

2. Agrarian Contracts

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Agrarian Contracts

Labor and land are the most important resources in cocoa production. Chapter 2 discusses the various agrarian contracts made by Ghanaian cocoa farmers to acquire labor and land. In Section I a number of labor arrangements and agrarian contracts in cocoa production are described. The aim here is twofold. First, it is to provide information on labor deployment strategies of and means of acquiring land by farmers, which helps in understanding the variety of agrarian contracts and institutions in Ghana. Second, it highlights the characteristics of contracts that are very different from those of share contracts described in the next section. Section II focuses on a detailed analysis of the share contracts that are used extensively in cocoa production. This analysis demonstrates that these share contracts have a social significance in that they take a variety of forms to suit the particular circumstances of both landlords and tenants and, at the same time, they can be adapted in line with changes in individual life cycles and socioeconomic conditions. The section also discusses why, in Ghanaian cocoa production, share contracts dominate and fixed-wage or fixed-rent contracts are rarely found.

I. Labor Arrangements and Agrarian Contracts

1. Labor Arrangements

The types of labor used in cocoa farming can be classified into four categories: family labor, hired labor, communal labor, and labor exchange groups

(*nnoboa*). Among these four types, family labor, especially that of spouses and offspring, constitutes the most important source of farm labor. Matrilineal kin members such as sisters' offspring (*wofase*) are a less important source of labor. While these kin members may have rights associated with traditional matrilineal inheritance, they make little contribution to the actual farm work. This situation appears to be closely associated with the frequent practice of land transfer from father to son or from husband to wife in the case of gifting and inheritance of land rights. Both male and female labor is used in all farm tasks, but the most strength-demanding tasks, such as initial clearing and tree-felling, tend to be done by males; female farmers are likely to use their husbands' labor for these tasks, while husbands use their own. Unmarried young farmers who have no access to their spouses' or parents' labor appear to use their own labor for most farm tasks.

The types of hired labor used in the study villages are daily wage labor, task-contracted labor, and annual labor. Daily wage labor and task-contracted labor are frequently used for labor- and strength-demanding tasks such as preparing new farms and weeding. Although payment for task-contracted labor is subject to negotiation between farm owners and laborers, standard charges according to an indigenous measurement called *ahama* (rope) usually exist. Daily wage labor is used for all types of farm work; the wages vary depending on the type of work. Annual laborers are paid annually, and the employer provides shelter, farming tools, clothes, and medical care for the laborers. Because employers provide daily necessities, arrangements for annual labor contracts provide a favorable condition for new migrant laborers who have no capital or relatives in the village. Amounts paid to annual laborers, however, are far less than those paid to laborers in other types of labor contracts. Therefore annual labor contracts rarely last more than a few years; most laborers enter other labor arrangements in which they are better paid. Among the three villages surveyed, only four cases of annual labor contracts were identified. All the cases were in Nagore, with none in the other two villages. According to the villagers, however, annual labor contracts were also practiced in the nearby villages of Bepoase and Gyaha.

Communal labor is a system of labor exchange in which farmers work on other farms on an ad hoc basis. The communal labor used in cocoa farming is highly task-specific. In most cases it is used for the tasks of breaking cocoa pods and carrying fermented cocoa to drying places. The number of participants varies (approximately from five to thirty) depending on the amount of cocoa harvested on the farm. The time required for each task is less than a day. No payment is provided to the participants, but food, and sometimes drink, is served after the work.

TABLE 2-1
DISTRIBUTION OF *NNOBOA* MEMBERS BY AGE AND SEX

	Age				Total
	(No. of persons)				
	-29	30-39	40-49	50-	
<hr/>					
Bepoase					
Male	12	3	1	1	17
Female	0	0	0	0	0
Total	12	3	1	1	17
<hr/>					
Nagore					
Male	15	13	6	8	42
Female	5	6	3	1	15
Total	20	19	9	9	57
<hr/>					
Gyaha					
Male	18	15	10	6	49
Female	4	2	0	0	6
Total	22	17	10	6	55

In contrast to the loosely organized communal labor, the structure of labor exchange groups, *nnoboa*, is tight. The groups have clear memberships, usually two to five people, and labor is exchanged on a rotating basis. The labor is used for all types of farm work, but most commonly for weeding. Although no payment is made for the labor, food is often served by the farm owner. Gender and age play important roles in the structure of *nnoboa* groups. There is a strong tendency for men and women to form separate *nnoboa* groups. This is probably because physical strength is different between male and female, and the labor exchange becomes unequal if the members are gender-mixed. In addition, younger people appear to be more likely than their older counterparts to form *nnoboa* groups (Table 2-1). This perhaps stems from the fact that younger farmers have both less capital to use hired labor and less access to family labor, and thus supplement these with the labor of *nnoboa* groups.

The primary function of *nnoboa* is to overcome labor shortages on one's own farm through an exchange of labor. Accordingly, the *nnoboa* functions as a mutual support system among farmers who cannot afford hired labor. On the other hand, however, a member of a *nnoboa* group may not use the labor available through the group on his own farms but only on other villagers' farms, for a monetary return. In this situation, the labor provided by group

TABLE 2-2
PERCENTAGES OF *NNOBOA* GROUPS WITH A WAGE-EARNING FUNCTION

Village	Total Number of <i>Nnobo</i> a Groups	Percentages of Groups with a Wage-Earning Function
Bepoase	7	29
Nagore	26	58
Gyaha	26	23
Total	59	39

members is remunerated in cash. Consequently, *nnobo*a not only fulfils its primary function of acquiring labor free of charge through a mutual labor exchange, but also the additional function of securing opportunities to acquire monetary income through the use of the group's labor force. As Table 2-2 shows, some of the *nnobo*a groups in all the villages work to earn wages in this way.

2. Agrarian Contracts for Land

Farmers in the three surveyed villages engage in crop production by acquiring usufruct right of land through various agrarian contracts (Tables 2-3 through 2-5). The most frequently used is the share contract for cocoa production. As the share contract for cocoa production will be analyzed in detail in the next section, the following discussion will focus on other types of contract.

