Using Fair-trade to Advance Sustainable Procurement among Small-Scale Farmers in Ghana: Challenges and Prospects

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Abstract: In integrating environmental and social issues in public procurement, labels are essential instruments because of the knowledge they convey on environmental and social credentials of products, work or services in a standardized way. Indeed, labels such as Fairtrade certification schemes are regarded as facilitators of social and environmental public procurement. Therefore, this study used a qualitative approach to illustrate the prospects and barriers hampering efforts in promoting Fairtrade among small-scale farmers in the mainstream Sustainable Public Procurement in Ghana.

Keywords: Sustainability, Sustainable Procurement, Fairtrade, Small-scale farmers, Agricultural sustainability.

I. INTRODUCTION

The principle of Sustainable Public Procurement has caught a global attention within the recent decades, though sustainable procurement as a whole has been used in disguise by different governments in promoting social and environmental goals even before the coinage of the term sustainable development. According to Caranta (2010), Sustainable Public Procurement (SPP) has become a term of art, combining the disciplines of sustainability, procurement, law and business. The idea of Sustainable Public Procurement could become a practical solution to the sustainable development challenge (Kauffman and Arico, 2014). Sustainable public procurement is the process whereby public entities meet their needs for goods, services, works and utilities in a manner that attains value for money on a whole life cycle basis in terms of generating not only to the benefits organization, but also to the economy and society whilst considerably decreasing negative effects on the environment (UNEP, 2017). This is a process whereby public authorities seek to procure goods, services and works with a reduced environmental impact throughout its life cycle when compared to goods, services and works with the same primary function that would otherwise be procured.

In considering environmental and social programs in public procurement, labels are fundamental instruments because of the knowledge they convey on environmental (eco-labels) and social credentials of products, work or services in a standardized way. Indeed it has been established that labels play an important role in helping the application of SPP practices (Norden, 2011) and studies have shown that the uptake of SPP strongly correlates to the existence of a label scheme (Rabbiosi, 2010). Also, the similarity of SPP criteria for some product groups among many European countries has been attributed to the use of established labels in that region (AEA Technology, 2010).

There are different labels in the certification scheme with Fairtrade (FT) label being the commonest standard (Wills, 2006). Notwithstanding differing histories and partially differing importance of each scheme, basically all labels aim at improving the sustainability of the production. Sometimes these labels are also incorporated in charitable certification, so as to underscore the supplementary energies taken over by government directives. Indeed, labels such as Fairtrade certification schemes are regarded as facilitators of social and Green public procurement. Also, in consumer markets Fairtrade was the first products seen as sustainable because it sets stern criteria for the ecological and social sustainability of the products (Meuleenberg and Ingenbleek, 2006).

What are the barriers of using Fairtrade in promoting SPP in developing countries? Prior research have found positive effects of embedding fairtrade scheme in procurement practices (Dolan, 2010a, 2010b; Nelson and Pound, 2009; Raynolds and Long, 2007). However, these studies focused on developed countries (Keulemans and Van de Walle, 2017) leaving a gap with respect to the developing country contexts. Empirical studies and knowledge on the barriers, challenges for adoption, and potential impact of Fairtrade among small-scale farmers in developing countries are essential because these resource-constrained economies have high levels of inequalities and climate change vulnerability (Andorfer and Liebe, 2012; Kim and Chung, 2011; Paul and Rana, 2012; Karjalainen and Kemppainen, 2008; Walker et al. 2012). Also, Small-scale farmers are classified as people with loose organization with no formalized structures. Because of the haphazard nature of the organization associated with these farmers, promoting sustainable procurement can be difficult. The study therefore adopts a qualitative approach to illustrate the prospects and barriers hampering efforts to promote Fairtrade among these small-scale farmers in the mainstream SPP in Ghana.
Sustainable procurement

Although sustainability is a buzz word in environmental literature for the last decades (Dragos and Neamtu, 2014) strong or true sustainability has not been achieved (Shevchenko et al 2016). The three dimensions of sustainability economic, environmental and social are well known as triple bottom line. Emergent of public procurement literature proposes the need to assess tenders beyond price criteria to also consider other environmental and social criteria that control the production and consumption behaviors of suppliers (Gelderman et al 2015; Keulemans and Van de Walle, 2017).

