

# **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

# PRODUCTION& CONSUMPTION Cont'd

**Efforts to increase Consumption include:**

The target to move from current 700,000tons to one million tons by 2010/11

- Process at least 40% of our production locally
- Celebrate cocoa – every 14<sup>th</sup> February-St valentines/Chocolate Day and 1<sup>st</sup> 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

# SCIENTIFIC RESEARCH & DEVELOPEMT

- 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



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# 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*