(1) Share Contracts for Food Crops

In share contracts for the production of food crops, tenants produce food crops by using the landlords' land, and share the production with the landlords in agreed proportions. The sharing arrangement is usually *abusa* (division into three) or *abunu* (division into two), depending on the individual contracts. In this type of contract, the landlords do not specify the crops to be produced. This decision is left to the tenant's discretion. However, tenants are not permitted to plant perennial crops such as cocoa, oil palm, and citrus. Share contracts for food crops are concluded between tenants and landlords who reside in the same or neighboring villages, and rarely with absentee landlords. This is because it is too expensive for landlords living some distance away to visit the farms and collect the products.

The method of sharing differs according to the crop. Maize is shared after harvesting. In the case of cassava and cocoyam, the farms are partitioned into set areas and both landlords and tenants collect their own crops when these are ready for harvesting. The contracts automatically terminate with the harvest-

TABLE 2-3
TYPES AND SOURCES OF USUFRUCT RIGHTS IN BEPOASE

Type	Total No.	Sex	No.	Sources and No. of Contracts
<i>Yemayenkye</i>	28	Male	23	Unrelated 12; father's brother 3; mother's sister 2; wife, father, 1 each; other 4
		Female	5	Unrelated 3, father 1, husband's father's brother 1
<i>Nhwesoo</i>	20	Male	19	Unrelated 12; father 3; maternal grandmother, wife, wife's father, unknown, 1 each
		Female	1	Mother 1
Share contract for food crops	0	Male	0	
		Female	0	
Usufruct rights by planting cocoa seedlings for landlord	10	Male	4	Father's brother, maternal grandmother, unrelated, wife's father, 1 each
		Female	6	Unrelated 1, husband 1, unknown 4
Share contract for perennial crops except cocoa	1	Male	1	Unrelated 1
		Female	0	
Free use of land	38	Male	26	Unrelated 10; father 6; paternal grandfather 2; mother, maternal grandmother, 1 each; other relative 2; unknown 4
		Female	12	Husband 7, husband's relative 3, mother 2
Total	97	Male	73	Unrelated 36, father 4, father's brother 4, other 29
		Female	24	Husband 8, unrelated 4, mother 3, husband's relative 4, other 5

ing of the crops. The contract term, therefore, is usually less than two years. The contract may be renewed, covering different sites owned by the same landlord.

(2) Usufruct Rights by Planting Cocoa Seedlings for Landlords

Some contracts specify usufruct rights for the production of food crops on the condition that cocoa seedlings are planted for the benefit of the landlords. These contracts entitle tenants to engage in food crop production and to retain all the harvested products, but require them to plant cocoa for their landlords on the farms being developed. In the second year, when the cocoa trees have grown and the harvesting of food crops ends, the cocoa farms are returned to

TABLE 2-4
TYPES AND SOURCES OF USUFRUCT RIGHTS IN NAGORE

Type	Total No.	Sex	No.	Sources and No. of Contracts
<i>Yemayenkye</i>	52	Male	40	Unrelated 38, wife's relative 2
		Female	12	Unrelated 6; father's sister 2; father, husband's sister, maternal uncle, unknown person, 1 each
<i>Nhwesoo</i>	43	Male	42	Unrelated 27; wife's relative 3; father 5; mother, maternal grandfather, 2 each; wife, nephew, father's brother, 1 each
		Female	1	Mother 1
Share contract for food crops	1	Male	1	Unrelated 1
		Female	0	
Usufruct rights by planting cocoa seedlings for landlord	39	Male	18	Unrelated 11; mother 3; unrelated 2; father, maternal uncle, 1 each
		Female	21	Unrelated 8; mother 3; maternal uncle, maternal grandmother, father, father's nephew, husband, 1 each; husband's relative 3; other 2
Share contract for perennial crops except cocoa	0	Male	0	
		Female	0	
Free use of land	16	Male	11	Unrelated 3, father 3, mother 2, other 3
		Female	5	Husband 3, father 1, maternal uncle 1
Total	151	Male	112	Unrelated 80, father 9, mother 7, other 16
		Female	39	Unrelated 14, husband 4, mother 4, father 3, maternal uncle 3, other 11

the landlords and the tenants have no right to the cocoa farms. If land is readily available, tenants may continue to produce food crops by gradually moving the production sites every year. This type of contract is of benefit to both the tenant and the landlord, with the tenant obtaining the usufruct right for food crop production without paying rent, and the landlord having a cocoa farm developed without working on the farm.

(3) Free Use of Land for Production of Food Crops

In a good many cases, land is borrowed free of charge from a husband, wife, relative, or close friend who holds unused land, to produce food crops. Public employees, such as teachers or agricultural extension officers, often

TABLE 2-5
TYPES AND SOURCES OF USUFRUCT RIGHTS IN GYAHA

Type	Total No.	Sex	No.	Sources and No. of Contracts
<i>Yemayenkye</i>	131	Male	107	Unrelated 84, wife's father 3, father 2, maternal uncle 2, other 16
		Female	24	Unrelated 19; mother, maternal uncle, husband's brother, father's sister's child, paternal uncle, 1 each
<i>Yemayenkye</i> land contracted by relatives	34	Male	6	Father 5, brother 1
		Female	28	Husband 24; father 2; brother, maternal grandmother, 1 each
<i>Nhwesoo</i>	26	Male	24	Unrelated 19; maternal uncle 2; father, wife's mother's maternal uncle, maternal aunt's son, 1 each
		Female	2	Unrelated 2
Share contract for food crops	35	Male	18	Unrelated 18
		Female	17	Unrelated 14; husband's maternal uncle, mother's maternal uncle, sister's daughter's husband, 1 each
Usufruct rights by planting cocoa seedlings for landlord	15	Male	6	Unrelated 6
		Female	9	Unrelated 4; husband, husband's mother, husband's brother, father, paternal grandfather's grandson, 1 each
Share contract for perennial crops except cocoa	12	Male	11	Unrelated 9; father's sister's child, paternal grandfather's brother, 1 each
		Female	1	Unrelated 1
Free use of land	32	Male	11	Father 6, other relative 4, maternal uncle 1
		Female	21	Husband 15, maternal uncle 2, father 2, husband's mother 1, other relative 1
<i>Agofi</i>	8	Male	4	Okumaninghene 2, Kyebihene 1, unknown 1
		Female	4	Okumaninghene 3, Abenasehene 1
Total	293	Male	187	Unrelated 136, father 14, maternal uncle 5, other 32
		Female	106	Unrelated 40, husband 40, father 5, maternal uncle 3, other 18

rent land for food production, free of charge, through arrangements with village heads. In all these cases, perennial crops are not allowed to be planted, and the land must be returned to the landlord after a certain period of time.