This concept, which is termed Sustainable Public Procurement (SPP) is the act of integrating a concern for broader social and environmental impacts within procurement undertaken by government or public sector bodies (Brammer and Walker 2011). SPP could shift vast capital flows towards sustainable goods and services. Thereby SPP and SPP research enhances governmental institutions to navigate socio-technical systems towards more sustainable ways (Knebel et al 2019). This can evolve into a societal facilitator in the transition to sustainability (Miller et al., 2014). Introducing sustainability into procurement practices creates various possibilities. Thus, SPP can be used to develop markets for more sustainable products that otherwise might not emerge (Preuss, 2009). Also, SPP stimulates competition and enhances stakeholder dialogues (UNEP, 2012). Further, the implementation of SPP is performed by policies. The policy instrument of SPP has the potential to steer procurers’ and producers’ decisions in a sustainable direction (Bratt et al 2013). The principle behind SPP is to shift the focus of public procurement on value instead of price, using rather value performance than cost performance (Grandia, 2015). Due to the close ties of legislation and public procurement, it does not seem surprising that each country is developing its own SPP approach (Perera et al., 2007). Nevertheless, the supply chains of a globalized world demand for a global SPP approach in order to be effective.

II. DEVELOPMENT OF SUSTAINABLE PROCUREMENT IN GHANA

Ghana became a member of the Marrakesh Task Force (MTF) led by Switzerland in August 2010 to promote SPP in its procurement practices with the MTF framework (PPA, 2017). Since joining the MTF, Ghana has benefited from a US$2.7 million development assistance from the Swiss Government to facilitate its efforts on this project. In this regard, several sensitization and training programs have been undertaken, including sectional amendment of the Public Procurement Act 2003 (Act 663). This mandates the Public Procurement Amendment Act 2016 (Act 914) to respond to the contemporary sustainability orientation of public procurement and to correct existing snags in the practice. The Public Procurement Authority (PPA) and its Board (PPB) are responsible for outlining the main institutional and administrative arrangements, procedures for tendering, monitoring compliance, and facilitating capacity building of the entities to whom the procurement function has been entrusted. Despite all these efforts, small-scale farmers were not considered as a major stakeholders in the promotion of sustainability procurement in Ghana.

Small-scale farmers

Classification of small-scale farming systems in Ghana could sometimes be hazy. While in the technologically advanced countries, this classifications may not be excessively influenced by the physical attributes of land, the ecological factor is a dominant factor in pre-scientific societies. The method of maintaining soil fertility which depends largely on the ecological conditions of an area and the level of technology is therefore a useful criterion upon which a classification of small-scale farming systems in Ghana can be made. Much more, it indirectly determines such characteristics of farming systems as land use patterns, capital inputs, yields, intensity of cultivation and the permanence and impermanence of right.

There are two broad systems of small-scale farming system in Ghana which is based on the aforementioned criterion. These are the bush fallow system and permanent tillage. The latter may be based on the application of compost, manure, and fertilizers to restore soil fertility or on tree cropping. The two systems are subdivided on the basis of land tenure which largely determines field patterns and the intensity of cultivation in terms of capital inputs. In simple term, small-scale farmers are based on the criteria applied for defining small producers, the type of farm work which is mostly done by the farmers themselves and their families, and that they do not hire workers all year round (Fairtrade International, 2011).

Agricultural sustainability

In less than a decade, agricultural sustainability has become a popular code word. It means an agriculture that will continue to conserve natural resources and protect the environment indefinitely, enhance the health and safety of the public, and produce adequate quantities of food at a profit for farmers. Self-sustaining, low-input, and energy-efficient agricultural systems in the context of sustainable agriculture has become the core issues for many farmers, researchers, and policymakers worldwide (Altieri et al., 1983; Altieri, 1999). The practices of modern agriculture such as mechanization, monocultures, improved crop varieties, and heavy use of agrochemicals for fertilization and pest management led to a simplification of the components of agricultural systems and to a loss of biodiversity (Benneh, 1973). However, restoring on-farm biodiversity through diversified farming systems that mimic nature is considered to be a key strategy for sustainable agriculture (Jackson et al., 2007; Scherr and McNeely, 2008).

