



PRESENTATION ON GHANA'S NATIONAL COCOA PLAN

23RD SEPTEMBER 2013

GHANA COCOA BOARD

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Background

- ❖ Ghana has a history for producing national development plans
- ❖ The first national plan was produced in 1920 by the colonial government.
- ❖ However, the first National Cocoa Plan (the Cocoa Sector Development Strategy I) was produced in April 1999.
- ❖ The CSDS I was produced to re-position the country's cocoa sector towards a new growth trajectory.



Processes and Procedures used in the formulation

- ❖ Formation of a National Task Force headed by a Deputy Minister responsible for the cocoa sector.
- ❖ The task force included government officials, farmers, cocoa buyers, and experts in areas such as finance, processing and marketing.
- ❖ Four working groups were formed to focus on production, research and extension; marketing, processing and quality; infrastructure and finance; and taxation and pricing.



Processes and Procedures used in the formulation cont'd

- ❖ Resource persons were appointed through a competitive selection process to prepare position papers for discussion by the various Working Groups
- ❖ The Working Groups validated these papers and presented a summary of key issues to the National Task Force
- ❖ The key issues were put together and presented as a draft for discussion at two national stakeholders forum.



Processes and Procedures used in the formulation cont'd

- ❖ Stakeholders included farmers, parliamentarians, sector ministers, local as well as foreign buying companies, non-governmental organisations, development partners such as the IMF and the World Bank.
- ❖ A final draft document was presented to Cabinet for its consideration and approval which it did in April 1999
- ❖ After almost ten (10) years of implementation, a process was began in 2010 to review the CSDS I



Processes and Procedures used in the formulation cont'd

- ❖ The second Cocoa Sector Development Strategy (CSDS II) followed essentially the same pattern as CSDS I.
- ❖ This time, a Task Force in COCOBOD prepared a draft document covering all the major areas of the industry.
- ❖ New emerging issues such as residue levels, traceability, certification, organic cocoa, child labour, climate change as well as, the likely impact of the emerging oil sector on cocoa production were also covered.



Processes and Procedures used in the formulation cont'd

- ❖ The CSDS II was discussed fully at a three-day workshop, held at the Ghana Institute of Management and Public Administration (GIMPA) in February, 2010.
- ❖ As with CSDS I, stakeholders from across the cocoa industry attended including farmers, importers and distributors of inputs, cocoa buyers, domestic cocoa processors, banking institutions, road and rail transporters, security agencies, relevant ministries, civil society organisations and the universities.



Processes and Procedures used in the formulation cont'd

- The draft has been forwarded to the Board of Directors, for its review.
- From there the document would be forwarded to Cabinet as was done under CSDS I for its consideration and approval.

Objectives

- ❖ The main elements of CSDS I were:
- ❖ to increase production to 700,000 tonnes by 2004/5;
- ❖ to raise the producer price to 70% of the FOB price by 2004/5;
- ❖ reducing the cocoa export tax to 15% of the FOB price by 2004/5;
- ❖ to deepen competition in the internal cocoa marketing;



Objectives cont'd

- ❖ to allow qualified Licensed Buying Companies (LBCs) to export 30% of their purchases.
- ❖ to discontinue price discounts to local processing factories
- ❖ to allow local processors to import low grade and cheaper cocoa for processing
- ❖ To encourage local processing through non-price incentives



Objectives cont'd

- The CSDS I was implemented over a 10-year period that ended in the 2009/10 season.
- The CSDS II is designed to ensure consistency with national development objectives as specified in the Growth and Poverty Reduction Strategy II (GPRSII) and the Food and Agricultural Sector Development Policy II (FASDEP II).
- The second Cocoa Sector Development Strategy (CSDS II) aims at moving the country's production to a higher plateau of one million tonnes by the 2012/13 cocoa season and sustain this upward trend.



Objectives cont'd

- Continue policy of paying at least 70% of the net FOB price as producer price to cocoa farmers.
- Abolish the discount on sale of light crop beans to local processing companies
- Develop storage infrastructure up to 60% of the production target.



Objectives cont'd

- Continue off-shore loan syndication for cocoa purchasing operations if it remains cost effective.
- Strengthen the liberalized internal marketing system.
- Seek new opportunities in the Far East to expand the scope of external marketing.
- Develop specialty cocoa to meet the demands of the market



Inventory on Cocoa Resources

- No comprehensive inventory of cocoa resources has been undertaken in the country.
- The inventory will include farmer details, socioeconomic conditions, farm productivity, land size and rate of farm expansion.
- Various socio- economic studies of the cocoa sector have been carried out and these were relied upon.
- Some information already exists in the system because the CSSVDCU has been mapping treated areas as it controls the virus.
- Currently, some LBCs engaged in traceability are mapping the farm sizes of the farmers.

SWOT Analysis of the Cocoa Industry as Identified in the Document

Strengths

- **External Marketing:** CMC's forward sales strategy and the country's ability to deliver on forward contracts with little counterparty risk to buyers.
- **Delivery of Quality Produce:** system of quality checks from up country to point of export ensures quality of produce.
- **Ability to Guarantee Producer Price of Cocoa:** As a result of the forward sales strategy, the COCOBOD is able to guarantee the farmers a producer price .
- **Excellent research facilities at CRIG:** Researchers at CRIG have demonstrated their ability to find solutions to problems of cocoa farmers.

SWOT Analysis of the Cocoa Industry

Cont'd

Weaknesses

- **Poor logistics management:** Warehousing facilities and processes are still manually conducted. Leads to delays and over reliance on a large labour force.
- **Over reliance on old methods of farming:** The inability of farmers to adopt modern methods of cocoa production has resulted in productivity of Ghana's cocoa far lower than its competitors.
- **Producer pricing system:** inability of pricing mechanism to respond quickly to price changes on the world market

SWOT Analysis of the Cocoa Industry

Cont'd

Opportunities

- **Stable Macroeconomic Environment:** This offers opportunities for investment in the sector.
- **Consumption of cocoa:** there are opportunities to increase the low per capita level of cocoa consumption in the country.
- **Demands of the market:** The country can position itself to take advantage of the new trends in the market for traceable, certified and organic cocoa.



SWOT Analysis of the Cocoa Industry Cont'd

Threats

- The effect of the emerging oil sector
- Ageing cocoa trees and farmers.
- Effects of climate change on production.
- Low and fluctuating world cocoa bean prices
- Child labour
- Diseases and pest.
- Illegal mining in cocoa communities

Production Target of CSDS II

- To achieve production of 1,000,000 tonnes by the 2012/13 season,
- To increase productivity from the current 450 kg. to 1,000 kg (1 tonne) by 2018/19.
- To achieve a 10% year-on-year (season on season) production growth;



Processing Target of CSDS II

- ❖ The target of government is to have 60% of cocoa processed locally by 2012/13.
- ❖ Current installed processing capacity is 470,000 tonnes.

Implementation

- ❖ The CSDS II is still work in progress although certain aspects are being implemented
- ❖ Improved farmer remuneration
- ❖ Fertilizer application
- ❖ Cocoa diseases and pests control
- ❖ Continuation offshore borrowing



Conclusion

COCOBOD is making efforts to fulfill its commitment to the Global Cocoa Agenda



THANK YOU