In the most common examples, a husband may allow his wife to use his land for food crop production. As will be discussed in Chapter 4, the degree of autonomy wives can enjoy on the husbands' land varies from case to case. It is often the case that wives plant cocoa on the husbands' land in the expectation that the land will be gifted to them by their husbands in the future.

(4) *Agofi*

In Gyaha there is a system known as *agofi*, whereby a group of villagers rents land collectively from the traditional chief, and pays an annually prescribed amount of rent to the chief. The village head allocates and collects the rent and pays it to the chief as the group's representative. The village head also decides which part of the land is allocated to whom, after hearing from the villagers. The land users can grow whatever crops they like, including perennial crops such as cocoa. When they no longer need the land (or when they cannot pay their share of rent), the land is allocated to other applicants.

More than one relative may use land allocated under *agofi*, but only if a representative pays the rent in a lump sum. The usufruct right secured under the *agofi* can be inherited. Cocoa farms can be developed on the land, and the land can be leased out. However, even in the case of a sublease, the original land user must pay the rent to the chief through the village head.

II. Share Contracts

1. Two Types of Share Contracts

Share contracts are widely practiced in cocoa farming in all three villages studied. Most literature on share contracts in Ghana treats them under the single category of *abusa* (division into three).¹ In the study locations, however, two distinct types of share contracts are found and the contents of the two are very different (Table 2-6). The two types are *nhwesoo* (meaning "care-taking") and *yemayenkye* ("do and let's share/divide").² This section describes the two types of share contracts in detail, and then discusses the reasons for the preference for these types of contract over fixed-rent contracts and fixed-wage contracts.

(1) *Nhwesoo*

In the *nhwesoo* type of share contracts, tenants manage already-established

TABLE 2-6
PERCENTAGES OF SHARE CONTRACT TENANTS

Village	<i>Nhwesoo</i>		<i>Yemayenkye</i>	
	No. of Cases	%	No. of Cases	%
Bepoase (<i>N</i> = 87)	17	20	17	20
Nagore (<i>N</i> = 152)	39	26	44	29
Gyaha (<i>N</i> = 235)	23	10	127	54 ^a
Total (<i>N</i> = 474)	79	17	188	40

Note: *N* = number of farmers interviewed.

^a Including the cases of subcontracts for part of the land contracted by relatives.

cocoa farms and in return get a share of the profit derived from the cocoa harvest (Case 2-1 at the end of this chapter). Tenants are responsible for the weeding, spraying, and harvesting of cocoa. If the tenants employ farm laborers for these tasks, it is the tenants' responsibility to pay for the laborers. If the farm owner asks the tenant to do farm tasks other than the aforementioned ones (such as establishing new farms), the tenant is remunerated for the additional work. Sharing arrangements of the profit between farm owners and tenants are usually *abusa*, in which the tenants take one-third. When the contracting parties are related (for example, a father and his son, or a wife and her husband), the sharing arrangements are often *abunu* (division into two). There is no fixed pattern of cost sharing of farm inputs between farm owners and tenants.

The majority of farm owners in *nhwesoo* contracts are own-account farmers and reside in or near the study villages. If this is the case, farm owners make most of the decisions on farm management (for example, when to weed and spray insecticides), and the tenants' work is closely supervised. Farm owners also make decisions on the selling of cocoa (the selection of buying centers and means of payment—cash or check). The tenants do not usually have their own "farmer books," in which records of cocoa sales are kept. The small proportion of management decisions on the tenants' side makes *nhwesoo* little distinguishable from the permanent labor contract in which a worker is remunerated with a share of the output (Otsuka, Chuma, and Hayami 1992, p. 1966).

For *nhwesoo*, no written agreement of the contract is prepared. The contract ceases when either party so desires or the tenant dies, and the usufruct right of land is not inherited by the deceased's relatives. The majority of *nhwesoo* contracts at the time of the survey lasted for one to six years, but some (21 per cent) of the contracts lasted more than ten years (Table 2-7).

TABLE 2-7
DURATION OF *NHWESOO* CONTRACTS

Village	Number of Years					
	1	2	3	4	5	6
Bepoase	3	3	1	4	4	3
Nagore	10	9	13	6	7	10
Gyaha	6	8	2	11	6	2
Total	19	20	16	21	17	15

Village	Number of Years					Total
	7	8	9	10 or Over	Unknown	
Bepoase	1	0	0	11	0	30
Nagore	1	2	0	13	2	73
Gyaha	0	1	1	6	0	43
Total	2	3	1	30	2	146

Note: When two tenants with different years of service work jointly on the same farm, the longer years are adopted in the table.

(2) *Yemayenkye*

In the second type of share contracts, *yemayenkye*, tenants are responsible for all the farm tasks (clearing land, establishing cocoa farms, weeding, spraying, and harvesting), and in return receive a half share of the cocoa harvest (Case 2-2). A critical difference between *nhwesoo* and *yemayenkye* is that in *nhwesoo* a landlord establishes cocoa farms either with his/her own labor or by employing hired laborers before handing over the established farms to tenants, while in *yemayenkye* a tenant establishes cocoa farms with his/her own labor and expense. This means that the tenant in *nhwesoo* obtains a share of the cocoa harvest from the first year of the contract, while the tenant in *yemayenkye* has to wait for several years (until trees start bearing fruit) before obtaining a share of the cocoa harvest. In *yemayenkye* the landlords often give instructions on which variety of cocoa to be planted and how often the farm should be sprayed. However, other decisions on farm management are left to the tenants. In addition, most tenants in *yemayenkye* have their own “farmer books” and make their own decisions on sales of cocoa. Costs of farm inputs, including labor costs, are borne by the tenants, but in some cases the landlords bear the cost of spraying. The contracting parties often prepare written agreements of the contracts.

