

Economic Implications of Cocoa Production on farmers' Welfare in South West Region of Cameroon

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Abstract

This study affirms Adam Smith's assertion in his welfare theory that individuals are led by an 'invisible hand' to promote an end which was no part of their intention. To Smith, individuals in an attempt to take care of their welfare end up promoting the growth and development of the entire nation. Therefore, development at best can be achieved by concentrating on welfare improvement of the citizens rather than concentrating on development in order to improve welfare as has been adopted by most scholars. This study investigates the effect of cocoa production on the welfare of its farmers in the South West Region of Cameroon. A multi-stage sampling technique was adopted in the distribution of the 430 questionnaires. With the use of Principal Component Analysis (PCA) and the path regression, the study revealed that fertilizers usage and chemical spray on the farm has a positive significant effect on cocoa production, whereas access to credit and perceived climate variability has a negative direct significant effect. Cocoa production has a positive significant effect on household income. The outcome of household income on welfare was seen by its influence on home consumption, child education and basic needs provision. The above results permit this study to recommend among others the following: The introduction of improved cocoa species which are more adaptive under the current and highly unpredictable climate scenario. Creation of village banks that would provide loans to farmers in the form of inputs rather than money; farmer education to avoid financial mismanagement; need for diversification in order to avoid the risk and uncertainty involve in cocoa production and the "village-first" development strategy that will lure the young and energetic generation in to the cocoa sector.

Keywords: Cocoa production; Path regression; Welfare; South West region

1. Introduction

Agriculture has proven to be the major sustainer of most World economies especially African economies. This sector contribute to development as an economic activity, as a livelihood, and as a

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