

Policy Brief

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REQUIRED SUPPORT TO PROMOTE GHANA'S ORGANICALLY GROWN COCOA EXPORTS

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Key Messages

- Cocoa farming in Ghana is predominantly undertaken by smallscale farmers, and therefore its promotion will benefit the livelihoods of most rural population.
- Organically grown cocoa has a niche market that offers relatively higher prices that can be beneficial to farmers.
- The demand for cocoa and its products has been on the increase globally due to increased proportion of middle-income consumers.
- Among the recommended interventions to improve on-farm cocoa productivity and obtain quality beans, including organically grown cocoa beans, include:
 - Enhanced funding to research and development for breeding of improved cocoa trees with higher yield potentials, and tolerant to water stress and diseases.
 - Replacement of old cocoa trees with new and higher yielding cocoa trees.
 - Enhanced funding of farmers' support institutions such as Cocoa Board of Ghana, cooperative societies and extension services for empowering farmers to adopt good agricultural practices (GAP); including capacity building of farmers to adopt certified cocoa organic farming.
 - Enhanced government support to improve rural infrastructural services such as rural roads, irrigation system; and agricultural credit facilities.



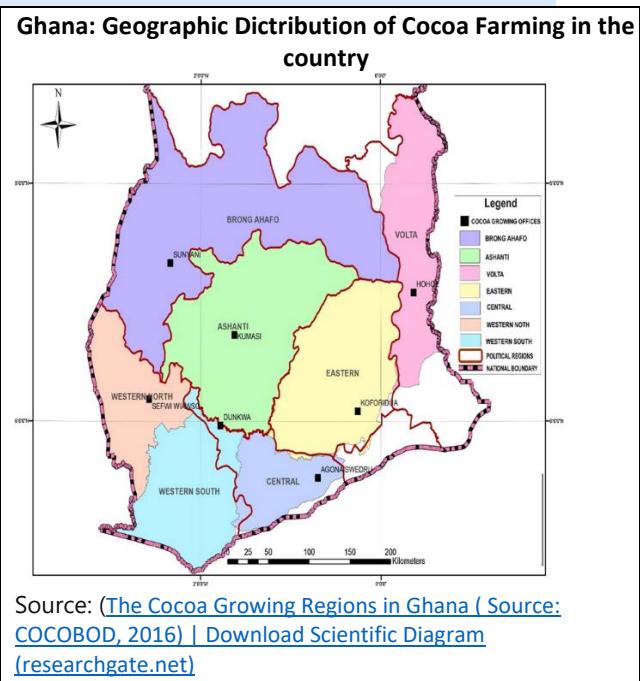
Introduction

The Economic and Social Research Foundation (ESRF) is a member of a consortium of 15 institutions under the coordination of the University of Helsinki, implementing research on "Making Agricultural Trade Sustainable (MATS)" funded by the European Union's Horizon 2020 Research and Innovation Programme. ESRF worked on Case Study No. 4 titled "Enhancing Access to Export Markets by Sub Saharan African (SSA) Countries through Sustainable Investments for Improved Quality and Quantity of Agri-food Commodities: the case of Tanzania, Uganda, Ethiopia, and Ghana". For Ghana, cocoa farming and the trading of cocoa beans and its products has obvious positive impacts on the livelihoods of farmers.

The commodity has a high potential to contribute to UN's Sustainable Development Goals (SDGs) on enhancing income generation and reducing poverty. Cocoa, being a tree crop, provides a stable carbon sink during its lifespan of more than 50 years. Among the ongoing interventions supported by Ghana government is the replacement of aged trees whose productivity has drastically declined. Meanwhile, the lucrative market for organically grown cocoa offers additional income if farmers are well capacitated. This Policy Brief focuses on what should be done to specifically improve cocoa trees' productivity and take advantage of the growing lucrative international market for organically grown cocoa beans.