Two important variations of *yemayenkye* exist concerning what is to be shared between landlords and tenants. The first variation is that, after the tenant establishes the cocoa farm, the cocoa trees on the farm, rather than the cocoa harvest, are divided into two equal parts, and each part is independently managed by the landlord and the tenant (Case 2-3). The second variation is that, from the very beginning of the contract or during the course of establishing the farm, the contracting parties agree to share the land when the establishment of the farm is completed and the cocoa trees mature (Case 2-4). The difference between the two variations is that in the first the land will be returned to the original landlord if all the trees die or the tenant abandons the farm, while in the second variation, once the land is divided, the original landlord has no right to reclaim the part of the land transferred to the tenant. In both cases, landlords and tenants share the cocoa harvest in an agreed proportion until the trees or the lands are divided.

The land-dividing *yemayenkye* mentioned above is less popular in Gyaha than in Bepoase and Nagore. This is probably because of the different socio-economic situations of the three villages. Bepoase and Nagore are located in a relatively new cocoa-growing area in which the first migrants settled in the 1940s and 1950s. On the other hand, Gyaha is located in the oldest cocoa-growing area where migrants started producing cocoa at the beginning of the twentieth century. Given the longer history of cocoa production and the resultant division of land among kin members through inheritance and gift over generations, the individual landholdings are smaller and the uncultivated land scarcer in Gyaha than in other two villages. This makes the landlords in Gyaha reluctant to alienate the land through land-dividing *yemayenkye*.

Sharing arrangements under *yemayenkye* are not constant and may vary regionally or over time. In Gyaha, some of the *yemayenkye* contracts concluded in early years were triplet division (*abusa*) in which tenants take two parts. According to some farmers in Gyaha who have lived in the village for a long time, triplet division used to be the normal practice, but new landlords in later years adopted the equal sharing method (*abunu*), and this format is now the norm. Field (1948, pp. 75–76) reports that in Abenase (a town near Gyaha) the sharing arrangements between landlords and tenants were triplet division in which tenants took two parts. Ollennu (1962, pp. 79–83) also reports that when a tenant establishes a cocoa farm his share is two-thirds, while on an already-established farm he obtains a half share. These accounts seem to indicate that sharing arrangements have been shifting during the past forty years or so in favor of the landlords. This might be a result of increasing scarcity of land and the resultant stronger bargaining power on the landlords' side (Amanor 2000, p. 28).

In *yemayenkye*, it is often the case that the contents of the contract are not clearly agreed upon at the outset by landlords and tenants. In some cases the landlord simply orders the tenant to start establishing the farm, and decisions on what is to be shared (harvests, trees, or land) and when are left to future negotiations. As a result, there are some cases in which landlords and tenants have different understandings of the outcome of the contracts (Case 2-5). This ambiguity has two implications. One is that it may increase the possibility of future disputes between the contracting parties. Another is that it gives both landlords and tenants some degree of flexibility, allowing them to modify in their own favor the contents of the *yemayenkye* contract. For example, an absentee landlord who lacks information on the ability of a tenant may want to assess the quality of the tenant's work before making final arrangements, thus avoiding "adverse selection." A tenant, on the other hand, may want to postpone the final decision until he establishes the cocoa farm, because an already-established farm gives the tenant a degree of security of usufruct right on the land. The ambiguity in the outcome of *yemayenkye* thus constitutes both uncertainty and flexibility.

When a tenant acquires a contractual usufruct right and engages in crop production, an important indicator for the extent of the land right is whether perennial crops can be planted. When a tenant plants perennial crops such as cocoa, as is the case with a *yemayenkye* contract, it means that the tenant establishes a vested interest on the land that lasts for many years. Accordingly, the fact that a tenant with a usufruct right has been permitted by a landlord to plant perennial crops implies that the usufruct right can remain valid for a long period. Therefore, in a *yemayenkye* contract that presupposes cocoa planting, and in the aforementioned *agofi* contract that permits the planting of tree crops, the tenant has a relatively secure land right. On the other hand, when the usufruct right is limited to the production of food crops that can be harvested in a year or two (as in the cases of Section I, 2, (1)–(3)), the use of land for long periods is not guaranteed, and the land rights of the tenants are relatively limited.

Tables 2-8 and 2-9 present the numbers of tenants and landlords in the study villages. Table 2-10 shows the number of landlords using share contract tenants in the three villages.

2. Characteristics of the Two Share Contracts

(1) Points Common to *Nhwesoo* and *Yemayenkye*

An important incentive for tenants to enter *nhwesoo* or *yemayenkye* is that they can obtain usufruct rights of land to grow food crops. In both contracts landlords specify the type of farm (cocoa) to be managed or established. If

TABLE 2-8
NUMBER OF TENANTS CONTRACTED BY A LANDLORD

Village	Number of Tenants				Total
	1	2	3	4 or Over	
Bepoise	9	2	0	1	12
Nagore	21	8	2	1	32
Gyaha	12	8	2	2	24
Total	42	18	4	4	68

TABLE 2-9
NUMBER OF LANDLORDS A TENANT WORKS FOR

Village	Number of Landlords				Total
	1	2	3	4 or Over	
Bepoise	25	3	0	0	28
Nagore	45	19	3	0	67
Gyaha	61	31	6	4	102
Total	131	53	9	4	197

TABLE 2-10
PERCENTAGES OF LANDLORDS USING SHARE CONTRACT TENANTS

Village	<i>Nhwesoo</i>		<i>Yemayenkye</i>	
	No. of Cases	%	No. of Cases	%
Bepoise (<i>N</i> = 87)	10	12	4	5
Nagore (<i>N</i> = 152)	31	20	1	1
Gyaha (<i>N</i> = 235)	16	7	9	4
Total (<i>N</i> = 474)	57	12	14	3

Note: *N* = number of farmers interviewed.

tenants comply with this agreement, they are entitled to grow food crops at their own disposal on the same land. In *nhwesoo*, the tenant is allowed to use a part of the farm owner's land (usually a part adjoining the cocoa farm managed by the tenant) to grow food crops. In *yemayenkye*, the tenant enjoys the freedom to consume and sell food crops produced in the course of establishing the cocoa farm. Sharing obligations are usually restricted to those related to cocoa, and tenants enjoy a high degree of freedom in food produc-

tion and its use. Such rights to food production make land-demanding villagers more inclined to enter share contracts than other agrarian contracts.

