



HORIZON 2020



This project has received funding from the European Union's Horizon 2020 research and innovation programme under grant agreement No 101000551



WP2 Task 2.2

Ghana Case-Study

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TRADE4SD Annual Meeting, Rome

2024



Updates

- Literature review
- Desk analysis of various provisions of the EPA and their linkage with SDGs.
- A qualitative survey of state and parastatal organisations; Traders and processors; Civil society organisations (CSOs) and non-governmental organisations (NGOs); Farmers' unions.





Importance of Cocoa to Ghana

- Ghana's agricultural sector contributes, on average, about **22.7% of the country's GDP** (BoG, 2023);
 - In 2023, cocoa's share of agricultural exports earnings was about **USD 2.1 billion**. An estimated **850,000 to about a million households are directly or indirectly engaged in Ghana's cocoa value chain**.
 - In 2022, EU received about 62% of Ghana's total cocoa export.
- Income from cocoa sales accounts for about **61% of total household income among cocoa farming households** (Bymolt et al., 2018).



Share of Cocoa in Merchandise Exports

- The cocoa sub-sector accounted for 82.6% of all agricultural export earnings and 12.2% of merchandise export earnings (SGER, 2023)
- Only second to total mineral exports (i.e., 47.1% of the USD 16.7 billion gross total exports)

	2019	2020	2021	2022	2023*
Gross Total Exports (US\$ million)	15,667.5	14,471.5	14,727.5	17,494.4	16,657.7
of which:					
1. Cocoa Total	2,288.4	2,315.5	2,851.1	2,299.7	2,031.0
% Contribution	14.6	16.0	19.3	13.1	12.2
2. Minerals Total	6,678.7	6,998.2	5,241.3	6,817.3	7,843.0
% Contribution	42.6	48.4	35.6	39.0	47.1
3. Timber Total	169.0	128.3	159.1	161.4	142.6
% Contribution	1.1	0.9	1.1	0.9	0.9
4. Other Exports	6,531.4	5,029.5	6,484.7	8,538.8	6,641.1
% Contribution	41.7	34.8	44.0	48.8	39.9

* Provisional

Source: Bank of Ghana



Revenue from of Cocoa Exports

- Cocoa exports in 2023 decreased by 11.7% in total value to reach US\$2,031.0 million.
- The unit price of cocoa beans decreased by about 0.2% while the unit price of cocoa products increased by 7.1% in 2023.
- Cocoa beans recorded increment in export volume by 0.2% while volume of cocoa products declined by 23.8%

<i>Product</i>	<i>2019</i>	<i>2020</i>	<i>2021</i>	<i>2022</i>	<i>2023*</i>
Cocoa Total (US\$ million)	2,288.4	2,328.2	2,851.1	2,299.7	2,031.0
of which:					
1. Cocoa Beans (US\$ million)	1,451.4	1,480.20	1,780.4	1,329.1	1,328.6
Volume (000 tonnes)	613.2	585.7	704.2	537.8	538.9
Unit Price (US\$/tonne)	2,366.9	2,527.3	2,528.39	2,471.2	2,465.4
2. Cocoa Products (US\$ million)	837.0	848.0	1,070.7	970.6	792.4
Volume (000 tonnes)	280.7	273.3	320.8	316.0	240.9
Unit Price (US\$/tonne)	2,981.5	3,102.27	3,337.55	3,071.0	3,289.4
% Cocoa Processed**	31.4	31.8	31.3	37.0	30.9