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Brief Literature on Ghana's Cocoa farming and trade

Cocoa is mostly grown by smallscale farmers, who constitute between 65 and 75 percent of the citizens in Ghana. It is the leading foreign exchange earner among exports, sold to countries such as the Netherlands, Belgium, USA, Malaysia, France and Japan. The country contributes between 16 and 18 percent of global cocoa trade. State-owned Ghana Cocoa Board (COCOBOD) provides research and extension services, marketing service, supports pan-territorial price stabilization scheme through subsidized inputs (seedlings, fertilizers, pesticides (free block fungicide spraying) and coordinates efforts by cooperatives and private companies to buy cocoa beans based on indicative farm-gate prices. The government has also supported efforts to ensure that cocoa farmers earn a living wage for their products. Despite the government providing such support, farm productivity has remained at around 450 kg/ha, against a potential of 2,500 kg/ha under ideal good agricultural practices (GAP) recommended by researchers and realized by some progressive farmers. Among the interventions taken to reverse the declining yield has been to cut down and remove diseased, old and moribund cocoa trees and replant them with hybrid cocoa varieties. Also, farmers engaged in

organic cocoa certification scheme obtain some premium price compared to ordinary cocoa. Nevertheless, the country's cocoa is internationally known and demanded for its excellent quality complying with the Hazard Analysis Critical Control Points (HACCP) criteria.



Cocoa processing companies observe Good Manufacturing Practices (GMPs), whose system involves quality assurance from the farm level to the factory before exportation of value-added cocoa. All types of products (primary and derivatives) are given scales of quality certificates.

Key Findings from Stakeholders with respect to organic cocoa production

Among the challenges include continuously declining yields due to low aged cocoa trees and inadequate funding to fast-track government's support to replace and plant new ones. Other challenges, irrespective of the age of trees, include: (i) low funding of research and extension services; (ii) weakly organised farmers; (iii) lack of irrigation facilities, thus subjecting the crop to fluctuations in yields due to reliance on unpredictable natural precipitation; (iv) low access to competitively prices agricultural credit; (v) poor supportive rural infrastructure for transportation leading to higher transport cost; (vi) poor post-harvest handling of cocoa harvests; (vii) fluctuating international cocoa prices; (viii) emerging commodities that offer better revenue than cocoa; and, (ix) failure to optimize

opportunities for better priced organically grown cocoa.

Stakeholders had the opinion that there was need to design specific interventions that support farmers to take advantage of the premium price offered to organically grow cocoa beans and its products. That should include building traceability systems for cocoa products using among others, using electronic traceability codes as planned by the Cocoa Board. Such a system is already implemented for vegetables and yams to meet export requirements to the USA market. For that to happen it's important to strengthen farmers' cooperatives who can collectively be supported with better funded research/extension, access to financial services and agricultural inputs/machinery, and storage facilities.

Messages for Policy Makers on Promoting Organically Grown Cocoa Trade

Ghana's cocoa farmers are likely to get better yields and earn more income provided the Government can collaborate with the private sector and development partners to implement the following interventions:



- (a) Enhanced funding to research and development for breeding of improved cocoa trees with higher yield potentials, and tolerant to water stress and diseases, and to empower farmers to adopt good agricultural practices (GAP).
- (b) Enhanced funding of farmers' support institutions such as Cocoa Board of Ghana to replace old cocoa trees and access pesticides and competitive prices.
- (c) Implement capacity building of farmers /cooperative societies to adopt certified cocoa organic farming.
- (d) Enhanced government support to strengthen farmers' associations and cooperatives and link them to enhanced system for agricultural credit facilities.
- (e) Invest in well-functioning infrastructural facilities such as irrigation facilities, rural access roads, and reliable electricity.
- (f) Support the establishment of agricultural marketing intelligence system to enable farmers' understand regional and international market trends



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MATS Project

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Research Team

The Policy Brief was prepared by Dr Hoseana Bohela Lunogelo and Dr. Eric Cornelius. The core team of researchers in preparing the Main Report comprised Dr. H. Bohela Lunogelo (Team Leader), the Late Dr. Daniel Ngowi and Professor Deus Rwehumbiza. Dr Anasia Maleko reviewed the work. Background Material used in Preparing the Main Report and this Policy Brief was provided by Dr. Eric Cornelius of the Institute for Democratic Governance Capacity Building Project (IDEG).

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ESRF's Administrative leadership and logistical support were provided by Ms. Vivian Kazi (Head of Strategic Research and Publication), the late Mr. Ernest Chiwenda (Head of Finance) and Ms. Agatha Kiama (coordination of field interviews). Mr. Abel Songole (Head of Commissioned Studies), assisted by Max Yanda, provided technical backstopping in peer reviewing prepared technical reports and the associated policy briefs.

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