While modern agriculture has led to high increases in productivity of the world’s farming systems, it is largely recognized that much of this may have come at the price of...
This is because modern farming systems imply the simplification of the structure of the environment over vast areas, replacing natural plant diversity with a limited number of cultivated plants in extensive areas of arable monocultures (Vandermeer et al., 1998). Contrary, on-farm biodiversity is familiar with traditional farming especially in Ghana where traditional farming systems are characterized by great genetic diversity in the form of mixed cropping and agroforestry patterns based on numerous varieties of domesticated crop species as well as their wild relatives (Altieri, 1999). These farming systems offer a means of stimulating diversity of diet and income, stability of production, reduced insect and disease incidence, efficient use of labor, intensification of production with limited resources, and also maximization of returns under low levels of technology (Anil et al., 1998; Malézieux et al., 2009).

**Fairtrade**

Fairtrade (FT) is a global movement with producers in the global South and consumers in the North as the essential partners. Fairtrade is a trading partnership based on dialogue, transparency and respect that seeks greater equity in international trade. It contributes to sustainable development by offering better trading conditions and securing the rights of marginalized producers and workers especially in the South. (A charter of Fair Trade principles 2012)

Fairtrade (FT) has arisen from the outposts of the alternative to become a mainstream principal of normative consumption (Doherty et al., 2013). Globally, its market share in 2015 was reported to be worth over £6.25bn, assisting 1.6 million farmers and workers across 75 countries (Fairtrade Annual Report, 2016). Research has also explored the multiple motivations for FT consumption, including ethical, sustainable and political perspectives. For example, FT consumption is seen as sustainable, ethical and political, (Low and Davenport 2009) while FT is identified as a model of sustainable consumption (Golding and Peattie 2005; DePelsmacker and Janssens 2007).

Generally, Fairtrade is a social organization that works on the mind-set of helping community progress by securing fair guarantee prices for producers (Acquaye et al., 2014). Fairtrade strives on a co-operation among producers and traders, businesses and consumers. This partnership orbits on negotiation, respect and transparency, which seek larger fairness in global trade. Fairtrade makes significant contributions to sustainable development by offering improved trading conditions to stakeholders, and obtaining the rights of relegated producers and workers particularly in developing nations in Africa and Latin America. Largely, Fairtrade is regarded as a possible substitute means of guiding emerging nations to achieving sustainability relatively to following the unsustainable patterns of western model so as to avoid the product setup (Strong, 1997).
2010b) as community fractures. Hughes et al., (2014) see struggle for land tenure issues as a barrier confronting small scale-farmers. This accordingly heightened tensions between Fairtrade standard-setting and the politics of place among these farmers.

III. RESEARCH METHODOLOGY

An evaluative case study research method was used for the study. The study depended on primary sources of data. The primary data was obtained directly from respondents through semi-structured interviews. The primary data provided reliable and accurate first-hand information relevant to this study.

The target populations for this study included the officials of Fairtrade International-West Africa, Public Procurement Authority, Ministry of Food and Agricultural, and Ministry of Trade which are directly involved in Government policy on agriculture and trade, and small scale farmers. The inclusion of the officials from Fairtrade international helped in bringing to bear the extent to which Fairtrade principles are considered in Ghanaian context and also ensured that farmer organizations are well coordinated. On the other hand, the inclusion of farmers brought to light the challenges confronting them and the extent to which the benefits of Fairtrade reach them.

With regard to the farmers from various cooperative groups, focus group interviews were conducted while some were interviewed on individual bases in the study. The researcher used interview guide to solicit responses from the respondents. In all, there were six focus groups and twenty-two individuals which assisted the researcher in the study. The interviews lasted between thirty to forty minutes and were recorded to aid in the analysis. Simple transcriptions was used to analyze the data collected (Friedrichs, 1990). Simple random technique was employed to select the sample size of the farmers from the selected associations through lists from group leaders for the discussions. Also, purposive sampling was employed to select respondents from the four selected organizations. Purposive sampling was appropriate for the study because the respondents from each of the organizations were people whose job descriptions relate to the study and were perceived to have adequate knowledge of the subject matter of the study. As the purpose of this project is to identify the barriers and the impact of Fairtrade scheme on small-scale farmers which otherwise impede or enhance the promotion of sustainable procurement in Ghana, these scopes allowed some awareness into questions that were of great significance.

IV. RESULT AND DISCUSSIONS

This section analyzed the primary data collected from the field investigation and face-to-face interviews. In all, 28 respondents were interviewed among the farmers and four selected organizations and with six focus groups drawn among farmer cooperatives.