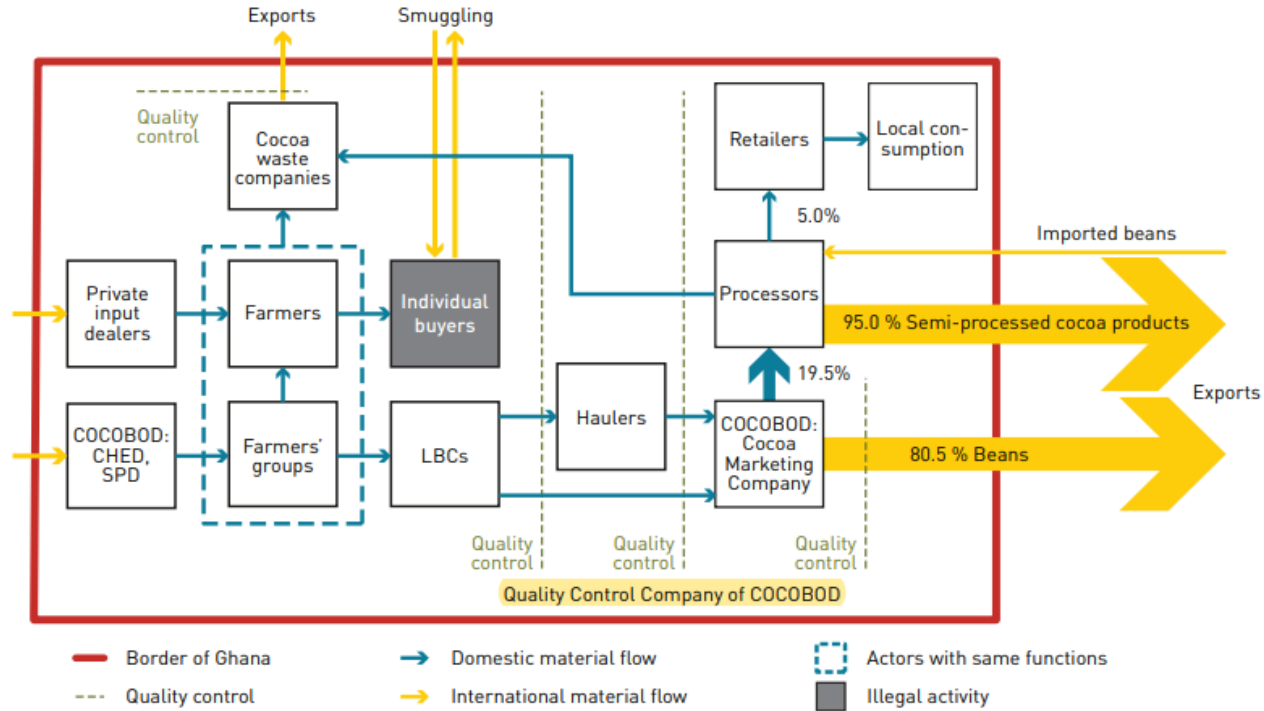
* Provisional

** Calculated using volumes of cocoa products and beans

Source: Bank of Ghana



Figure 1: Ghana's Cocoa Value Chain

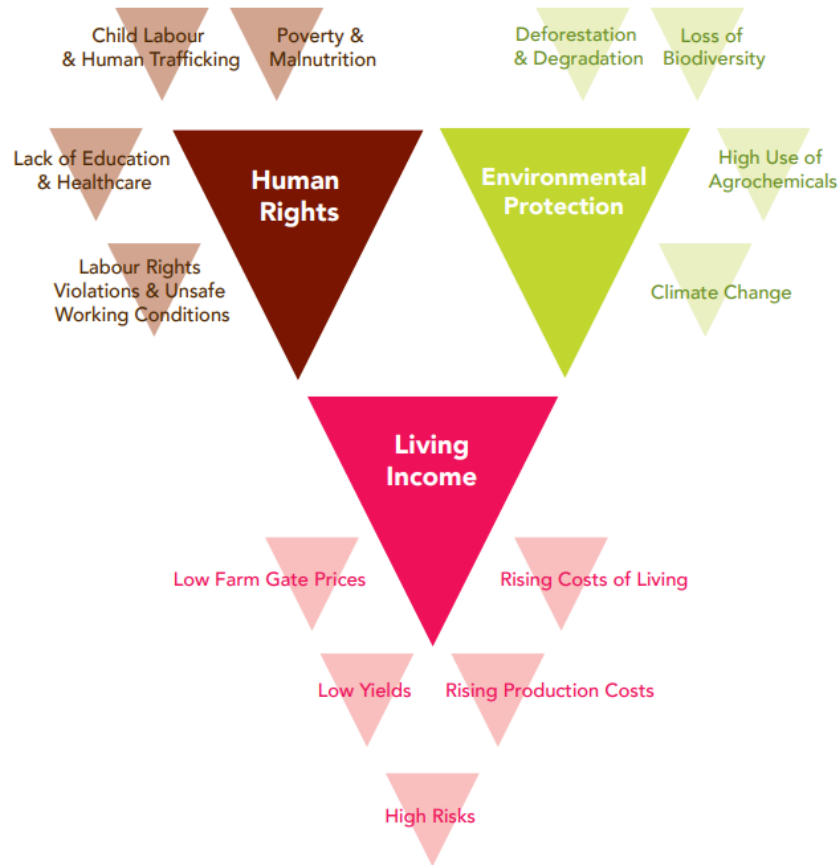


Source: Monastyrnaya et al. (2016); Joerin et al. (2018)



Ghana's Cocoa Value Chain and Sustainable Development

- Two branches (i.e., environmental protection and human rights) attach to the main trunk (i.e., farmer poverty)
- “Without significantly higher farm gate prices, sustainability in the cocoa sector is a pipe dream” (Cocoa Barometer, 2022)
- Competition between the cocoa sector and galamsey for land, labour and water. Galamsey has taken about 2% of cocoa farm lands since 2013 (Cocoa Barometer, 2022).





Desk Analysis - 1

- **Chronology of the EU-ECOWAS EPA**
 - EU-Ghana iEPA (interim EPA) (September 2007)
 - Full EPA (December 2016)
 - EU-ECOWAS EPA
- **Sustainability Impact Assessment**
 - ECOWAS region between 2004 and 2007
- **EU-ECOWAS EPA and Sustainable Development (SD)**
 - No specific provision on SD in the text of the agreement
 - SD mentioned only 3 times in the EU-Ghana EPA
- **EU-Ghana Alliance on Sustainable Cocoa**
 - Despite the lack of sustainability provisions in the EU-Ghana EPA, the EU and producing countries discuss sustainable cocoa production in the context of the EPA



Desk Analysis - 2

- **EU-Ghana Alliance on Sustainable Cocoa**
 - Given the increasing threat of Ghana losing its forest reserve to cocoa production, the EU adopts the EU Deforestation Regulation to ensure products export to the EU market are deforestation free.
 - Additionally, the cocoa entering the EU market must meet the traceability and legal compliance requirement.



Remaining Challenges

- **Price Control**
 - Due to the price control regime adopted by COCOBOD, the cocoa farmers' income levels remained low although there was a surge in the world cocoa price from US\$2,538.57 per tonne in 2022 to US\$4,235.60 per tonne in 2023.
- **High Cost of Farm Inputs**
 - Cocoa farmers are unable to acquire the necessary farm inputs for effective and efficient farming due to high input cost coupled with limited revenue.
- **Climate Change**
 - The country's current drought situation poses a negative impact on cocoa production since majority of farmers practice rainfed agriculture.
 - The future of cocoa production remains uncertain owing to the existential threat posed by Climate change.



Next Steps

- Add some more interviews
- Obtain feedback and finalize report

Thank you



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