REPUBLIC OF GHANA

MINISTRY OF FINANCE

P.O.Box MB 40, Ministries, Accra
Digital Address : GA-144-2024

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PRESS RELEASE

ON

COCOA SECTOR REFORMS FOR FINANCIAL VIABILITY AND LONG-TERM SUSTAINABILITY

12TH FEBRUARY 2026

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A. BACKGROUND AND CONTEXT OF THE CURRENT SITUATION

1. On Wednesday, 11th February, 2026, Cabinet convened an emergency session to deliberate over developments in the cocoa sector. The session considered historical and systemic problems confronting the sector and took key decisions.

2. The meeting noted the following developments in the cocoa sector.

3. The 2025/26 cocoa season began in August 2025, with a Producer Price of GH¢51,660 per tonne calculated as 70% of the Gross FOB of US$7,200 per tonne using an exchange rate of 10.25 cedis to the US dollar.

4. On the 1st of October 2025, Côte d'Ivoire announced a new producer price, 20% above that of Ghana. This decision by the Ivorians, coupled with movements in the exchange rate resulted in significant difference in the producer price of cocoa between Côte d'Ivoire and Ghana.

5. This price difference had the potential to trigger significant smuggling of Ghana's cocoa to Côte d'Ivoire.

6. As a result, the Producer Price Review Committee (PPRC) adjusted the producer price to GH¢58,000 per tonne to reflect an exchange rate of 11.5 cedis to the US dollar at the time.

7. The decision by the PPRC to increase the producer price of cocoa made Ghana's farmgate price competitive and stemmed the potential smuggling of Ghana's crop.

8. From October 2025, the World Market Price of cocoa started dropping. While the price was declining, COCOBOD continued to sell the beans until the price went below US$6,400 per tonne, which is the cost of cocoa from the farmer to the port.

B. CAUSES OF THE SITUATION AND THE WAY FORWARD

9. The current situation is largely driven by the unwillingness of buyers to purchase Ghana's cocoa because it has become uncompetitive.

10. Cocoa from other producing countries is now selling at prices, significantly lower than the producer price of Ghana.

11. Meanwhile, COCOBOD did not have the liquidity to purchase cocoa from farmers and stock for hedging or other trading decisions. This was due to the financing model invented in 2024/25 when the syndicated loan failed. Under that model, the buyers (off-takers) financed the purchases.

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12. By 2022, COCOBOD's finances had deteriorated badly. It defaulted and restructured the Cocoa Bills in 2023.

13. For the first time, in 2023, the annual syndication suffered significant delays due to loss of confidence in the Ghanaian economy. The first tranche was received on 22nd December 2023, four months after the commencement of the season.

14. COCOBOD projected an output of 800,000 tonnes, and committed 786,672 tonnes in contracts in the 2023/24 crop season. However, actual production was 432,145 tonnes, a deviation of 45% from the projected output.

15. Variations in crop forecasts typically vary between 5% to 15%. Hence, a deviation of 45% was unprecedented. This resulted in huge rollover contracts of 333,767 tonnes at an average price of US$2,661 per tonne.

16. This resulted in a loss of over US$1 billion which would have gone to cocoa farmers and other stakeholders.

17. In 2024, COCOBOD could not pay the final tranche of the syndicated loan which was due in July 2024, and received a US$70 million bridge financing from the Ministry of Finance to avert a default.

18. Despite a commitment to repay the US$70 million bridge finance owed to the Ministry of Finance, COCOBOD defaulted, highlighting the dire financial straits of the organization at the time. This debt has since been inherited by the current management of COCOBOD.

C. PROPOSED REFORMS

19. A careful review of the cocoa sector over the last eight years revealed gross mismanagement, which requires immediate and comprehensive reforms to address the challenges in the sector.

20. Cabinet has, therefore, decided on the following reforms to guarantee fair prices to farmers, secure the financial viability of the cocoa sector and ensure the long-term sustainability of the industry.

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a. To bring relief to unpaid cocoa farmers, Cabinet has directed COCOBOD to commence immediate payment of all affected cocoa farmers.

b. A new COCOBOD Bill will be presented to Parliament to implement an automatic adjustment of producer price to align with movement in the world market price, exchange rate, and other key variables and guarantee a minimum of 70% of the gross FOB price to be paid to cocoa farmers.

c. A new Financing Model for Cocoa Purchases and related Operations with associated benefits for increased processing as follows:

i. The current financing model was invented as a necessity after the syndicated loan failed, after 32 years of successful implementation, and it has proven not to be sustainable.

ii. The financing model is entirely dependent on a buyer's willingness to bear the financing cost and to prefinance the purchase of cocoa.

iii. The key motivation for buyers in the previous season was the rollover contracts priced at about US$2,661 when the existing market prices were above US$8,000 per tonne.

iv. Once the gap between the roll-over contract and the market price closes, and the majority of the rollover contracts are serviced, the buyer will not be willing to prefinance the purchase of the crop.

v. Alternatively, the previous syndicated loan model required COCOBOD to sell forward most of the raw beans to lock in contracts, which repays the loan and serves as the collateral as well.

vi. This system did not allow COCOBOD to optimise prices on the market. In addition, the use of the raw bean contracts as collateral for the loan meant that Ghana could not optimise its installed capacity for processing.

vii. The new Financing Model will utilise domestic Cocoa Bonds to purchase cocoa and repay with cocoa proceeds within each crop year. The Bonds will be used to raise a revolving fund for COCOBOD to turn around at least once during the season.

viii. The model will also revive the indigenous Licensed Buying Companies that have been completely thrown out of business as a result of the current financing model.

ix. The state-owned Produce Buying Company (PBC) will be revived to resume full operations and become the leading Licensed Buying Company (LBC) in the cocoa sector.

x. With this new financing model, COCOBOD can sell beans of any volume to local processing companies to promote value addition and job creation.