Challenges/ Barriers

From the interaction with the respondents, lack of access to Fairtrade markets and unstable supply relationships was identified as a challenge to the promotion of sustainable procurement in Ghana. The most important reason of joining the cooperative under the scheme was the opportunity to sell their products under Fairtrade terms and conditions. However, integration of sustainability requires small-scale farmers to observe certain practices such as the use of organic manure, avoid the use of children etc. The farmers observe these principles with intention of selling their products under the scheme where they can also benefit from the Fairtrade premium associated with regular access to markets and stable supply relationships. However, this is not the case as most often they were compelled to sell their products to conventional buyers. This was the answer given by one of the members in a focus group discussion.

“Most often, when you send your products to the Fairtrade agent to sell, he will tell you there is no money. So you can send it to a different person to buy. After wasting your time to observe sustainability with the intentions of selling the products to an agent of Fairtrade where you can also enjoy indirect benefit from the premium, then you are told to sell it to the conventional buyers, what will you do? I will rather do the conventional farming and sell it to the conventional buyer. Since you also need money you cannot wait for him to get money before you sell it to him. You will look for another person and sell it to that buyer”

This position was further corroborated by officials from Fairtrade International who were also interviewed. Many small-scale farmers who produce certified crops have formed different cooperatives with intention of having their products been sold on Fairtrade terms. This has however, become a façade as only a few cooperatives sell their crops through the certification scheme. For example, there are about 17 mango cooperatives and only about 8 of them have their products sold under Fairtrade certified scheme in 2018. Hughes et. al. (2014) describe this phenomenon as a challenge in terms of struggle for market. In addition to limited buyers, which affect market access, the study revealed that relationships between farmers and their main buyer are also subject to shifts and uncertainties.

The study again identified lack of access to land as one of the problems affecting the promotions of sustainable procurement in Ghana. The interview revealed that most of the farmers are settler from different parts of the country and the land owners most often are reluctant to sell their land. In Ghana land is owned by private individual or the family who give out to people who want to engage in farming either on a large or small scale on certain contractual terms such as ‘abasa’ (sharing into three) or ‘abamu’ (sharing into two). In terms of ‘abasa’ the land is handed out to the farmer to cultivate up to the time of harvest. The proceeds from the crops are shared into three equal parts which the farmer cedes one-third to the

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land owner. In some instances, the farm itself is cleaved into three parts with the farmer taking two third and one-third giving out to the land owner. ‘Abun’ is the situation where the farmer is required to divide the proceeds from the farm into two equal parts where half is ceded to the land owner and the other half is maintained by him or her. Significantly, leasehold contracts are prevalent in farming communities in the country (Damnay et al., 2012). Engaging in these, farmers let land in a short to long-term contracts between 5-30 years from the opinion leaders in the community. This phenomenon poses significant challenge to the farmers under the scheme. This finding is consistent with the (Deppeler, Fromm, and Aidoo, 2014). Also, there are many farmers who own farmland, yet grow crops in a shacrepping agreement. These type of farmers have diverse agreements for yield portion. The share-croppers are regularly called operators. Tenant and caretaker is based on long term arrangements between the absentee farmer and the caretaker.

Another problem confronting farmer as revealed by the study is poor monitoring and irregular payment of dues by members of the co-operative unions. Since most of the farms are scattered, monitory the activities of the farmers to ascertain the level of integration of Fairtrade principles (sustainability) in their activities sometimes proves difficult for the supervisors. This phenomenon becomes compounded especially in raining season when most of these farms become inaccessible. Also, payment of dues among the members of the union is difficult as most members often default in paying dues for about four to five months. Irregular payment of dues can be attributed to the fact that most farmers cultivate small hectares of land and find it difficult to meet their needs. Since these co-operatives are not able to raise money, it makes it difficult for their leadership to liaise with Fairtrade agents for effective supervision and monitoring. Despite these challenges that confront them, the farmers were asked whether they still want to remain on the scheme. Among the people interviewed, almost all the respondents were not reluctant to remain on the scheme.

