has distributed over 100 small trucks to villages and cooperatives. This program did not work so well, because many of the trucks were destroyed in a short period through neglect and others disappeared, ending up hauling other products. To find an alternate way of reducing shipping costs for the farmers, Cargill has set up partnerships with certain of their haulers, who are responsible for distributing and maintaining small trucks (Soulard, L. & Winters, L., 2006.)

Conversations with middle level management employed by Cadbury and Nestlé in Ghana revealed similar attempts to increase farmers' awareness of quality and yield issues. For example, Cadbury has worked with village chiefs since 1908 to improve cocoa quality. The price of Ghanaian cocoa is 3% higher than the price of Ivorian cocoa. And since 2000, Cadbury has paid for the building of 250 water wells in Ghanaian villages.

Nestlé is building a grinding plant in Takoradi, Ghana, the second deepwater port from which cocoa is exported. This kind of action is commendable, as it means that a Third World country is actually producing semi-finished product, chocolate liquor and cocoa butter. It keeps more labor dollars in the country. This sort of action is only possible if the semi-finished products are exported to a country that has low tariffs on semi-finished products.

Cargill is also building a grinding plant in Takoradi, Ghana. Depending on the company to which it ships, it exports either beans or semi-finished product (liquor and butter.)

How do large chocolate corporations damage the cocoa farmer? One obvious way they damage the farmer is by neglect. Given the current sensitivity in Europe and the United States around Third World labor issues, the multinationals are beginning to enact programs such as those listed above. Another motivation may have to do with competitiveness. Word gets around the cocoa farming community that some buyers are a lot easier to work with than others, that some buyers actually visit the villages and try to help the farmers. In the long run, visiting farmers, giving them tools, and providing workshops develops a feeling of respect that transcends the old colonial order.

Factor 9: Low Productivity
If cocoa farmers are to improve their prospects, the productivity of the West African cocoa farm has to change. Compared to Indonesia, West African productivity is far lower. This is because the Indonesians have established cocoa plantations, allowing them to afford inputs such as fertilizers and pesticides. West African cocoa remains competitive on the world market because the farmers continue to endure extremely low standards of living.

> The picture that emerges is of a sector with stagnant technology, low yields, and an increasing demand for unskilled workers trapped in a circle of poverty (IITA, 2002.)

Productivity is partly reflected in the yield of cocoa per farm. The fact that in Ivory Coast and Ghana the average farm size is 2.5 hectares means that the yield per family is necessarily low. In Ivory Coast, there are approximately 3 million farmers (ICCO, 2006b) producing 43% of the world's crop (IITA, 2002) and in Ghana, there are approximately 1.6 million farmers producing 15% of the world's crop (Norde & van Duursen, 2003.)

Productivity is also a function of horticultural methods. Water, fertilizer, pesticides and fungicides are employed to increase yields. Such practices diminish, however, when the price of cocoa drops and the farmer cannot afford the inputs.

Essentially (and ironically), much of West African cocoa is *de facto* organic, simply because the vast majority of farmers cannot afford the inputs. As the American saying goes, "If life deals you lemons, make lemonade." West African farmers could become organically certified. The cost, however, is prohibitive: approximately $10,000 .

At this point in time, there are no organically certified cooperatives or farmers in West Africa. It would be smart for cooperatives to seek organic certification because they conceivably have the capital and because this would add 200 dollars to the price per metric ton. The amount of organically certified chocolate sold in the U.S. greatly exceeds the market for Fair Trade chocolate. Organic certification would be possible in all of West Africa except Ghana, where the COCOBOD controls all aspects of cocoa growing, harvesting, and trading. The COCOBOD has already once killed a research project investigating the control of pests such as the mirid using tea tree oil.

Several organizations supported by large chocolate companies are attempting to encourage higher productivity. The World Cocoa Foundation (www.worldcocoafoundation.org) and the International Cocoa Initiative (www.cocoainitiative.org) conduct farmers' field schools in Ghana and Ivory Coast in order to promote higher productivity. Cadbury is also involved in increase in quality and yields in Ghana, and Barry-Callebaut is doing the same in Ivory Coast.

