The producers' price system and the coffee and cocoa trade at village level in West Africa

C. A. Muntjewerff

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SUMMARY

The West African governments fix annual producers' prices for most kinds of export produce. These prices, which are considerably lower than the corresponding world market prices, have to be paid by produce buyers, when they buy from farmers.

This study reports on research done among the cocoa and coffee farmers in four West African countries (Cameroon, Ghana, the Ivory Coast, and Nigeria) in 1979 and 1980. I investigated on the spot whether the farmers received the official producers' price and, if not, what kind of deviations occurred and how large they were. I found that on the whole the producers' price system was effective but there were also deviations, negative as well as positive. These deviations are discussed and presented in tables. They are expressed as percentages of the producers' price to allow comparisons for countries and crops.

1. INTRODUCTION*

In most countries of West Africa the trade in export crops such as coffee and cocoa is regulated by the government. The organizations executing the government policies are called 'Marketing Board' in the English-speaking regions and 'Caisse de Stabilisation' in the French-speaking regions[(1)]. These organizations fix the quality standard and the price which the produce buyers[(2)] have to pay to the farmers, the so-called "producers' price". The producers' price is fixed at the start of the marketing season and remains unchanged during the season. The farmers and produce buyers are notified about this price through radio and newspapers.

These government guaranteed producers' prices reach a level of about 50 per cent of the world market price (Whetlam, 1972:130). About the same figure is shown by the statistics from the 'Caisse de Stabilisation' of the Ivory Coast[(3)]. My own calculations for the buying season 1979/1980 show a figure between 40 and 45 per cent for the following four countries: the Ivory Coast, Ghana, Nigeria and Cameroon. And in Latin American countries, where governments do not set a producers' price, but where the price paid to farmers more closely follows the world market price, farmers receive from 1.5 to as much as 4 times more for their cocoa than the African producer (Schuurs, 1980:42,43). However, at the present time I shall not be discussing the pros and cons of the system of producers' prices and whether, and how much these prices may differ from country to country. The question in focus is <u>whether or not</u> the African producer in a particular country <u>actually</u> receives the producers' price, and if not, what the reasons might be for the deviation[(4)].

The field work of my research was carried out during the period of November 1979 till March 1980 in the coffee and cocoa producing areas of the Ivory Coast, Ghana, Nigeria and Cameroon. These countries were chosen because of the importance of their production: they produce 94 per cent of the total African cocoa production (Gill & Duffus, 1979:14) and 34 per cent of the African coffee production (USDA, 1979:6).

In the Ivory Coast, Nigeria and Ghana the way farmers sell their produce is uniform within each individual country. An exception is found in Cameroon where regional differences exist. For the purpose of my research I therefore divided Cameroon into six regions.

Table 1 shows the regions and trade centres I visited, the kind of produce in the region, and the percentage of the produce bought by co-operative societies.

Table 1: *THE REGIONS OF STUDY, WITH THE TRADE CENTERS, THE KIND OF PRODUCE IN THE REGIONS, AND THE PERCENTAGE OF PRODUCTION BOUGHT BY CO-OPERATIVE SOCIETIES*

Country	Region	Tradecenter	Traded produce (percentage of the total coffee and cocoa production; 100=mono culture)	Part bought by co-operatives, in percentage of total production. (100= monopoly by co-operative)
Ivory Coast[(a)] (French-speaking)	(sous)-préfectures: Dimbokro/Mbatto, Tiassalé, Agboville, Aboisso		Robusta coffee (50) Cocoa (50)	20[(b)]
Ghana (English-speaking)	Brong Ahafo, Eastern Region	Sunyani, Koforidua	Cocoa (100)	100[(c)]
Nigeria (English-speaking)	Oyo State	Ife, Ikirri	Cocoa (100)	40[(d)]
Cameroon (French-speaking)	Central			
	Lékié	Obala, Saa	Cocoa (100)	100
	Mfou-Mfoundi	Mfou	Cocoa (100)	100
	West	Bafoussam	Arabica coffee (100)	100[(e)]
	Littoral	Nkongsamba	Robusta coffee (100)	18[(f)]
(English-speaking)	North-West	Bamenda	Arabica coffee (100)	100
	South-West	Kumba	Robusta coffee (40) and cocoa (60)	10[(g)]

