Resilience to drought in Ghana’s cocoa communities – Policy brief

Summary

- The 2015 El Nino event caused a drought in Ghana. The ECOLIMITS project examined the impact on people and what factors made people more or less resilient.
- Two key issues emerged during the research – people’s access to wetland areas and ability to access credit and repay debts is critical for their ability to cope with and respond to droughts.
- Long-term implications of converting wetlands to cocoa requires research as it may be mal-adaptive.
- Informal money lending arrangements fulfil a vital purpose but can trap people in debt.
- Developing a greater choice of financial service providers in cocoa communities is critical, harnessing mobile technology may be a fruitful avenue worthy of greater investment.

Drought and resilience in the cocoa sector

This brief draws on a range of focus groups and interviews conducted between 2014 and 2017 that examined the impact and response to the drought caused by the 2015 El Nino which peaked in severity between November 2015 and April 2016. Respondents reported that the most significant impact of the drought was widespread failure of food and cash crops. This caused food shortages in villages and the lack of cash crop income resulted in children missing school and households being unable to afford healthcare and other costs.

Resilience refers to the ability of people, communities and ecosystems to cope and adapt to shocks. The 2015-2016 drought is an example of the shocks which may become more common under a changing climate and therefore the findings of this research are relevant for future episodes of climatic shocks.

The research showed that people’s ability to access wetland and borrow money during the drought was critical in determining the resilience of individuals and households within communities.

Accessing wetlands

While crops, including cocoa, were reported to decline during the drought, farmers with access to wetland areas could grow and sell food crops. This was critical for individuals and communities’ ability to cope with the drought. Yet, a lack of warning reaching farmers about the drought meant several wetland areas were un-utilised in communities during the drought which could have lessened the impact of the drought.

Many wetland areas have been historically protected through cultural norms (such as not fishing in certain places) in recognition that they retain moisture in the landscape and so provide a suitable environment for agriculture.
However, respondents increasingly reported that long-term conversion (by draining) of wetlands to cocoa is occurring in response to land scarcity. Furthermore, communal rules governing land-use, including limits on farming near river banks, are weakening as land management decisions are increasingly made on an individual basis. The long-term impact of wetland conversion on the ecology of agricultural landscapes is not well understood and requires further research.

Credit, debt and resilience

Borrowing money is critical for meeting needs during times of financial hardship.

Most lending of money occurs informally within communities due to a lack of collateral, low levels of literacy, low trust in external microfinance institutions and lack of formal financial services.

The terms of these loans can mean people lose land, or become trapped in debt.

There is no course for addressing grievances or perceived injustices as cultural norms and beliefs such as fear of being cursed prevent people from taking up complaints.

The informal dynamics of credit and debt both serve to increase resilience in the absence of alternatives, but in some cases increases vulnerability as people lose land or become permanently indebted, which may reduce future resilience.

Policy priorities and prospects

1. Develop and trial financial services such as a resilience savings accounts, revolving funds and index/yield insurance.

2. Focused studies on, and novel experimental trials of, the institutional arrangements that facilitate landscape scale land-use planning and governance in Ghana would be beneficial. This will require partnering traditional authorities in a more meaningful way than has previously been achieved in Ghana.

3. Testing the use of mobile technologies to increase choices with respect to financial providers in cocoa communities could deliver improved savings strategies and financial management among cocoa farmers.

4. Introducing and enabling access to more drought resistant food crop varieties.

5. Broadcast early warning drought messages to farmers via mobile phone and radio, to enable farmers to make more informed decisions when planting food crops and managing their cocoa.

Indebtedness and access to land: two case studies:

‘People use their farm as collateral for 2, 3 or even up to 20 years. For example they receive some cash say 1500 cedis for 1 acre of land and then the land is with someone else for a period of time... It is a widespread practice. Often those people who are parents and have children who are in second cycle education, they have no option except to go in for the loan to push the children’.

‘They access loans informally, but the interest rate is 100%. Failure to pay means you have to pay an additional interest of 100%. So if you collected an amount of 100 cedis you owe 200 cedis. But if you can’t pay then it will become 400 cedis, another 100%, and so on, 800, 1600, 3200... Eventually the person can seize your cocoa if you can’t repay. You will come to some agreement that they will take your harvest for a number of years, until they can reclaim the amount you owe.’

For further information:

Ghana – John Mason and Rebecca Asare (NCRC)
UK – Mark Hirons and Connie McDermott (University of Oxford)
Online: www.ecolimits.org