Factor 10: Developed Nations Ignore Needs of Developing Nations

Since the Second World War, the developed world has ignored the developing world in terms of establishing trade terms that are equitable. The GATT, or Generalized Agreement on Terms and Tariffs, has consistently focused on industrial products, much less on agricultural commodities. Frustrated with this situation, the Third World established UNCTAD.

To date, the developed world purposely discourages cocoa from being processed in its country of origin by establishing import duties. For example, the European Union 's import duties on unprocessed cocoa beans is 0.5%, rises to 9.7% for semi-finished products such as liquor and butter, and still further to 30.6% for finished chocolate. Similarly, the U.S. puts 0% import duties on beans, 0.2% on liquor and butter, and 15.3% on finished chocolate (ul Haque, 2004, Table 9.) A visit of the chocolate processing plant in Tema, Ghana, revealed large containers of panned peanuts "on their way to Singapore" because there was no import duty levied by that country on a finished product.

Sub-Saharan Africa needs a combination of trade and aid in order to make serious inroads on poverty and instability. Currently, trade conditions are unfavorable—as discussed previously. And aid is simply too little to effect change.

> Some of the greatest development success stories of the last 40 years have relied on a combination of trade and aid. South Korea created millions of jobs by exporting its products around the world while receiving nearly $100 per person (in today's dollars) in annual aid between 1955 and1972. Botswana's rapid expansion of diamond exports and exceptionally good governance made it the world's fastest growing economy between 1965 and 1995, during which time it received annual aid flows averaging $127 per person. By contrast, annual assistance to sub-Saharan Africa today averages about $28 per person—not nearly enough to build a foundation for sustained growth and development. (Radelet, S., 2005)

C. The Position of Africa in the World Economy

Given the current problems and their causes, it makes sense to put the plight of the cocoa farmer in a larger perspective. The following figures come from *Creating Prosperity in Africa* (Nyambal, 2006.)

Africa has 13% of the world's population but only 1% of the foreign direct investment. In 1960, Africa's share of world-wide exports was 3.6%; today, it is 1.7%.

There have been comparatively few efforts to enter the value chain. For example, Africa continues to export raw materials over processed materials. Even the raw materials would benefit from a campaign to add value by creating a market. For example, Cadbury, which is so active in Ghana, could center their marketing efforts around the Ghanaian bean.

There is comparatively little research and development done in Africa. There are 83 engineers per million inhabitants in sub-Saharan Africa compared to 783 per million in Asia and 1,102 engineers per million in developed countries. Another measure—patents applied for: in 2002, 190 patents were applied for in sub-Saharan countries vs 40,569 in East Asia.

Investment in development lags far behind. In 1998, $7 billion were invested in sub-Saharan Africa compared to $151 billion in East Asia and $36.5 billion in Latin America. The vast majority of the directly invested funds in Africa were allocated to oil and minerals.

Sub-Saharan Africa is structurally not conducive to investment. Legal and judicial institutions are not dependable. It is difficult to even obtain a court decision within a reasonable time period. For example, it takes 525 days to enforce a contract in Côte d'Ivoire vs. 75 days in France. If you want to export something, it takes on average 48.1 days to comply with all procedures compared to 25.8 days in East Asia.

Finally, as so many point out, African governments are often paternalistic and favoring of one ethnicity over another as well as racially motivated. This makes it difficult for women to do business, for a Northern Ivorian to start a business in Abidjan, and for a white African to compete in a market that favors black Africans (and not too long ago, it was the reverse.)

D. Conclusion

The problems of the Ivorian cocoa farmer are small compared to those of farmers in other parts of Africa. Ivory Coast still has infrastructure: the roads are still passable unlike Cameroon, where cocoa has to be hauled through two feet of red mud to get through the virgin forest. Nevertheless, the plight of the cocoa farmer in Ivory Coast shows how even a rich part of Africa that is competitive in world markets just cannot support the farmers.

This article has listed and briefly discussed 10 factors which have contributed to it. All but one of the factors are directly caused by humans and are therefore remediable. A true partnership of coequals must develop between the First and Third Worlds to bring the cocoa farmer up to the level that he or she deserves, given the value of the commodity. Should the cocoa farmer eventually benefit from that value in the future is unknown and unpredictable.

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