

SUSTAINABLE COCOA ECONOMY – THE NIGERIAN EXPERIENCE*

PREAMBLE

Agriculture related activities constitute the mainstay of a large proportion of African population. Sub-Saharan Africa still has low productivity and a high percentage of poor population engaged in farming. Indeed it is estimated that 65% of the labor force is employed in the agricultural sector. This sector therefore, must become one of the foundations of economic growth in sub-Saharan Africa.

2. The tree crop sub-sector is also very important in African agriculture and contributes significantly to the income of farmers. In addition tree crops, of which cocoa is a major component can also play a critical role in sustaining biodiversity, in sound management of natural resources and have an excellent potential to improve the income of households and to provide additional pathways for the diversification and intensification of food crops systems.

Being the text of the paper presented as the Nigerian country Paper at the 2nd African Cocoa Summit held on 5th September 2007 in Accra Ghana.

2. Cocoa (*Theobroma cacao*), was introduced into Nigeria in 1804. Cocoa was one of major foreign exchange earners in Nigeria before the discovery of crude oil in 1957. This accounted for a greater part of the foreign exchange generated for the country between the 1950s and 70s.

3. Cocoa is an important crop to the economies of some countries in West Africa such as Cote D'Ivoire, Ghana, and Cameroon as it is in Nigeria. It is a source of employment to millions of people from farmers to processors, Licensed Buying Agents, Ware housing agents and Brokers. It is estimated that over 50% of the foreign exchange derived in West Africa comes from cocoa alone.

4. In the 1950s, 80% of the foreign exchange generated in the country was from cocoa. The trend however changed in the 1980s when there was a sharp decline in production resulting in decreased foreign exchange generation.

THE CAUSES OF DECLINE IN PRODUCTION

5. The decline in production could be attributed to the following causes:

- Advent of the petroleum sector which led to the neglect of agriculture;
- Policies and activities of the Nigerian Cocoa Board 1978-1986
- Non-availability and high cost of cocoa production inputs
- Activities of middlemen
- Over-aged and low yielding trees
- Non remunerative prices
- Non- availability of farm labour and old agronomic practices
- Nutrient Status of cultivated land
- Lack of credit

6. As a result of the declining trend in production, the immediate past Administration set up the National Cocoa Development Committee on the 2nd of December 1999 to promote Cocoa production through the design and implementation of programmes involving new plantings and rehabilitation of old plantations. The Committee was also mandated to develop the blueprint for a Cocoa Rehabilitation Programme for Nigeria.

7 Since the Nigerian cocoa sector had been liberalized and the Nigerian Cocoa Board had been dissolved, the cocoa sector had been driven by the Private Sector. However, the intervention of the Committee which is made up of representatives of the Private and Public Sectors has impacted positively on the cocoa economy.

8. This paper will now discuss the actions that Government had taken since the maiden African Cocoa Summit in the four main components of the cocoa chain .to address the issue of sustainable cocoa economy.

COCOA PRODUCTION

9. In the area of production, emphasis was placed on new plantings as most cocoa trees are very old. As a result of the reluctance of farmers to cut their old trees, the idea of grafting might be given some consideration. Meanwhile Government had released considerable funds for the establishment of seed gardens of the very early maturing variety.

10. The building of the capacities of farmers to enable them take informed decisions has also received some attention.

Government, through the National Cocoa Development Committee, has adopted the Farmers School Approach as the vehicle for extension delivery. Cocoa Research Institute of Nigeria (CRIN) and Sustainable Tree Crops Program of the International Institute of Agriculture (IITA/STCP) are providing technical backstopping for the project. Farmers have shown a lot of interest and some are even contributing financially to the Programme having realized the immense benefits they have derived from the Programme.

11. The issue of cocoa quality has taken a new dimension in recent times. Consumers are now asking questions about the sources of what they eat and the level of pesticide residues in what they eat. In fact they want to know whether some practices which they find offensive, such as child labour, are practised on cocoa farms. Government has set up an Inter-ministerial Action Committee on pesticide usage on cocoa with appropriate Terms of Reference to articulate strategies that will ensure that we set Maximum Residue Levels (MRLs) and Good Agricultural Practice (GAP). The implementation of their recommendations will be given top priority.

12. Although co-operatives have been in existence in Nigeria for many years, yet they need to be strengthened for grater effectiveness and efficiency. Government is therefore working out modalities on how to transform our farmers' co-operatives into viable farmers' groups for easy accessibility of credit and other highly subsidized inputs that are available to them. The Sustainable Tree Crop Programme is expected to be the platform for this effort.

COCOA CONSUMPTION

13. It is common knowledge that producing countries that grow cocoa do not consume it while those who do cannot grow it.

14. The issue of cocoa consumption in origin countries has also become very crucial, especially because of the need for remunerative pricing and sustainability. The more cocoa consumed by producers, the lower the volume that will be available in the international market and therefore the higher the price. This is very important considering the fact that most producers are making efforts to increase their levels of production.

15. The strategies being put in place include:

- Approval by Government for the inclusion of cocoa drink in the Home Grown School Feeding and Health Programme;
- Approval of a Publicity Agenda to sensitize the populace on the nutritional and health benefits of cocoa;
- The publication of a booklet on the health benefits of cocoa
- The promotion of cocoa powder production under a Public Private Partnership arrangement. The demand for this powder is already very high.

PROCESSING

16. Value addition is also very critical for a sustainable cocoa economy. Presently, there is minimal processing capacity in the country to meet local and foreign market demands with acceptable international quality standards. Government has set up a Presidential Subcommittee on Cocoa Processing to Chart a Way Forward for this important component of the cocoa chain.

17. One of the recommendations in the Report Submitted by the Subcommittee was that Government, in collaboration with the Banks should put together a N25billion facility for revitalizing the cocoa processing sub-sector. This recommendation has been approved. The implementation will soon commence.

MARKETING

18. Although Africa produces about 80% of world cocoa yet the price of the commodity is determined by the consuming countries. This is a matter of great concern because Africa produces so much of world cocoa, we should also have a say in its pricing. In order to ensure remunerative prices for cocoa there is need to develop an aggressive marketing strategy for the Nigerian cocoa industry.

19. Taking into consideration the current scenario and prospects for the future, the key factors to ensure a sustainable strategy include product availability, quality standardization, distribution and market identification.

20. All these are to ensure better prices for cocoa products in the international market. Government therefore set up a

Presidential Subcommittee on Aggressive Marketing to conceptualize strategies for marketing Nigerian cocoa abroad especially in emerging non traditional consuming countries with large populations. The recommendations of the Subcommittee have also been approved by Government and implementation would start in due course.

Conclusion

21. Your Excellencies distinguished ladies and gentlemen, cocoa has a role to play in our economies as it is a major contributor to the incomes of several hundred thousand smallholders in our respective countries and therefore has an impact on the lives of several million family members, farm workers and dependants. We must therefore seize the opportunity of this Summit and future ones to articulate practical and implementable strategies for the sustainability of the cocoa economy. When this is done the resultant spin-offs will dramatically improve the entire rural economic landscape and create better lives for our people.

22. We must take the bull by the horn and ensure that we as Governments of producing countries ensure better and quality lives for our teeming populations in the rural areas.

We must use our God given agricultural resources to transform our economies and collectively insist that our farmers must be well remunerated for their efforts.

23. It is only fair and just that African countries meet the expectations of our people in the 21st Century and achieve the Millennium Development Goals (MDG) as set out in the international Charter.

23. Thank you for your kind attention and God bless you all.

***Federal Government of Nigeria
Abuja***

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