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COCOBOD PRESENTATION

1 Introduction

The Ghanaian economy is dependent to a high degree on primary production in agriculture, mining and exports. The exports of cocoa, gold and timber traditionally account for the greatest bulk of merchandise exports. Ghana was well known in the past for her top ranking among the world's largest producers and exporters of cocoa. Since the 1977/78 season, Ghana lost this position to Côte d' Ivoire.

It estimated that cocoa production covers an area of 1.2 million hectares. Cocoa is a major employer, with around 800,000 cocoa farmers who employ many seasonal workers. A collapse in cocoa prices has a direct impact on household incomes and accentuates poverty.

In an effort to arrest the decline in cocoa production and make the cocoa industry effective and efficient, Government embarked on cocoa sector reforms in 1984/85. These reforms involved institutional and operational re-organisation in several areas of the cocoa industry.

In April 1999, Government approved a Cocoa Sector Development Strategy to guide the development of the cocoa industry after a series of consultations with stakeholders. The vision of the strategy was to create market conditions that would lead to broad-based rural growth and income enhancement that would reduce poverty. The strategy featured accelerated increases in farmers' share of the FOB export price and the introduction of private sector competition in the external marketing of cocoa. (30 percent export by LBCs)

In executing this strategy, COCOBOD was to play a regulatory role for the industry and the quality control function was to remain with the Quality Control Division of COCOBOD.

Under the Strategy, cocoa production was projected to increase from the then average of 335,000 tonnes to about 500,000 tonnes by 2004/05 and to 700,000 tonnes by 2009/10 and sustained at that level. *The Cocoa Sector Strategy is currently under review in view of the new objective of producing one million tonnes by 2010 and also because the 700,000 tonnes target is already within reach.*

2. Production Panel

Production has seen significant increases reaching a new record level of 740,458 tonnes in 2005/06 crop year.

Production Levels (1995/96-2006/07)

CROP YEAR	PRODUCTION (tonnes)
1995/96	403,872
1996/97	332,488
1997/98	409,383
1998/99	397,675
1999/00	436,947
2000/01	389,772
2001/02	340,562
2002/03	496,846
2003/04	736,975
2004/05	599,318
2005/06	740,458
2006/07	614,532

These sustained production levels achieved since 2001 are presumed to have been achieved through the following policy interventions:

a). *Cocoa Diseases and Pests Control Programme*

The Cocoa Diseases and Pests Control Programme dubbed “Mass Spraying”, which was re-introduced in 2001, revived the concept of mass spraying of cocoa farms in Ghana. The implementation of the Mass Cocoa Spraying Programme has led to a reduction in crop losses due to *capsids* attack and *black pod disease*. Crop losses due to capsids attack on cocoa alone has been estimated at about 25-35% per annum in Ghana. The programme has also encouraged the effective and efficient application of good agriculture practices (GAP) alongside fungicidal spraying to achieve improved yields.

b). *Cocoa “Hi Tech” Programme*

In a bid to replenish soil fertility and to improve on the productivity of the cocoa tree, the Government through COCOBOD initiated the Cocoa Hi Tech Programme in 2003, which involved the application of fertilizers, improved planting materials and the application of insecticides and fungicides on cocoa farms. The adoption of the Hi Tech Programme has helped to increase the productivity of most cocoa farms.

Whereas COCOBOD’s programme of providing fertilizer on credit to farmers has run into problems due to poor recovery, a private fertilizer company, Wienco (Gh) Limited,

convinced about the agronomic package under the COCOBOD Hi Tech programme has established a scheme for cocoa farmers called Cocoa Abrabopa. Cocoa Abrabopa is simply an association of cocoa farmers who desire to raise the productivity of their farms. Farmers who join the association sign on to receive a package of hi tech cocoa inputs sufficient to cover two acres of mature cocoa farm on credit with the promise to repay the total amount of the credit facility after harvest.

The Abrabopa package consists of 6 bags of 590kg Asaase Wura Special Cocoa Fertilizer, agrochemicals (16 bottles of 30ml Confidor 200SL, 48 sachets of Nordox and 48 sachets of Ridomil) and a Matabi Pneumatic Sprayer, supported by extension education all valued at Gh¢318.10

This private sector entry into the cocoa hi tech programme hopefully will achieve the following:

- Wienco sells its cocoa fertilizer to farmers on credit
- Farmers solve their cash constraints problems by receiving farm inputs on credit
- Farm productivity is enhanced
- Demonstration effect of a successful farm credit scheme is disseminated through all the farming communities.

