

LEARNING BRIEF: KEY LEARNINGS FROM DESIGN AND IMPLEMENTATION OF RESILIENCE FUND FOR COCOA FARMERS DURING THE COVID-19 PANDEMIC

The Cadbury Farmer Resilience Fund aims to protect cocoa production and farmer livelihoods during the COVID-19 pandemic, as well as supporting climate smart income diversification through initiatives such as a grant facility, training and pilots, and community climate adaptation action plans.

Emerging from an existing partnership between Mondelēz International and Fairtrade under the Climate Change and Organisational Strengthening Programme, the Fund is managed by Fairtrade and works with nine cocoa farming unions representing 22,500 farmers. The Fund builds on years of work that Fairtrade certification, Mondelēz International and formerly Cadbury have carried out with generations of cocoa farmers, working alongside the government of Ghana and with other implementing partners such as CARE and World Vision. This legacy is continued through the Fund's prioritisation of collaboration and joint working on sustainability issues, while ensuring that farmer voice remains at the centre of all design activities.

In August 2020, the Fund was established as part of the Vulnerable Supply Chains Facility (VSCF), a rapid COVID-19 response facility set up by the UK Foreign, Commonwealth and Development Office (FCDO), and managed by Mott MacDonald Ltd.

INTRODUCTION

In July 2020, the Cadbury Farmer Resilience Fund launched a one-year flexible grant facility in response to the significant impacts of the COVID-19 pandemic on Ghana's cocoa sector. The aim of the Fund was to provide start-up capital for nine cocoa unions affiliated with Cocoa Life Ghana to pilot new climate-smart business models, bolstering food security, and ensuring they could maintain their cocoa harvest through the 2020–21 season.

Following the launch of the Fund, a markets and livelihoods analysis was conducted to inform the development of a grant strategy. This aimed to ensure that the strategy took account of the needs and priorities of unions and their communities, including an assessment of climate vulnerability. Through this consultation process, unions were able to start sharing their income diversification ideas. Over the next three months they received support to develop these ideas into full proposals, including a budget, workplan, benefit sharing arrangements and impact projections.



The grant strategy sought to encourage innovation, equality of access, and prioritisation from the unions. It was designed to be non-competitive, taking the full grant value and dividing it between the nine cocoa unions, but encouraging quality applications through a comparative review process. The grant value was weighted according to membership with a 25 percent uplift for women. The Fund's embedded approach to gender took into consideration the needs of female union members and sought to ensure that women's participation in the application process, as well as throughout implementation, was considered in a meaningful way.

Grants were awarded to all nine unions and projects ran for a five-month period between February and June 2021, with the unions supported on implementation by the core project team in areas such as planning, strategic direction, budgeting, and monitoring, evaluation and learning (MEL).

Each union opted to undertake several income generating activities (IGAs), some at union level and some at member society level. These covered a range of crop diversification and value addition activities. Maize, cassava, rice and yam were among the most widely cultivated crops, whilst soap making, bakery, and gari processing (making flour from cassava) were the most popular non-crop IGAs. In total, an estimated 13,000 union members have been supported directly (e.g. direct employment or cultivation of a new crop) or indirectly (e.g. access to subsidised food, products, inputs or services) through the Fund to date, with further downstream impacts on local communities and economies. It is expected that this figure will rise to a total direct and indirect reach of approximately 22,500 union members.

LEARNING FROM THE GRANT DESIGN

The grant design was carefully considered in the early stages of the fund implementation and had a significant impact on outcomes, not least ensuring that all unions were able to participate.

The non-competitive and support-driven grant design enabled unions to experiment with new income diversification options that would otherwise have been too risky or costly to implement. Feedback from the unions demonstrates that this was a valuable learning opportunity, e.g. some found that the weather and pest risks associated with certain crops were significant and that others fared better when rains were delayed.

The project has helped us to identify some crops such as yam and rice that can do well and members are going to receive this food crop in the hour of COVID -19

Fanteakwa Union

The grant was designed to ensure that no union failed, supporting the weakest and building capacity through the process. This proved to be necessary and effective, particularly when it came to meeting reporting requirements. Some unions struggled with the first round of reporting but received increased targeted support so as to not let the grants fail. They came through in the final stages with that support.