In Ghanaian share contracts, landlord and tenant are not clearly differentiated and cannot be regarded as distinct “classes.” Some landholding farmers lease out land for share contracts while others lease in. Still others simultaneously lease out parts of their land, cultivate parts of it by themselves, and lease in land from others (Case 2-6). It is clear that those who lease in land under share contracts do not form a distinct class of landless tenants. Furthermore, as will be discussed below, tenants who are currently landless may become landholding farmers in the future through land-dividing *yemayenkye*. Landlord and tenant are therefore neither categorically distinct nor unchangeable over time. In addition, landlords and landless tenants are not necessarily identical to rich and poor, respectively. In Bepoase I encountered one landless tenant who manages large cocoa farms under *nhwesoo* and *yemayenkye* from which he harvests over a ton of cocoa. When “wealth ranking” of the villagers (Grandin 1988) was conducted, he was classified as one of the richest in the village. On the other hand, there are some widowed elderly female “landlords” who inherited small plots of cocoa farms from their deceased husbands. Due to their physical weakness and lack of labor in their households, they often have no choice but to enter *nhwesoo* to obtain necessary labor. Thus for such old women, “to be labourless is as much a disadvantage in production . . . as to be landless” (Robertson 1980, p. 420).

(2) Some Distinctive Features of *Yemayenkye* Contracts

In *yemayenkye* there are a number of distinctive features that provide incentives to tenants. The first is that the tenant’s usufruct right of land is stable. Once the cocoa farm is established, the tenant can continue farming on the land for life, as can descendants of the original tenant. Ownership of the farm remains in the hands of the landlord until he agrees to divide the land with the tenant. However, according to the written agreements possessed by several farmers, the contract cannot be canceled by the landlord unless any of the following applies: (a) when all the planted cocoa trees have withered; (b) when the tenant leaves the land and abandons the cocoa farm; (c) when the tenant steals the cocoa harvest; and (d) when the tenant performs witchcraft. With the exception of these extraordinary cases, the tenant is guaranteed retention of the usufruct right to continue cultivation of the same land over a long period.

Another relevant feature of *yemayenkye* is the inheritability of the contractually accorded usufruct right. Unlike the *nhwesoo* arrangement, the *yemayenkye* contract allows the tenant’s wife, children or relatives to take

over the contract and to continue farming on the same land, even when the original tenant dies (Case 2-7). If a landlord agrees, a tenant, while alive, can transfer the usufruct right to his wife or children. These transferred usufruct rights are often put in a written agreement signed by the landlord, the tenant, and their kin members. Because of the inheritable nature of usufruct right under *yemayenkye*, many farmers refer to cocoa farms under this contract as inheritable property (*agyapade*). The stable and inheritable nature of usufruct right under *yemayenkye* is one reason that farmers prefer this contract to *nhwesoo*.

The fact that the tenant's usufruct right granted under *yemayenkye* is stable and inheritable seems to influence the relationship between the change in relative prices of agricultural products and the farmers' crop selection behavior. Under a *yemayenkye* contract, the tenant's usufruct right is guaranteed and the inheritance right is ensured as long as a cocoa farm is well managed. However, when all the cocoa trees wither, or when the tenant fails to manage the farm, the tenant will lose his usufruct right. Accordingly, in order to retain the usufruct right to the land, a tenant cannot give up a cocoa farm or change to other crops at his discretion, even if the relative price of cocoa falls and the production of other crops becomes more profitable. Because maintaining cocoa farms is an important means of strengthening and securing tenants' land rights, a fall in the real producer price of cocoa, as happened in the 1970s and the early 1980s in Ghana, might have less effect on production behavior than is usually assumed.

Still another feature distinctive to *yemayenkye* is that it provides an opportunity for landless farmers to become landholding farmers. Either at the outset of the contract or after some long-term negotiations, the tenants may reach agreement with the landlord to share the land. The process of land transfer from landlord to tenant in this arrangement is slow, and most tenants spend five to twenty years obtaining the land. However, tenants need little capital in this process. What is required is continuous labor input by the tenant into the cocoa farm. In addition, tenants have access to means of subsistence until the contracting parties finally divide the land: while establishing new farms tenants are entitled to harvest food crops; when cocoa trees are mature, they can obtain a share of the cocoa harvest.

Thus, *yemayenkye* differs from the ordinary share contract which only defines the arrangement for sharing the harvest: it guarantees the stable and inheritable usufruct right of the tenant as long as the cocoa trees remain viable. At the same time, *yemayenkye* provides the tenant with an opportunity to become a landholding farmer through division of the landholding right with a landlord.

(3) Intensity of Landlord Supervision of Tenants and Underreporting of Total Harvest

Another important difference between *nhwesoo* and *yemayenkye* contracts is the intensity of landlord supervision of tenants. Many *nhwesoo* landlords are own-account farmers who live in or near the village. This enables the landlords to strictly supervise the work of their tenants and to make most of the decisions on farm work. The tenant's decision-making rights are limited, and the tenant is thus more like a laborer remunerated with a share of the output. On the other hand, most landlords under *yemayenkye* are absentee landlords who come only during the harvest season to supervise the tenants and to collect their shares. As a result, landlord supervision of tenants in everyday farm work is weak, and there is large leeway for tenants to underreport the total harvest. In addition, because it is the tenants who establish the farm and make decisions on everyday farm management, while most landlords reside far away and are not experienced farmers, the landlords have much less information than the tenants on farm conditions and total harvest. The difficulty of contract enforcement and the information asymmetry between the contracting parties concerning farm conditions are thus two main factors that lead to the widely practiced underreporting of the total harvest.