Wienco started the scheme in 2006 with 1,500 farmers. This is to be expanded in 2007 to cover 6000 farmers from all the cocoa growing regions.

c). *Payment of remunerative Producer Prices*

In keeping with the policy of Government to pay an increasing share of the F.O.B. price to the farmer and ensure that cocoa farmers receive reasonable incomes to cover their cost of production and make some profits, Government through COCOBOD adopted the percentage sharing of the F.O.B. price to ensure a direct link between the producer price and world price of cocoa. Government/COCOBOD has consistently pursued this policy to ensure that the hard working cocoa farmers benefit from their labour.

One of the key elements of the Cocoa Sector Strategy Document was that *the producer price should increase from the level of 56% of the FOB price then to a level of 60% of the FOB price beginning with the 1999/2000 cocoa season and thereafter increase annually to reach 70% of the FOB price by the cocoa year 2004/05. The question is what next after the attainment of the 70% level? This figure is also very subjective because it depends of the projected FOB figure that the PPRC decides to work with!!*

Producer Price and Production Levels (1995/96-2006/07)

<i>CROP YEAR</i>	<i>PRODUCER PRICE</i>	<i>% of FOB</i>
1995/96	840,000	-
1996/97	1,200,000	50.79
1997/98	1,800,000	54.00
1998/99	2,250,000	56.12
1999/00	2,250,000	73.97
2000/01	3,475,000	67.00
2001/02	4,384,000/6,200,000	67.09
2002/03	8,500,000	68.11
2003/04	9,000,000	69.00
2004/05	9,000,000	73.01
2005/06	9,000,000	72.66
2006/07	9,150,000	72.19

For the current 2007/2008 crop year, the producer price is ¢9,500,000 per tonne which is 70.97 percent of the projected FOB price

d) Bonus Payment

The bonus payment scheme was as a means of rewarding farmers for their efforts and also to restore them to the 70% of FOB level in cases where an improvement in the FOB price on the world market will result the producer price falling below the 70% mark.

3. Marketing Panel

Private sector participation in the internal marketing of cocoa was reintroduced during the 1992/93 cocoa season. The introduction of competition into the internal marketing of cocoa has enabled LBCs to purchase cocoa from farmers for delivery to COCOBOD for a commission. It has also brought marketing services to the doorsteps of cocoa farmers. There is no limit to the number of LBCs. For the current season, COCOBOD has granted licenses to nineteen (19) private companies. It has been the policy of COCOBOD to consider more companies for licenses to commence purchases provided they satisfy the operational guidelines governing the internal marketing operations. ***The question here is should COCOBOD limit the number of LBCs?***

Another benefit of the liberalization of the internal marketing was that it made it possible for a farmers' co-operative, Kuapa Kokoo Limited to register and participate in the internal marketing of cocoa. Its cocoa is sold on the Fair Trade market which enables it to distribute the fair trade premium earned on the sale of its cocoa to its member farmers.

The internal marketing of cocoa relies heavily on private hauliers for the evacuation of cocoa from up-country depots to the take over centres. Given that haulage by rail is more cost-effective compared to road transport, COCOBOD is prepared to move a substantial volume of cocoa by rail when the rehabilitation of the national railway system is completed.

Given the one million tones production target, COCOBOD plans to improve its warehousing and storage facilities at both Tema and Takoradi take over centres. These facilities will be equipped with Conveyor Belts, Forklifts and Weigh bridges to improve the cocoa taking over process. It is even possible to equip these warehouses with computers and appropriate software to bring our warehousing facilities into the 21st century.

In view of the trade impact of pesticide residues, and the enforcement of new chemical residue limits by the EU and the Japanese, Ghana urgently requires to develop its own national capacity to determine chemical residue levels in the cocoa beans before export.

Plans are advanced to equip the three take over centres at Tema, Takoradi and Kaase as well as the Cocoa Research Institute of Ghana (CRIG) with analytical laboratories and trained staff to perform the required residue analysis.