21. Cabinet has directed that, with immediate effect, the remainder of the beans for the 2025/26 crop season should be allocated for domestic processing.

22. Cabinet has also directed that beginning from the 2026/27 crop season, a minimum of 50% of cocoa beans should be processed locally.

23. Pursuant to this, the state-owned Cocoa Processing Company (CPC) will be revived as a matter of priority to become the leading processor of the cocoa beans.

24. I have only this morning, together with the Minister for Trade, Agribusiness and Industry, met with domestic cocoa processors who have indicated their capacity and willingness to process more than 50% cocoa produced in Ghana.

25. An agreement has been reached on the immediate implementation of this new policy.

26. In order to address the indebtedness inherited by the current management of COCOBOD, Cabinet has further directed the Minister for Finance to urgently seek Parliamentary approval to:

a. Convert part of the legacy debts of about GH¢5 billion owed to Ministry of Finance and Bank of Ghana to equity.

b. COCOBOD currently owes the Ministry of Finance GH¢3.7 billion, which arose from the conversion of the non-marketable cocoa bills into a loan, and the Bank of Ghana a 10-year loan of GH¢1.38 billion.

c. The debt conversion will restore positive equity and boost the international and local markets to support the operations of COCOBOD.

d. This will strengthen the Balance Sheet of COCOBOD to enable it implement the new financing model for the purchase of cocoa and related operations.

e. Cabinet has also directed the transfer of cocoa roads liabilities of GH¢4.35 billion to the Ministry of Roads and Highways.

f. From 2014 to 2024, COCOBOD awarded cocoa roads contracts of up to GH¢26.5 billion, with GH¢21.5 billion of contracts awarded in 2018/19, 2019/20, and 2020/21 crop years.

g. Despite an agreement under the IMF programme in 2023 to rationalize COCOBOD's commitments of GHS21.7 billion to GHS6.9 billion, the previous board and management of COCOBOD failed to conduct this exercise. The exercise has subsequently been completed under the supervision of the Ministry of Finance.

h. The Ministry of Roads and COCOBOD jointly conducted this rationalization exercise to reduce the exposure on cocoa roads. Upon the completion of the exercise, the total exposure of GH¢21.7 billion has been reduced to GH¢4.35 billion.

i. Cabinet has directed that the liability of GH¢4.35 billion be transferred to the Ministry of Roads.

j. Cabinet noted that road construction accounts for a significant part of the financial difficulties of COCOBOD.

k. Pursuant to an earlier announcement by the Minster for Finance, the new COCOBOD Bill prohibits COCOBOD from all such quasi-fiscal expenditures and non-core activities.

l. As announced in the 2026 Budget, Government of Ghana has secured a US$500 million World Bank facility to construct agriculture roads, including roads in cocoa growing areas.

27. To ensure accountability and transparency in the management of COCOBOD and the cocoa sector as a whole, Cabinet has directed the Attorney General to commission concurrent forensic audit and criminal investigations into the activities of COCOBOD over the last eight years.

28. Cabinet has directed the Ministry of Finance to initiate immediate reforms at COCOBOD to streamline their operations and cut cost. Wasteful and uncontrolled expenditure practices are to be curtailed immediately.

29. The world market price has dropped significantly from an average of US$7,200.00 per tonne to US$4,100 per tonne, making Ghana's cocoa beans uncompetitive and creating liquidity challenges.

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30. To address this, the Producer Price Review Committee (PPRC) met this afternoon to assess the challenges facing the sector and review the producer price for the remainder of the 2025/26 crop year.

31. In order to cushion the farmer, the PPRC has recommended that the farmers be paid 90% of the gross FOB of US$4,200.00 to mitigate the adverse impact on the farmer as a result of the fall in the world market price.

32. Consequently, the PPRC announces that, effective today, Thursday 12 February 2026, the new producer price for the remainder of the 2025/26 crop season will be GHS41,392.00 per tonne and GHS2,587.00 per bag.

33. This measure has become necessary to reflect the reality of the world market price of cocoa, ensure the injection of immediate liquidity for expedited payment of farmers and guarantee the sustainability of the sector.

D. CONCLUSION

34. Government wishes to convey its sincere appreciation to Ghanaian cocoa farmers and all stakeholders for their forbearance and sacrifice over the years, and wish to assure them that these reforms will protect the interest of the cocoa farmer and transform the sector.

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