Because of the wide practice of underreporting, *yemayenkye* constitutes a unique combination of production incentive and risk sharing that is somewhere between the share contract and the fixed-rent tenancy contract. Because a landlord does not have accurate information on the total harvest, a tenant can reduce the landlord's share below the level agreed in the contract. This means that the production incentive to the tenant may be stronger than that in the share contract because, after the tenant gives the landlord an amount that satisfies the landlord, the tenant keeps all the extra output that any additional inputs on his/her part may yield. This incentive structure is similar to that of fixed-rent tenancy. On the other hand, the risk sharing inherent under the share contract remains the same under *yemayenkye*: the tenant may reduce the amount paid to the landlord in a year of bad harvest. Therefore *yemayenkye*, together with the wide practice of underreporting, provides not only a production incentive higher than the ordinary share contract without underreporting but also an arrangement to share the risk.

(4) Reputation, Kin, and Marital Relations

Contract-breaching behavior, such as tenant underreporting of the harvest, can be reduced in a community where villagers are long-term settlers and people know one another well, and where information about contract-breaching is easily transmitted to other villagers. This is because a person's reputa-

TABLE 2-11
RATIO OF SHARE CONTRACTS WITH RELATIVES OR SPOUSES

	<i>N</i>	No. of Cases	%
Bepoase			
<i>Nhwesoo</i>	24	7	29
<i>Yemayenkye</i>	21	8	38
Total	45	15	33
Nagore			
<i>Nhwesoo</i>	78	29	37
<i>Yemayenkye</i>	52	8	15
Total	130	37	28
Gyaha			
<i>Nhwesoo</i>	46	8	17
<i>Yemayenkye</i>	162	25	15
Total	208	33	16

Note: *N* = number of farmers interviewed.

tion in such a community affects his future economic opportunities, thus reducing the incentive to breach the contract (Hayami and Otsuka 1993, pp. 56–58). In the three villages studied, however, reputation seems to play a less significant role in reducing the incentive to underreport the harvest. Three factors may explain the situation. First, all the study villages are migrant communities, the composition of village population is multiethnic, and the population is highly mobile.³ In such a situation village structures are not tight, and reputation plays only a limited role in reducing contract-breaching. Second, information about the total harvest of cocoa can easily be restricted to the tenant. As a result villagers cannot accurately know the total cocoa harvest and the extent of contract-breaching by the tenant. Third, as most landlords are absentees and have little interaction with villagers, there is no incentive for villagers to report breaching behavior to the landlords.

As can be seen in Table 2-11, a number of share contracts are made between relatives or between husbands and wives. A majority of the tenancy contracts are made between unrelated persons, but there are still a good many tenancy contracts concluded between kin members or spouses. For instance, a father makes his son develop a cocoa farm on the assumption that the son will be given the farm in the future. In such cases, *nhwesoo* and *yemayenkye* concluded between relatives or spouses may be better understood as a preliminary step toward inheritance of the farm or land than merely as an economic contract⁴ (Robertson 1982, p. 468).

(5) Share Contracts and Villagers' Life Cycles

Nhwesoo and *yemayenkye* are closely linked with a villager's life cycle, in that the two types of share contracts provide an important step in a farmer's career to acquire a more direct interest in land (Robertson 1982). A newly arrived migrant who has no capital or relatives, for example, may first enter the annual labor contract in which daily necessities are provided by his employer. While he serves as an annual laborer, his employer may hand over cocoa farms to the laborer as *nhwesoo*, or the laborer may find somebody who wants a *yemayenkye* tenant (Case 2-8). A casual laborer or a *nhwesoo* tenant also typically tries to find better contracts (Case 2-9 and Case 2-10). The preferred contract from the worker's point of view is *yemayenkye*, in which, as previously discussed, the tenant's land right is stable and various other incentives are embedded. *Nhwesoo* comes next, because a tenant has a right to grow food crops. Other hired labor contracts such as task-contracted and daily-wage labor are considered inferior to the two share contracts, but in any case they provide important income opportunities for both landless and landholding villagers. Depending on their life cycle stage and socioeconomic background, villagers enter various contracts. In this way the two types of share contracts provide important steps of promotion in a farmer's career.

A similar link between contract choice and farmer life cycle can be observed for landlords. In migrant cocoa-farming villages, such as the three villages studied, farmers typically migrate from their hometowns when they are young to establish cocoa farms in land-abundant forest areas (Middleton 1979; Hill 1963). While developing his career as a cocoa farmer in the village, the migrant invests most of the profit from the farm(s) in educating his children or in building houses in his hometown. When the farmer becomes old and physically weak, he retires to his hometown. The two forms of share contracts provide a convenient arrangement for such retired farmers. If the retiring farmer has mature cocoa farms, he would enter a *nhwesoo* contract, from which regular income after retirement is guaranteed. In this case, little information asymmetry concerning farm conditions exists between the contracting parties, because the retired farmer has accurate information on the cocoa farms that were established and managed by him until retirement. Therefore, although the retired farmer (the landlord) resides far away from the farm, the tenant has little chance to underreport the total harvest. If the retiring farmer has an old cocoa farm whose yield is declining, he may enter a *yemayenkye* contract in which no labor input by the retiring farmer is required. In both cases the share contracts provide advantageous arrangements for retiring farmers.

Besides their advantages for retiring farmers, the two contracts provide

convenient arrangements for landlords who have various socioeconomic backgrounds. For example, a farmer who has established an initial cocoa farm through his own labor may want to establish a second farm. Faced with a labor shortage, the farmer may choose to supplement his own labor with the labor of a tenant, and hand over the management of the already-established farm to a *nhwesoo* tenant. Similarly, an elderly woman who inherited cocoa farms from her deceased husband but does not have the physical strength to work the farms may also choose to enter a *nhwesoo* contract to acquire the necessary labor. On the other hand, for an absentee landlord who either inherited or purchased uncultivated land in the villages but has a full-time job in town, *yemayenkye* is a likely choice because the landlord can establish new farms with no input on his part. Thus the two types of share contracts provide flexibility to landlords, enabling them to choose contracts appropriate to their different socioeconomic situations.

