Transforming the Nigerian Cocoa Sector: Mapping Progress on the Global Cocoa Agenda

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Cocoa Sector Analysis

- In the 1960s, Nigeria accounted for 18% of world’s cocoa and was one of the Big Three in the World (Ghana, Nigeria & Brazil)
- Today, we are down to 5%, far behind the Big Three (Cote d’Ivoire, Ghana & Indonesia)
- Cocoa remains the largest single foreign exchange earning crop commodity (More than US$ 1.0 Billion in 2013)
<table>
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<th>Fact Sheet on Nigerian Cocoa sector</th>
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<tr>
<td><strong>300,000</strong> farmers on 2.5 ha land with yields around 450 kg/ha</td>
</tr>
<tr>
<td><strong>650,000</strong> of 3.0 Million Ha (<strong>&lt; 25%</strong>) suitable land currently under cultivation</td>
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<td><strong>97 %</strong> of cocoa produced in <strong>7</strong> of <strong>22</strong> producing States: Ondo, Cross River, Osun, Ogun, Edo, Ekiti and Oyo</td>
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<td><strong>123 firms</strong>, but only <strong>3</strong> controls <strong>50%</strong> of all cocoa exports</td>
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<td><strong>8</strong> functional factories with <strong>133,000 MT</strong> installed capacity and US$ <strong>108 M</strong> Annual export turn-over</td>
</tr>
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<td><strong>Current trend:</strong> Agriculture as Business - <em>From Farm-gate to the Factory-gate.</em></td>
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What percentage of the market value is Nigeria positioned to take?
Goals

- Double national cocoa output to 500,000 MT
- Grow family income and livelihood of 250,000 farm households
- Create 390,000 new jobs
- 40% Domestic Grinding & Value addition
- 20% Domestic consumption
- Build Institutional Governance Structure (P.P.P)
Value Chain Development
<table>
<thead>
<tr>
<th>Date</th>
<th>Month</th>
<th>Activity</th>
</tr>
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<tbody>
<tr>
<td>2011</td>
<td>October</td>
<td>• Multi-stakeholders meeting (Abuja, Akure)</td>
</tr>
<tr>
<td></td>
<td>November</td>
<td>• CocTA Plan presented to FMARD, Abuja</td>
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<tr>
<td>2012</td>
<td>January</td>
<td>• Implementation plan development (CRIN + IITA, Ibadan)</td>
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Advocacy

- **Local: 10 States**

<table>
<thead>
<tr>
<th>Region</th>
<th>2012</th>
<th>2013</th>
</tr>
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<tbody>
<tr>
<td>South West</td>
<td>Ondo, Osun, Ekiti, Oyo, Ogun</td>
<td>Lagos</td>
</tr>
<tr>
<td>South South</td>
<td>Cross River, Edo, Akwa Ibom</td>
<td>Delta, Rivers</td>
</tr>
<tr>
<td>South East</td>
<td>Abia, Imo</td>
<td>Enugu</td>
</tr>
<tr>
<td>North Central/</td>
<td>Distant contact</td>
<td>Kogi, Kwara,</td>
</tr>
<tr>
<td>North East</td>
<td></td>
<td>Taraba, Niger</td>
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- Two High level meetings with HMA (Nov. 2011, March 2012)
- National Council on Agriculture (Enugu, 2012)
- Nigerian Ag. Business Investors (Edo Business Forum, etc)
International

• Netherlands: IDH Congress, December 2011
• Abidjan: WCF/ACI & CLP Steering Committee
• Washington:
  – Nigerian Ag. Investment Business Forum
  – World Cocoa Foundation Headquarters
  – World Bank
  – African Development Bank HQ, Tunis
• Chocolate coys: MARS Inc., Hershey, ADM.
Mapping Progress
Growing Production & Quality Goal

M-R-E Strategy:

Maximizing productivity on 650,000 ha cultivated area

- **Electronic Wallet System**
  - Reaching genuine farmers
  - Financial inclusion platform
  - Transparency
  - Accountability

- Cocoa-GES: 50% discount on inputs: Fungicide, insecticide, fertilizer, Sprayers, HCF Jute bags, fermentation boxes and drying racks

