PUBLIC SECTOR POLICY ON SUSTAINABLE COCOA ECONOMY

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INTRODUCTION

• Cocoa has been the backbone of the Ghanaian economy throughout the century:

   It plays major role:
   - Employment,
   - Foreign Exchange Earnings,
   - Government Revenue, Education,
   - Infrastructural development etc.

• Need for Policy framework for sustainable production:
   - economic viability
   - social acceptability and
   - environmental soundness
INTRODUCTION Cont’d

The Ghanaian National Policy Framework highlights efforts by the Government of Ghana and Ghana Cocoa Board towards making the cocoa industry a reference point of excellence.

But there are challenges in the industry.
THE COCOA INDUSTRY OF GHANA
(A MODEL PUBLIC/PRIVATE SECTOR RELATIONSHIP)

Cocoa Bean Production by Smallholder Farmers

Collection and Bagging (LBCs)

Quality Assurance (COCOBOD)

Haulage of Cocoa by Private Hauliers

Warehousing & Other Logistics (Private & COCOBOD)

Sales (COCOBOD)

External Buyers

Enabling Environment

Government - Policy
COCOBOD - Policy
Research
Extension
Financial Inst.
PRODUCTION & CONSUMPTION

Efforts to increase production include:

• Effective and sustained control of diseases and pests

• Encouragement of farmers to rehabilitate and replant old and moribund farms.

• Improving cultural practices on the existing old commercial plots at the seed gardens.

• Improving soil fertility through application of fertilizer
Efforts to increase Consumption include:
The target to move from current 700,000 tons to one million tons by 2010/11

• Process at least 40% of our production locally

• Celebrate cocoa — every 14th February—St valentines/Chocolate Day and 1st October— as COPAL Cocoa Day
FARMER INCENTIVE/WELFARE

- Pay remunerative producer price – at least 70% of the net projected F.O.B.

- Bonus Scheme to cushion farmers financially.

- One Day set aside as Farmers’ Day celebration

- Promoting Health through National health insurance scheme & establishment of cocoa clinics
FARMER INCENTIVE Cont.

• Producer Price Review Committee includes farmers’ representatives & other stakeholders

• Scholarship schemes for wards of farmers in Senior High Schools
Cocoa Research Institute of Ghana (CRIG) is mandated and supported to carry out research and development for the industry.

CRIG’s Mission:
- to develop sustainable, demand-driven, commercially oriented, cost-effective, socially & environmentally sound technologies and by-products

CRIG also provides consultancy services to other institutions, the private sector and overseas clients.
MARKETING

- Ghana has not liberalized external cocoa marketing.

Ghana’s Internal marketing involves:

Private sector licensed to competitively participate in cocoa purchases,

Consideration of limited competition to an appropriate threshold that would ensure profitability and efficiency.
EXTERNAL MARKETING

• external market is being controlled by about four major trading houses and four major manufacturers

• Individual small-holding Ghanaian farmer is vulnerable to negotiate with them

• External marketing is therefore, in the hands of Ghana Cocoa Board, CMC
PUBLIC-PRIVATE PARTNERSHIP

Government realizes the need for such partnership to provide key services including:

• Internal transport
• Shipping
• Warehousing
• Insurance and local purchasing

Government however controls:

• quality assurance - QCD
• external marketing - CMC
• regulatory framework - COCOBOD
COCOA EXTENSION

As a World Bank conditionality:
Ghana merged COCOBOD’s extension services with that of the Ministry of Food and Agric in 2000.

Few lapses with the policy e.g.
• complaints from cocoa farmers about lack of effective extension services
• creation of extension message delivery gap
• Lower levels of adoption of technology
COCOA EXTENSION Cont’d

Formation of extension task force comprising researchers, farmers and other stakeholders becomes imperative.

Attention of the Task Force will be focused on:

• Repackaging of technical message to meet the needs of specific farmer groups.
• Encouraging and educating farmers to adopt medium to high level technology, especially in the areas of fertilizer
• Advising cocoa farmers on the adoption of best husbandry practices in cocoa production.
• Sensitizing and creating awareness among cocoa farmers on other social issues related to cocoa production.
QUALITY ASSURANCE

To ensure compliance with new regulation on residues, Ghana is:

- establishing laboratories at the three take-over centres
- building capacity to certify that our cocoa meets recent requirements on maximum chemical residue
INTERNAL PROCESSING

• Government policy to process at least 40% of our total national output locally

• Increase in annual installed capacity from 110,000 tonnes in early 2000s to a current level of 350,000 tonnes. This is expected to reach 420,000 tonnes by the middle of 2009
INTERNAL PROCESSING Cont’d

Increase in internal processing is encouraged through incentives:

- price discounts,
- extended credit for payment,
- permission to import essential machinery,
- conferment of Export Processing Zone status on companies operating in the zone etc
LOGISTICS

Modernization and expansion of warehousing logistics e.g.

• 50,000 tonne capacity warehouse at Tema commissioned

• Building of a cargo village with a Warehouse Complex of 100,000 tonne capacity, at Sekondi-Takoradi.

• Renovation of 19 Farmers’ Hostels for the re-introduction of Farmer Field Schools concept for extension purposes
CONCLUSION

All these public sector initiatives have led to:

• Doubling of production
• Improved incentives for farmers
• Improvement in infrastructure and general operations
CONCLUSION

Need to produce cocoa in a socially responsible and environmentally friendly way.

- Ghana Cocoa Board is taking advantage of the consumer market for traceable, fair trade and organic cocoa
- Embracing the challenge to become the reference point of excellence

Need to embrace challenges and opportunities that are presented to Ghanaians as a result of the oil find.
RECOMMENDATIONS

• Need for policy framework to sustain production, processing and consumption
• Modernization of indigenous agricultural and cocoa farming practices
• Develop alternative livelihood improvement strategies
• Improve access to credit facilities
• Development of community infrastructure and social amenities
• Promotion and intensification of cocoa extension
Thank You