Smaller unions. The degree of rigor in reporting was a particular challenge for some of the smaller unions. The grant instrument was weighted to provide a 25 percent uplift for women, benefiting those unions with more women members. A similar approach could have been taken to provide an uplift in grant value for smaller unions to compensate for the heavier burden of reporting. This could be easily justified by the strong additionality evident in capacity building from the project, whereby unions drove improvements in reporting and managed risks and changes through delivery.

It wasn't easy managing the project as well as daily activities of the union since it was our first time of doing such a project, but with the advices and series of trainings organised by Fairtrade Africa we were able to sail through to this time

New Juaben Union – smallest of the nine unions

An alternative approach might seek to right-size reporting requirements according to the maturity level of the union. Fairtrade's proximity to unions and engagement through a parallel organisational strengthening component mean it is placed to gauge this. However, implementing different levels of reporting under one programme may present difficulties.

ICT requirements for delivery. While not explicitly cited, there was a requirement to scan all receipts, send data-heavy photos, and submit reports repeatedly digitally. This was likely quite a challenge for unions working with limited IT equipment and less stable internet connections. However, it was noted that ICT skills are vital for unions wanting to position themselves to grow and partner with other organisations, so encouraging unions to build this capacity is a positive.

ICT can enhance delivery and reporting. Photos were of real value in the reporting process, in some cases illustrating very clearly the activities being undertaken.



LEARNING FROM GRANT DELIVERY

Diversification

With some exceptions on delays, some higher costs, and weather (drought) challenges, the delivery of grant projects was a success. There were some

key findings and trends that emerged.

Non-crop IGAs generally fared better across the board than crop IGAs:

- **Value addition projects seem to have been welcomed as 'true' non-farm mitigation,** though these yielded little information around cashflow during the project period and how activities would be funded in the future. Some unions cited buyers and commission which suggests there is a nascent model for those seeking to continue the work. For example, New Juaben Union chose to cultivate orange flesh sweet potato and identified a processor operating below capacity due to undersupply across the region, citing potential to enter into a supply agreement.
- **On-farm activities faced bigger challenges** – weather (delayed/inconsistent rainfall), pests, and problems/delays accessing the right planting material and inputs caused problems with production.
- **Gari processing and cassava were seen as a good, robust 'hedge'** – in terms of both producing income and providing food security. The two unions that started gari processing initiatives initially purchased cassava to get the activities going, but upon harvest will link primary crop production with processing and so increase their margins. Sekyere East considers this its most successful activity and plans to significantly scale up production upon harvest.

While there was a definite trend, a cautious approach must be taken when drawing conclusions about the relative strengths and weaknesses of crop and non-crop IGAs for resilience building.

Impact

Reflections from the unions suggest that the Fund achieved impact in the areas targeted, including providing alternative income sources and employment opportunities, strengthening food security, income smoothing (during the cocoa off season), and support to cocoa production.

Because of this project our members can now take better care of their cocoa farms because with the additional source of income they can buy most of the chemicals they will need for their cocoa farms...

Suhum Union

Opportunities for women were bolstered by the weighted grant instrument and sensitisation and support activities delivered by Fairtrade Africa. The weighting of grant allocation towards women members was seen as a relatively simple method of promoting the meaningful inclusion of women in funded projects. This was useful but didn't automatically guarantee women-focused activities. However, in combination with sensitisation and support from the Fairtrade Africa team, it encouraged unions to think about and prioritise opportunities for women in their project design, and these came through clearly in proposals.



A lead farmer involved in yam cultivation, Sekyere East Union

Opportunities for women were particularly strong in non-crop IGAs, notably baking, soap making and gari processing. Women were less involved in the delivery of crop IGAs though did often play a role in activities such as planting, weeding, and fertiliser application. For example, women were involved in cutting and in setting potato vines at Awutu Senya Union, and in yam cultivation at Sekyere East Union.

There is much to consider in terms of ensuring that women's participation actually benefits women, particularly where it is an additional activity to household and farm commitments. This should be a focus of consultation with members over the next six months to assess what worked best for women, and what didn't.