The study brought to light the persistent attempt by government to impose taxes on the premium given to the farmers under the certification scheme. The logic for taxing the premium is born out of the fact that the money is generated from nefarious trading activities. Fairtrade is seen as a private organization and therefore, the government of Ghana seems to be impervious in the activities of the private organization. As revealed by the respondents from Fairtrade International-West Africa, this phenomenon is making their work difficult especially when it comes to the disbursement of the premium to the farmers. The study further revealed that government lacks policy guidelines with reference to Fairtrade certification scheme. Evidence on the grounds show indifference attitude of governmental agencies towards these certification schemes. However, in some countries such as South Africa, Fairtrade standards have been embedded in the country’s national policy (Hughes, et. al., 2014). The evidence shows Southern Africa’s influence on global Fairtrade standard-setting, South African policy-makers have presented their ‘plantation question’ to Fairtrade International and have sought to re-write Fairtrade certification standards that take into account the country’s political-economic specificities (Kruger and du Toit, 2007) but this is not the case in Ghana.

The impact of Fairtrade scheme on small-scale-farmers in Ghana

With the interviews conducted, one common thing that help to improve the life of the small-scale farmers under the scheme which also enhance the promotions sustainable procurement is premium. Most of the interviewees were quick to mention Fairtrade premium as one of the reasons for joining the scheme. When the product is sold for the normal price that covers the goods, their buyers also pay them additional monies. For example if one ton of cocoa is sold, the buyer pays 2008 to the groups as premium. In 2016 one of the groups under Fairtrade certification received about one million US dollar as the premium. The payment of the premium constitutes a clear impact pathway for improving farmers’ livelihoods. Some of the projects financed from the premium inter alia construction of schools, clinics, markets, distribution of knapsacks, fertilizers and other chemical to its members. In some instances scholarship schemes have been instituted to support brilliant but need students in the catchment areas.

Current research shows that co-operatives are the linchpin for Fairtrade and it objective of community empowerment in producer contexts (Raynolds and Ngcwangu, 2010). Fairtrade has promoted the formation of strong producer organizations among farmers in Ghana. These cooperatives are seen as viable and many organizations and even the government of Ghana is now dealing with these unions rather than engaging the farmers on individual bases. For example, when it comes to the distribution of farm inputs and fertilizers, NGOs and government do so through these unions or cooperatives. The engagement through the unions has led to reduction of corruption with regard to support given to farmer. Also, women are seen playing vibrant roles in some of these organization which also contribute to women empowerment.

Education and awareness creations. One benefit uncovered by this study is education and awareness creation among the farmers. Certified farmers receive education on sustainable production which helps to increase productions than traditional farmers. The Fairtrade Ghana assist farmers in awareness creation in the areas of child labor, the role of women from harvest to post harvest, proper use of fertilizers and chemical, and measures to protect the environment. The education given to the farmers has contributed to sustainable procurement among the small-scale farmers in Ghana.

V. CONCLUSIONS

This article contributes to developing understanding of how Fairtrade could be used to promote sustainable procurement
among small-scale farmers in Ghana. The study identified lack of access to Fairtrade market and unstable supply chain relationships, the issue of land tenure system, poor monitoring and non-payment of dues by members of co-operative unions as barriers to the promotion of sustainable procurement among small-scale farmers from the perspective of Fairtrade labelling scheme.

Again, the study revealed a strained relation between government of Ghana and Fairtrade, West Africa. This disconnection has generated a stalemate between the two parties with regard to the imposition of taxes on the premium. Lack of government’s clear policy guidelines on Fairtrade in Ghana shows lack of interaction between the two parties. FT representatives in Ghana should endeavor to dialogue and explain the positive impacts of its activities to government.

Also, the study identified the Fairtrade premium which is given to farmers after sale, and education and awareness creation as something that not only enhance their livelihood but also promote sustainable procurement in Ghana. Formation of strong co-operative unions among the producer groups also help in empowerment of women in line with the study contributes to growing debates on the barriers and benefits of Fairtrade to small-scale farmers in Ghana. It suggests some standard data for which future studies on integration of Fairtrade standards into procurement of agricultural products could be conducted and evaluated. However, the study is limited by several factors: it is based on a small sized purposive sample of the Fairtrade actors in Ghana. Also, one key Fairtrade actor, the processors were not included in the study and recommended for their inclusion in future study. A larger sample size may enhanced precision or dissimilar results. Future research should endeavor to increase the validity of this study using different sources of information.

REFERENCE