3. Reasons for Adopting the Share Contract

In the study villages, the two types of share contracts discussed above are the dominant forms of agrarian contracts in cocoa production. By contrast, fixed-rent contracts or fixed-wage contracts are rarely found. The following discussion examines why the share contract is preferred over the other two tenancy contracts in Ghana's cocoa production.

When a landlord and a tenant reside in the same or nearby villages, landlord supervision of the tenant is strong and contract enforcement relatively easy. This is the situation in which *nhwesoo* is practiced in Ghanaian cocoa production. Given the low cost of monitoring labor in this situation, the contractual form preferred by a landlord would be the fixed-wage contract in which the landlord gain all the return on the increased inputs. On the other hand, the worker/tenant would find the share contract far more advantageous because the land usufruct right for food production is ensured. In addition, the risks associated with cocoa production (such as weather, diseases, and price change) can be shared between tenants and landlords in the share contract. The fixed-rent contract will not be an option because the tenant must bear all the risks.

When the landlord and the tenant prefer different types of contracts as stated above, the outcome of contract choice seems to be influenced by the relative bargaining power of the two parties. Namely, when the landlord's bargaining power is relatively strong, the fixed-wage contract would be chosen. Otherwise, the share contract would be adopted. A critical factor in southern Ghana influencing the relative bargaining power of the two parties is the shortage of farm labor and high labor mobility. Throughout the history of cocoa production in Ghana, acquiring the necessary labor has been the major

constraint, and migrant labor from northern Ghana and Burkina Faso has played an important role in fulfilling this demand. In addition, the rural population in Ghana is highly mobile because of its search for employment, both rural and urban. These factors seem to indicate that hired workers have more options in contract choice than the labor-demanding landlords, giving workers/tenants a stronger bargaining position when specifying contracts.

In the study villages, the annual labor contract (a type of fixed-wage contract) appears to be chosen only when the worker has weak bargaining power. In the survey, only a few cases of annual labor were found, and the contract rarely last more than a few years. Because daily necessities are provided, arrangements for annual labor contracts is a good starting point for new migrant laborers who have no experience in cocoa production and thus have limited bargaining power vis-à-vis the landlords. Within a few years, however, most annual laborers acquire work experiences in cocoa farming and knowledge on local conditions, and enter other contractual arrangements more favorable to them. This fact appears to indicate that the fixed-wage contract is chosen only when the worker/tenant is in a relatively weak bargaining position.

When a contract is made with an absentee landlord, as in the case of *yemayenkye*, landlord supervision of tenant work is weak, and the landlord has to bear the high cost of monitoring labor. In addition, reputation does not play a significant role in providing work incentives to workers in Ghana, as discussed above. Therefore the fixed-wage contract, in which workers have little incentive to work hard, is not an option. In the case of fixed-rent contracts paid in cash, the landlord again has to bear high transaction costs. This is because, given the soaring domestic prices and frequent changes in the cocoa producer price, the landlord has to bear great costs for collecting information needed to decide annual rents and for concluding a contract with the tenant each year. This problem of high transaction cost necessary for rent decisions on the landlord side can be solved by adopting fixed-rent contract in kind, because costs of collecting price information is unnecessary. However, the fixed-rent contract imposes on the tenant the heavy burden of bearing all the risks arising from changes in output. Thus, when the tenant's bargaining power is strong with many contract options as is the case in Ghana where labor is short, and with the absentee landlord unable to use his land efficiently without tenant labor, the fixed-rent contract, which is unfavorable to tenants, is not likely to be adopted. In short, *yemayenkye* is adopted when there is (a) a heavy cost burden on the landlord for supervision and enforcement, (b) a high cost on the landlord for collecting information on changing prices and for determining fixed-rent cash payments, and (c) relatively strong bargaining

power on the tenant side, given the shortage of labor. Thus, the existence of various transaction costs on the landlord side and the relatively stronger bargaining power of tenants play important roles in the choice of share contracts in Ghanaian cocoa production.

Conclusion

The analysis in this chapter has focused on various agrarian contracts in cocoa production in Ghana. Section I categorized labor contracts and reviewed the ways of obtaining usufruct right to land. Section II clarified the two types of share contracts widely practiced in cocoa production. It indicated that the two types of share contracts, *nhwesoo* and *yemayenkye*, provide both landlords and tenants with various incentives that are often related to villagers' life cycles. By entering into either form of share contract, a tenant obtains access to land for food crops. A *yemayenkye* tenant acquires a stable and inheritable usufruct right to land, and may even have an opportunity to become a landholding farmer. When landlord supervision is weak, a tenant may underreport the total harvest, enjoying a higher production incentive and, simultaneously, a risk-sharing arrangement with the landlord. On the other hand, the two types of share contract provide landlords with flexibility, allowing them to choose contracts appropriate to their different socioeconomic situations. The section also examined why the share contracts are preferred to the fixed-wage or fixed-rent contracts in cocoa production. The analysis showed that various transaction costs (such as costs for collecting information on price, for work supervision and enforcement, and for negotiating rent agreements) and the relative bargaining power between contracting parties are important factors influencing contract choice.

Cases

Case 2-1: A Nhwesoo Contract

Ama, aged seventy, owns a cocoa farm in Beपोase inherited from her deceased husband. The farm is managed by a *nhwesoo* tenant whose tasks are the weeding, spraying, and harvesting the cocoa. The sharing arrangement of the harvest is *abusa* (triplet division), in which Ama takes two parts. The tenant occasionally employs hired labor to do the farm work, paying for this himself. When spraying insecticide, Ama is responsible for buying chemicals and hiring a machine. Ama often asks the tenant to work on her food farms,

but this additional work is remunerated separately from the tenant's work on the cocoa farm. Ama also provides the tenant with a room to stay in.