The value of non-cocoa crops for food security should not be understated. Whilst they carry many weather risks, they hold significant value in a landscape dominated by a cash crop as evidenced in feedback from many unions. Furthermore, food security impacts extend beyond the household and across the community e.g. where planting material is redistributed, or food crops are made available for sale (sometimes at a subsidised price).

The project will help the farmers to survive during adverse weather because they can rely on the cassava and the potatoes for that period if there is less production from the cocoa

Awutu Senya Union

Future developments

There is early evidence of the unions thinking about developing the nascent IGAs with plans for sustainability. Some of the unions have invested their own money in building market linkages through marketing and branding materials for products like soap, developing the products produced under this grant facility for market. For example, Suhum and New Juaben Unions purchased training for certification as well as marketing of products at nearby market centres. Others have indicated potential to develop supply relationships with offtakers, though these will likely be relationships that need to be developed over time.

Some results will be clear after the end of the delivery period. The Fairtrade Africa team and unions are excited to consult members on overall results and impressions over the course of the following six months.

Continued engagement from the Fairtrade Africa team will be important to provide support for business management and sustainability. At the close of the grant period, grantees had not completed the harvest and IGAs were only just setting up their processing centres or beginning sales. Whilst all the budget has been

spent, these new businesses still need time to embed themselves. An additional six months or a years' worth of support will provide confidence that the new businesses are established, see through a harvest season, and enable the unions to model their sustainability plans.



Wassa East Union display their shower gel, ready for market

RECOMMENDATIONS

A real chance to invest in income diversification

The Fund gave unions a chance to try different income diversification strategies – often these require investment in plant stock, materials and basic equipment. This costs money, and has risk – the Fund gave unions a true opportunity to experiment and identify what works best for them. Underwriting risks of diversification is appropriate and has valuable payoffs for farmers and unions.

Managing a grant

The Fund required strong project management skills and reporting, and the unions rose to the challenge. Early engagement by Fairtrade Africa provided a chance to discuss unions' priorities and emerging plans, and consider these alongside the Fund's market analysis.

The management of the grant was a challenge, particularly for the smaller unions, but it was agreed that it drove a step-change in capability and experience for all, with many citing Fairtrade Africa's investment in training and support. The grant fund would not have succeeded without that strong relationship with the unions.

As with uplifting the allocation according to women membership, it is advisable to consider giving a little more resource to smaller unions (or similar types of grantees, such as co-operatives) who are dealing with smaller budgets but the same challenges and demands in grant delivery. This should ideally be combined with co-creation and management support.

Grant design: leave no one behind

The grant fund was designed with pre-allocated budgets according to union membership. This worked in leaving no one behind, roughly right-sizing the grant to the union's size and capability. But overall, the message of equality of access to a fund was important and it worked. Women membership saw increased budget allocation, though the link between that and women's activities in projects is not direct.

The pre-allocation of budgets was crucial to ensuring all benefited, including smaller and weaker unions, who rose to the challenge and delivered for farmers. Consultation over the following six months should assess benefits reaching women (not just participation).

Budgeting

Many inputs were at higher cost than originally budgeted – this was overcome in various ways, by revising to more realistic outputs or through match-funding from the unions. But it should be considered for future budgeting exercises. Unions received financial training and kept detailed digital records of spending and receipts.

Early support for unions or similar types of organisations on budgeting and encouraging early scoping of costs is highly recommended. Knowing the funding is assured (subject to proposal) makes such early effort worthwhile (i.e. not a speculative exercise).

On-farm crops versus non-farm activities

While on-farm food security and crop diversification (into other cash and food crops) was very much in demand across the unions, it still faced risks. Non-farm activities such as bread and soap-making were less exposed to drought in the cocoa areas. This supports the unions' tendencies to trial a variety of income diversification strategies in the one fund round.

The relatively diverse variety of initiatives per union was noted in the proposal stages, but it was clear that some diversification within the projects themselves was valuable to mitigate risk – the unions were right to try different activities while they had the opportunity. The inclusion of women and youth was emphasised within the application process, which resulted in the unions designing activities with these demographics in mind – again the portfolio approach proved valuable here.