(a) The calculations in this report are the averages of the entire country.
(b) Lambers, 1978: 2
(c) The Ghanaian Marketing Board, being the sole buyer, makes use of local co-operatives for the collection of produce at village level.
(d) Statistics of the Cocoa Board show that 27 per cent of the buying licenses have been issued to co-operative Unions on regional level. Besides this, an estimated 10 per cent of the production is dealt with by primary co-operatives at village level which sell to private licensed buying agents.
(e) Co-operative societies are united into the 'Union Centrale des Coopératives Agricoles de l'Ouest' (UCCAO). Approximately 30 to 50 large coffee estates, which are not members of the UCCAO, have their own co-operative organization, that has been excluded from my research.
(f) See also Illy, 1974: 287.
(g) From the unpublished 1979 annual report of the co-operative society.

1.1. The producers' price

The producers' price system aims at guaranteeing the producer a certain price for his graded produce[5], which is paid to him by the produce buyers any time he has produce to sell. For the transportation and handling expenses the buyers receive a commission which is set and paid by the 'Board' or 'Caisse'.

From my findings it can be concluded that on the whole the producers' price system is effective. However, deviations from the official producers' price occur in many places; I have tried to estimate the deviation within each region, that is the average deviation for the produce farmers in that region. A deviation may be the result of several factors:

(a) the buyer may purchase produce that is not up to export standard or that requires further processing (see chapter 3);
(b) the buyer may charge the producer for transportation and handling expenses (see chapter 4);
(c) the buyer may not pay immediately, which results in a loss to the producer (see chapter 5);
(d) buyers may pay the farmer a premium (or bonus) on top of the producers' price (see chapter 6);
(e) buyers may give loans to farmers, free of interest or at a low rate of interest (see chapter 7).

For the producers the factors (a),(d) and (e) mean an overpayment or profit, while factors (b) and (c) mean an underpayment or loss.

2. RESEARCH METHODOLOGY

The findings of this report were mainly obtained through observation of the transactions between producers and their buyers, including private traders and co-operative societies. Further information has been obtained from interviews with farmers, buyers and personnel of organizations such as co-operatives, the 'Board', the 'Caisse', inspection departments etc. Annual reports of these organizations were other sources of information.

In each country or region I stayed for a period of one to three weeks and observed about 10 to 50 transactions respectively (see table 2). The complexity of the trade system in a region determined the number of observations necessary to obtain a reliable picture of the system's characteristics. In regions where co-operatives have a monopoly and only one crop is grown, the system can be understood more quickly than in areas where private traders and co-operatives compete and several crops are produced. It was possible to limit the observations to a relatively small number due to the fact that the trade system in a region showed few variations. Buyers often tend to follow certain customs practised by private traders as well as co-operative societies.

Table 2: NUMBER OF OBSERVATIONS OF TRANSACTIONS BETWEEN FARMERS AND PRODUCE BUYERS, PER COUNTRY, AND, FOR CAMEROON, PER REGION.

Country	Region	Number of observations
Ivory Coast		41
Ghana		12
Nigeria		51
Cameroon	Lékié	10
	Mfou-Mfoundi	7
	West	14
	North-West	10
	Littoral	23
	South-West	18

3. PROCESSING AND GRADING EXPENSES

The producers' price refers, in principle, to hulled and graded coffee and cocoa beans of export standard. In some cases, however, produce buyers purchase dried coffee berries(6) which they then first have to hull to obtain the beans. These hulling expenses are often borne by the buyers. And, secondly, buyers sometimes buy produce of inferior quality.

In this chapter I describe these two practices which always result in an extra profit for the farmer.

3.1. Coffee

Private traders in South-West Cameroon pay farmers for delivered dried berries. When we convert their price for berries into a first grade beans price, we find that these traders bear the cost of processing. On the other hand, co-operatives in the same region also receive the coffee as berries, but only pay the farmer after hulling and grading costs have been determined and deducted.

The monopolistic co-operative societies in West and North-West Cameroon buy Arabica coffee as parchment(7). The labour and machine costs for hulling and grading are paid by these co-operatives. A percentage for bad and damaged beans is determined and deducted(8) from the price paid to the farmer.