Case 2-2: A Cocoa-Sharing Yemayenkye Contract

Kwabena is a male *yemayenkye* tenant in Gyaha who started his contract in 1957 with an absentee landlord. He and the landlord prepared a written agreement of the contract in 1989. In this contract, according to the written agreement: (a) the contracting parties divide the cocoa and oil palm harvests equally; (b) food crops are divided into three parts, of which the tenant takes two; (c) the tenant is prohibited from selling or pledging the farm; (d) the contract ceases if the tenant steals the harvest; and (e) the land will be returned to the landlord if all the trees on the farm die. According to Kwabena, in spite of (b) above, he can dispose of all food crops harvested from the farm. In addition, he asserts that he and the landlord have agreed to divide the farm into two equal parts in the future, although no written agreement has been prepared on this.

Case 2-3: A Tree-Dividing Yemayenkye Contract

Boateng, aged sixty, is a male *yemayenkye* tenant who started his contract in 1977. He and his landlord prepared a written agreement of the contract which says that: (a) cocoa trees on the farm will be divided into two equal parts and shared by the contracting parties; (b) land will remain as a "bona fide property" of the landlord even after dividing the trees; (c) the contracting parties share the maize produced on the farm on a fifty-fifty basis, but other food crops are for the tenant; (d) valuable trees on the farm such as mahogany should not be cut down without the consent of the landlord; (e) the landlord can cancel the contract if the tenant abandons the farm or steals the harvest; and (f) if the cocoa farm is in good condition, the tenant's successor can inherit the use-right to the land.

Case 2-4: A Land-Dividing Yemayenkye Contract

Ben and his brother Kwesi together started a *yemayenkye* contract as tenants in 1979 in Gyaha. After completing the establishment of the cocoa farm, the landlord agreed in 1996 to divide the land into two equal parts, of which Ben and Kwesi jointly took one part. Ben and Kwesi further divided their part of the land into two equal parts, each taking one part. On dividing the land, they prepared a written agreement with the landlord which says that the kin members of the original landlord have no right to claim the part of the land which is now the "bona fide property" of Ben and Kwesi, and this also applies even if all the cocoa trees die in the future.

Case 2-5: Ambiguity of Yemayenkye Contract

Kwabena, aged forty-five, is a *yemayenkye* tenant who started establishing a cocoa farm in 1977 and now divides the cocoa harvest into two equal parts with his landlord. Kwabena told the present writer that the landlord agreed to divide the land in the future. In a separate interview with the landlord, however, the landlord insisted that the contract is for dividing only cocoa and that he has no intention to divide the land with Kwabena. They prepared no written agreement of the contract.

Case 2-6: A Cultivating-Landlord Who Is Also a Tenant

Kwame, aged seventy-six, was one of the first settlers in Bepoase and is now a prominent cocoa farmer in the village. He owns six cocoa farms and manages three of them himself. Two of the other farms are managed by *nhwesoo* tenants, and the remaining one by a *yemayenkye* tenant. Besides these farms he leases in land and is establishing a new cocoa farm under a *yemayenkye* arrangement. Thus, he is simultaneously a landlord, an own-account farmer, and a tenant.

Case 2-7: Inheritance of Usufruct Right under Yemayenkye Contract

Owusu, aged fifty-five, is a *yemayenkye* tenant in Gyaha. The contract was started by his elder brother who died in 1993. Owusu inherited the contract and is now managing the cocoa farm established by the deceased brother. Owusu also allocated the remaining uncultivated land to the children of the deceased. In this way eight people are now working under the single *yemayenkye* contract, with Owusu playing a coordinating role.

Case 2-8: From an Annual Laborer to a Landholding Farmer

Amadu, aged fifty-two, was born in northern Ghana and migrated to Nagore in 1958 as a farm laborer. During the first six years he worked as an annual laborer and then entered a *yemayenkye* contract. In 1966 he purchased a parcel of land from a local chief using the money he had saved during the first six years in Nagore. In addition, after twelve years of *yemayenkye*, he and his landlord divided the land into two equal parts. Thus, a one-time landless migrant laborer is now an own-account farmer with two parcels of land.

Case 2-9: Yemayenkye and an Opportunity to Become a Landholding Farmer

Sammuel was twenty-one years old when he came to Nagore in 1995 as a seasonal hired laborer. During the first seven months he engaged in daily-wage and task-contracted labor but soon found a landlord looking for a *yemayenkye* tenant. In 1996 he entered a land-dividing *yemayenkye* contract with the landlord and prepared a written agreement. According to the agreement: (a) the tenant has to complete the establishment of a new cocoa farm

within six years; (b) after completion the tenant is entitled to all cocoa harvests for the subsequent five years; (c) the tenant sprays the farm three times a year, but the cost of purchasing insecticide is borne by the landlord; and (d) in the eleventh year after the commencement of the contract, the tenant and landlord will divide the land into two equal parts.

Case 2-10: From a Nhwesoo Tenant to a Yemayenkye Tenant

Patrick, aged thirty-five, got married in 1991 and now has two children. After his marriage he stopped several *nhwesoo* contracts he had been doing, and started three *yemayenkye* contracts with different landlords. The present writer asked him why he stopped *nhwesoo* and started new *yemayenkye* contracts. His answer was that because he is now married and has a wife and children, he wants to leave some property (*agyapade*) to them. He further explained that, although the *nhwesoo* he did previously was profitable, the cocoa farm under *nhwesoo* cannot be inherited by his children. On the other hand, the cocoa farm he is now establishing under *yemayenkye* is an inheritable property as long as the farm is in good condition.

Notes

- 1 Robertson (1982) and Boadu (1992) analyzed share contracts in Ghanaian cocoa production based on the situation in the cocoa-producing villages prior to the 1960s. Hayami and Otsuka (1993) undertook a general economic analysis of share contracts.
- 2 Some villagers call the two forms of share contracts differently. *Nhwesoo* is sometimes referred to as *abusa*, and *yemayenkye* as *abunu* in Bepose. This reflects the fact that the sharing arrangements of *nhwesoo* are usually triplet division (*abusa*), and those of *yemayenkye* are half division (*abunu*). Some Fante residents in Gyaha refer to *nhwesoo* as *abehyem* (etymology unknown).
- 3 Among those who are fifteen years old or over in the study villages, 74 per cent in Bepose, 90 per cent in Nagore, and 91 per cent in Gyaha were born outside the villages.
- 4 However, as the table includes many distant relationships, not all the cases are indicative of future gifting or inheritance.