



PRESS STATEMENT

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Accra

THE GHANA CIVIL-SOCIETY COCOA PLATFORM (GCCP) EXPECTATION OF FARM GATE PRICE FOR 2022/2023 COCOA SEASON

As cocoa farmers across the country gears up for the new cocoa season, the Ghana Civil-Society Cocoa Platform (GCCP) wants to use this opportunity to reflect on the immediate past cocoa season which was unprecedented for several reasons. There were several landmark moves both domestically and internationally that brought the issue of cocoa production under the spotlight. We saw unprecedented efforts from the COCOBOD to rehabilitate moribund farms in the Western North region (even if it had its challenges). We have also seen the unprecedented efforts by the COCOBOD to develop a cocoa management system (CMS) which among other things is developing a national database for cocoa farmers as well as mapping of farms. We commend the COCOBOD for such massive steps to modernize the management of cocoa supply chain in Ghana. We also want to recognize the tremendous efforts made by our development partners towards the long-term sustainability of the cocoa industry. We commend the European Union for their support

in discussing and finding lasting solutions to the problems of the cocoa industry through the sustainable cocoa dialogues. We hope that it wouldn't only be all talks but real on the ground actions will be implemented to bring the changes we all want to see in the cocoa sector.

We cannot also ignore the challenges that emerged in the year under review, it was the first full post-COVID cocoa season and not to mention the major effect of Russia's invasion of Ukraine on inputs such as fertilizer and pesticides. But more importantly, on the domestic scene the Ghana cedi has been on a free-fall against major trading currencies which has led to unprecedented inflation levels and high cost of goods and services. We also take notice of the challenges of funds to purchase cocoa which saw farmers not being paid on the spot when they deliver their beans at the cocoa shed. Some had to wait for months before they were paid what was rightfully due them. We are hopeful that this coming season will see improvements and farmers will not have to wait for months before being paid what is rightfully due them.

We also want to take advantage of this opportunity to reflect on the emerging threats posed by mining (both illegal and in some situations legal) to the long term survivability of the cocoa industry. The problem is very simple, cocoa farmers and landowners are giving away their lands to miners for one reason – money. They do not feel that their efforts and toils are properly and fairly being compensated hence the alternative (even if not the best of decisions) is to cash in and move out of the cocoa space. This is predominantly due to the uncompetitive cocoa prices on the international market which is reflecting in the pockets of ordinary cocoa farmers in Ghana. The solution is to make the cocoa industry competitive by increasing the farm gate price to levels that are commensurate of the work farmers put into producing cocoa beans.

As we always do, we have also looked at the numbers and based on our very modest and somewhat conservative estimates have arrived at a minimum of 15-20% increment in the farm gate price of cocoa for this season. We arrived at this modest expectation taking note of all the challenges post by the unstable Ghanaian cedi, the threat post by mining and most importantly the need for farmers to be paid adequate and commensurate prices for their efforts. Based on the working assumption of the Producer Price Review Committee (PPRC) of COCOBOD, which aims at ensuring that farm gate price is pegged at a minimum of 70% of the net Free on Board (FoB) price of cocoa beans, GCCP is of the firm opinion that farmers in Ghana should be receiving a minimum of GHS838 (\$98) per bag (62.5kg) of cocoa beans. This figure was arrived at using the lowest projected values available including an LID of \$400 per tonne as agreed.

The current International Cocoa Organization (ICCO) world cocoa market price (which averages Europe, New York and London futures) stands at \$2,248 per tonne of cocoa beans. We also acknowledge the fact that Ghana is “forced” to sell cocoa on the terminal market at a discounted price. Again, there has been a drastic drop in the origin differential/country premium from over 400\$ to a current 65\$. In effect, we expect the net country cocoa selling price (producer price) to be not less than \$2,103. Based on the 2020/2021 parameters for calculating the net FoB for cocoa beans, we expect the net FoB for 2022/2023 cocoa season to be not less than 80% of the prevailing producer price, which should be around 1,682\$. By applying the PPRC working assumption of minimum 70% of net FoB going to farmers, that translates into \$1,178 per tonne for the farmer. This figure is less the \$400 LID that was instituted and charged by COCOBOD on all futures for 2020/2021 cocoa season. Assuming COCOBOD gives all the 400\$ LID to the farmer, that brings the farm gate price to 1,578\$ per tonne for the 2022/2023 cocoa season. Using the year on year Bank of Ghana (BoG) exchange rate of \$1:8.5gh, cocoa farmers are expected to

receive not less than GH13,413 per tonne of cocoa beans which should translate into minimum GHS838 per bag of cocoa beans. Once again, these estimations are based on the minimum projected figures and the assumption that farmers will receive minimum 100% of LID. These are very conservative estimates and we expect the COCOBOD to be able to meet them with ease.

We celebrate government's commitment to cocoa farmers through the numerous interventions being implemented to ensure their well-being and are anxiously awaiting the announcement by COCOBOD on the farm gate price for cocoa in the 2022/2023 cocoa season.

About the Ghana Civil-Society Cocoa Platform (GCCP):

The Ghana Civil-society Cocoa Platform (GCCP) is an independent campaign and advocacy platform for civil society actors in the cocoa sector – comprising of Civil Society Organizations, Non-governmental Organizations, Community-based Organizations, Farmer-based Organizations, Farmer Associations, Media and interested individuals. The main aim of the platform is to advocate and influence cocoa sector policies and programmes. GCCP is currently being hosted by SEND Ghana, with membership across the country, especially in cocoa growing areas.

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