



PRESS STATEMENT

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THE GHANA CIVIL-SOCIETY COCOA PLATFORM'S (GCCP) REFLECTIONS ON THE 2023/2024 COCOA SEASON AND EXPECTATION FOR 2024/2025 FARM-GATE PRICE

Ghana is set to experience its lowest cocoa output in over two decades, with production expected to be slightly above 500,000 metric tonnes, comparable only to the 2002/2003 cocoa season. While global cocoa production declined in the 2023/2024 cocoa season, the international market responded positively, reaching a record high of \$12,261 per tonne in April 2024. Unfortunately, Ghanaian farmers did not significantly benefit from these price hikes due to long standing cocoa marketing strategy adopted by Ghana Cocoa Board – that overly focus on forward sales of beans as against spot sales – which could have ensured that farmers benefitted more from the price hikes.

As the 2024/2025 cocoa season approaches, expectations are particularly high, with the announcement of new farm-gate prices set for September 2024. The Ghana Civil-Society Cocoa Platform (GCCP) takes this opportunity to reflect on the 2023/2024 cocoa season and outline our expectations for the upcoming farm-gate price announcement.

Challenges of the 2023/2024 Cocoa Season;

The 2023/2024 cocoa season was marked by significant challenges that affected and continue to affect farmers and the broader cocoa industry in Ghana. Among other things, these included;

- i. Low yields despite high international prices, resulting in low harvests leading to little or no increase in farmers earning
- ii. High inflation, fast currency depreciation, high cost of inputs and increased cost of labour has further wiped away positive gains from the high global prices thus entrenching poverty among cocoa farmers.
- iii. Extreme weather conditions, including prolonged rainfall in some regions and drought in others, led to widespread black pod disease devastating cocoa farms, especially in the Western-North region, which produces most of Ghana's cocoa.
- iv. Delays in disbursement of cocoa syndicated loan meant that most Licensed Buying Companies (LBCs), especially the local ones could not raise capital to purchase cocoa which led to frustrations and disappointment among farmers who could not get money for their delivered beans.
- v. Farmers, in search of money and better prices, smuggled cocoa to neighboring countries, leading to low volumes of cocoa beans at the Ghanaian ports. The government's attempt to minimize the smuggling by reviewing farm-gate prices mid-season **was-too-little-too-late** in curbing the impact of the smuggling.
- vi. Illegal mining activities have severely damaged cocoa farmlands, threatening the lives and livelihoods of farmers and dependents. Unfortunately, no clear and pragmatic strategies have been proposed to tackle this problem which threatens the very survival of the cocoa industry.
- vii. Government efforts to rehabilitate CSSVD affected farms has seen significant challenges that threatens to rollback all the gains made so far.
- viii. With over 70% of cocoa farmers above retirement age, the seemingly inertia in the implementation of the much talked about cocoa pension scheme threatens the long-term viability of the cocoa sector.

These challenges highlight the need for urgent measures to support farmers in adapting to climate change and ensuring sustainable cocoa production. We urge the government to aggressively implement existing policies, such as the Climate-Smart Cocoa Strategy and the AFR100 initiative, and to work towards compliance with the EU Deforestation Regulation, which aims to eliminate deforestation in supply chains by the end of 2024.

Farm-gate price expectations:

Based on conservative estimates and current global market conditions, we expect a 65-70% increment in the farm-gate price of cocoa for the 2024/2025 season. With the understanding that most contracts for the 2024/2025 harvest was entered based on 2023/2024 market prices, which averaged around \$6,104.33 per tonne throughout the season, and with the working assumption that farmers shall receive minimum 60% of gross Free on Board (FoB) price; we expect that the farm-gate price should be set at a minimum of \$3,662.60 per tonne. Depending on the exchange rate applied, the minimum farm-gate price per tonne of cocoa beans for the 2024/2025 cocoa season must not be less than GH57,320 (using an exchange rate of \$1:GH15.65) which should translate to minimum GH3,583 per bag (64kg) of cocoa beans.

While government has been consistent in upward adjustments of farm-gate prices over the years, systemic cocoa marketing flaws, such as forward sales of beans, over-bloated COCOBOD administrative and overhead costs have prevented farmers from realizing the full benefits of their work. Moving forward, it is crucial that pricing strategies and support systems be realigned to ensure that farmers are fairly compensated for their hard work. To ensure that the Ghanaian cocoa farmer remains motivated and competitive in the sub-region, we propose that government institutionalize the upward mid-term revision of farm-gate prices due to the volatile nature of our currency and to also minimize cross-border smuggling of cocoa beans mid-season.

Way forward:

While we applaud the COCOBOD for steps taken to enhance cocoa production through; rehabilitation of diseased farms, introduction of Productivity Enhancement Programmes (PEPs) such as hand pollination, pruning, mass spraying, fertilizer subsidy, free seedling supply and so on; we also wish to draw the government attention to challenges in these well-intended programmes that are negating the gains. There have been reports of nepotism and politicization in the implementation of these programmes which has led to apathy and blatant sabotage of the programme in some communities across the country.

We commend the government for finally taking the decision to minimize dependency on foreign financial instruments such as syndication of foreign loans for the purchase of cocoa beans and rather explore a more innovative and logical approach of letting cocoa traders and exporters pre-finance the purchasing of cocoa beans. We wish to however, draw the attention of government to the possibility of collapsing the local license buying companies that might not have “big brothers” to pre-finance their purchase. The collapse of these local LBCs shall greatly destabilize the downstream cocoa supply chain and spell doom for the ordinary cocoa farmer that depends on these buyers for their survival.

About the Ghana Civil-Society Cocoa Platform (GCCP)

The GCCP is an independent campaign and advocacy platform comprising civil society actors in the cocoa sector, including NGOs, farmer associations, and community organizations. Our mission is to advocate for and influence cocoa sector policies to improve the livelihoods of farmers across Ghana.

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