

INVESTING IN THE GOLDEN POD

**UK-GHANA INVESTMENT FORUM
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By

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The vision of Ghana Cocoa Board is to encourage and facilitate the production, processing and marketing of good quality cocoa, coffee and sheanuts in all forms in the most efficient and cost-effective manner and maintain the best mutual industrial relations.

- Ghana's cocoa sector is a successful example of private-public partnership.
- The Public Sector has responsibility for quality assurance, pests and disease control, research and development and external marketing while the Private Sector takes care of planting and harvesting, purchases collection and bagging, haulage, warehousing (partially) and processing.

Investment Opportunities in Ghana's Cocoa Industry

- Investment in the cocoa sector will be governed by the Ghana Investment Code, which provides attractive concessions and incentives for local and foreign investors.
- Ghana Cocoa Board encourages investments in the following areas:

1. The establishment of cocoa farms/plantations geared towards the production of good quality cocoa beans.

- Investors encouraged to invest in the establishment of cocoa plantations geared towards the production of good quality cocoa beans e.g. Fine flavour cocoa.
- Harvesting on commercial basis takes between three to four years after which investors will start recouping part of their investment.

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- Government supports cocoa cultivation in the form of;
 - a) Supplying improved planting materials at nominal prices
 - b) Spraying of cocoa farms against pests and diseases
 - c) Provision of fertilizers to planters at subsidized prices
 - d) Provision of extension services

2. Internal Marketing of Cocoa

- Internal marketing of cocoa liberalised since 1993.
- This involves the purchase of cocoa beans from the farmers on behalf of COCOBOD at a commission.
- A prospective company shall apply to COCOBOD for licence to participate.
- Selection procedures may include vetting and interviews.

3. External Marketing of Cocoa Beans and Products

- External marketing undertaken solely by CMC, a subsidiary of COCOBOD.
- All sales by the Cocoa Marketing Company Ltd are made to firms registered by the company as Buyers on Cost, Insurance and Freight (CIF), Cost and Insurance (C&I) and Free on Board (FOB) basis.

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- Firms wishing to be registered as Buyers are required to:
 1. Apply in writing direct to the Managing Director of the Company.
 2. Provide evidence of engagement in cocoa trade in a consuming country or show capacity to effectively handle the commodity on the international market.

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- Furnish COCOBOD with the name (s) and address (es) of their bankers.
- Provide evidence of their membership of the Federation of Cocoa Commerce Ltd. (FCC) and or the Cocoa Merchants Association of America, New York, even if they are members of other Cocoa Associations.

4. Processing of cocoa into semi-finished and downstream

- Prospective companies required to submit a Business and Production plan to Cocobod.
- COCOBOD signs a Bean Supply Agreement with the company after the necessary assessment.
- Currently, there are ten (10) processing factories in the country and all except one process up to the primary stage.

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- Local processors are encouraged to move towards secondary or tertiary level.
- After 2013/14, only processing companies willing to process beyond the primary level would be licensed.

Incentives to process cocoa beans locally include

- Government guarantee for land to establish factory.
- Permission to import essential machinery, equipment and accessories.
- Benefits enjoyed by all companies that operate under the Export Processing Zone (EPZ) in the country.

5. Agro-Chemicals

- Agro-chemicals used on cocoa are tested and approved by Cocoa Research Institute of Ghana (CRIG) in collaboration with Environmental Protection Agency (EPA).
- Subject to acceptability of the test results by CRIG/EPA and price competitiveness, such approved agro-chemicals could be sourced on annual basis to service the cocoa industry.
- Such approved chemicals become the proprietary products of the company which introduced and got the chemical tested.
- Such companies need to keep researching into the products with a view to ensuring the continued acceptability and efficacy of the product over time.

6. Supply Chain Accoutrement

- Jute bags, tarpaulins and weighing scales are procured in accordance with the specification and approval of the Ghana Standards Board (GSB).
- Subject to test carried out by GSB and price competitiveness, the above inputs could also be sourced on annual basis to service the cocoa industry.

7. Provision of Cocoa Haulage Services

- Investment in the railway sector is especially encouraged.
- This may involve the provision of rail facilities to support the haulage of cocoa and other commodities such as minerals from inland port(s) to the main ports of shipment.

8. Provision of warehouses for rental

- COCOBOD has targeted to produce 1 million tonnes of cocoa per annum in the medium term.
- This require at least 600,000 tonnes warehousing capacity.
- The existing warehousing capacity is 388,000 tonnes.

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- Imply a shortfall of 212,000 tonnes warehousing capacity.
- COCOBBOD, therefore, encourages investment in the provision of warehousing facilities on rental basis for the storage of cocoa especially at the designated Take-Over Centres.

9. DEVELOPMENT OF COCOA BY-PRODUCTS

- Investors are encouraged to invest in the development of cocoa by-products such as: cocoa butter soap, cocoa pomade, cocoa gin, and cocoa jam which are made from cocoa by-products.

10. Internal and External Marketing of Coffee and Sheanuts

- The internal and external marketing of coffee and sheanuts have been liberalised.
- Prospective companies could take full advantage of favourable developments on the world market to engage in the trading of the produce.
- Prospective companies require a licence from COCOBOD to operate.

CONCLUSION

- The future of the Ghana's cocoa industry looks bright and holds many prospects for investors.
- I will encourage you to consider investing in Ghana's cocoa sector for our mutual benefit.

Enquiries May be Directed to:

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THANK YOU