- 160,000 Farmers uploaded
- 12 States
- 23,392 farmers across 103 centers
- 1.1 million hybrid pods
Rehabilitation of moribund plantations - 200,000 ha

- Train Professional Grafters and Clone Plantation Managers
- Establish CDCs in Nigeria: CRIN – Center of Excellence backstopping State- based CDCs
- 500 professionals (in the first instance)

Progress

- Mars Inc. Support: Four technical personnel trained (Indonesia)
- Local capacity building commenced by CRIN
- 1,500 ha Oda Cocoa Estate (Ondo State) undergoing rehabilitation
Expansion – 150,000 ha new plantation
  • Engagement with private sector & investors on backward integration & cluster/out-growers scheme
  • Engagement with State Govts:
    • Youth Empowerment Scheme
    • Land acquisition: land bank, support for investors

• Progress
  • Planting materials support: 3.6 million hybrid pods (FREE)
  • State Govts. making land available for investors
More than 1.1 million pods distributed since 2012
2013 National output increased to 350,000 MT (Federal Produce Inspection Service, 2013)

- Agrochemicals (CocoaGES)
- Hybrid pods (CocoaGES)
- Capacity building (FMARD/WCF)
- Cocoa Fertilizer (FMARD/IDH)
Family income & Livelihood Goal

Improve livelihood of 250,000 farm households through enhanced income and viable investment decisions.
3 Ps STRATEGY: Professionalism + Productivity + Profitability

**FMARD:** US$ 1.3 M Agreement with WCF for 70,000 farmers

- FFS
- FBS
- FOs

**FMARD:**
- Good Agricultural practice
- Corporate membership
- Investment decisions

**WCF**
- • Professionalism
- • Productivity
- • Profitability

**SOCCODEVI**
- • Professionalism
- • Productivity
- • Profitability

**GIZ**
- • Good Agricultural practice
- • Corporate membership
- • Investment decisions
National Policy on Child Labour (Ratified April 2013)

Mission

• ‘To eliminate child labour in its worst form so as to give every child an opportunity to aspire and attain the apex of his/her potentials’.

• ‘To have a just society devoid of any form of child exploitation and abuse, where the child’s talent is allowed to develop unfettered’.
Value Addition & Domestic Consumption Goal

• Strategy
  1. Raise local grinding capacity though engagement with processors & investors ➡️ Policy dialogue
  2. Support for SMSEs capacity growth for making fast moving cocoa-based products

– Progress
  • Value Addition Advocacy & Policy (VAAP) dialogue
  • MDG Program Support for women and youth – training & small machines
• **Strategy**
  1. Advocacy support: State Govts, Industry players to support local cocoa product consumption ⇒ **Health benefits**
  2. School feeding, hotel & hospital ‘hand-out’ programs
  3. National Cocoa Day
  4. NGO/CBO Support program: Center for Cocoa Development Initiative
  5. Radio & television programs

– **Progress**

• **Sustained Campaign:** “Have you had your cocoa today?”
Institutional Framework Goal

Establish institutional governance framework for the cocoa sector

Sustainable public-private partnership platform
Masterplan for the Cocoa Corporation of Nigeria 2013/2014

- Farmer
- Processors
- NGOs
- Banks
- Exporters
- Research/Academia
- Local traders
- Input suppliers

Masterplan developed
Commence 2014
CCN Proposed Activities

**CCN Mission**
Support, coordinate, facilitate and regulate the growth of a sustainable, commercially orientated cocoa value chain

**Desired Outcomes**
1. Increased cocoa yields
2. Improved cocoa quality

**Strategic Pillars**

**Coordinate**
- I. Information Sharing
- II. Research & Evaluation
- III. Technical Assistance
- IV. Rehabilitation Strategy

**Regulate**
- V. Registration & Licensing
- VI. Quality Control & Grading

**Deliver**
- VII. Farmer Training and Inputs
- VIII. Replanting & Rehabilitation
Conclusion

From Farm-gate to the Factory-gate

Producers become prosperous and motivated shared-value-partners in the global cocoa value chain
Thank you