In Littoral Cameroon, the processing and grading expenses are also borne by the buyers who deduct hardly any percentage for bad and damaged beans(9).

3.2. Cocoa

The only region where farmers receive a price for inferior quality of cocoa is Central Cameroon. The producers' price for cocoa of inferior quality is set by the Cameroonian government at one third of the price for export quality.

Table 3 gives figures, showing to what extent the farmers have a profit by not having to pay for hulling and grading expenses and by receiving a price for inferior quality.

Table 3: THE EXTENT TO WHICH THE BUYERS PAY FOR PROCESSING EXPENSES AND FOR INFERIOR PRODUCE, AS A PERCENTAGE OF THE PRODUCERS' PRICE

	Nigeria	Ivory Coast	Ghana	Cameroon					
				Central		West	N.W.	Litt.	S.W.
				Lékié	Mfou				
Processing expenses paid by the buyers		(a)				5.6[b]	5.6[b]	5.6[b]	2.0[c]
Inferior produce				4.0[d]	4.0[d]			3.0[e]	1.1[f]

(a) The Government of the Ivory Coast follows the principle that all costs for processing the Robusta coffee have to be paid by the farmer. The producer's price for berries is half of that of beans. Taking into account that 100 kg berries produce about 54 kg of beans (see Wellman, 1961:375) the farmer selling berries pays about 8% of the producers' price for processing expenses.
(b) This figure is composed of 1.6% hulling expenses and 4% labour costs for grading. These figures were obtained from farmers and local hullers in the préfecture Aboisso, in the South-Eastern region of the Ivory Coast, where farmers had to pay for these costs.
(c) The figure of 5.6 (see note b) is adjusted because only private traders (and not the co-operatives) pay processing costs. To obtain the percentage in relation to the total coffee and cocoa production of the area, the calculation has to run as follows:
0.4 (share of coffee production) x 0.9 (share of private traders) x 5.6 = 2.0
(d) The so-called no-grade cocoa represents about 11 per cent (SOCOPSAA,1979:8) to 12 per cent (SOCOPOB,1979: 3) of the total amount of cocoa offered for sale by the farmers. Twelve per cent at one third of the price for export produce means an additional income of 4 per cent.
(e) This figure is obtained from hulling factory owners (usiniers) who do not separate bad and damaged beans before the net weight is determined.
(f) The basic figure of 3.0 from Littoral Cameroon is adjusted as in note (c):
0.4 x 0.9 x 3.0 = 1.1

4. TRANSPORTATION COSTS AND OTHER DEDUCTIONS CHARGED BY BUYERS

The buyers mainly receive their income by means of a buying commission, which is set and paid by the 'Board' or 'Caisse'. In some regions, however, these buyers also receive a part of their income by: (a) having the farmer pay for transportation costs; (b) applying weight deductions; and (c) particular methods of calculation.

4.1. Transportation costs

In French-speaking regions (the Ivory Cost and the larger part of Cameroon) buyers take care of all expenses for transportation of the produce to their stores. On the other hand, in English-speaking regions (Ghana, Nigeria and some parts of Cameroon) producers pay at least part of these expenses by hiring porters and taxis to carry the produce to the buyer's store. And, when a trader uses his own means of transportation (as in Nigeria and S.W. Cameroon), he charges the farmer for part of his expenses.

4.2. Weight deductions

Buyers are supposed to determine accurately the weight of produce delivered to them by each farmer and to use this figure in their calculations. In practice, the buyer often applies deductions, that is he records and uses a lower weight than the scale indicates. This is a "profit" for the buyer and a "loss" to the farmer. We observed three types of systematic deduction. In the English-speaking regions straight deductions of 1.5 per cent (Nigeria and Ghana)[10], 3.5 per cent (N.W. Cameroon) or even 6.5 per cent (S.W. Cameroon) are normal practice.

Another deduction is inherent in the practice of rounding off the actual weight to the nearest lower whole number which means an average deduction of 0.5 kg. On big scales, carrying 5 to 10 bags at a time the deduction is negligible (0.1 per cent) but with small scales, on which only one bag of about 75 kg can be weighed, it amounts to 0.7 per cent, or when carrying two bags, the deduction is 0.3 per cent. No rounding occurs when bags have a standard weight: produce is added or removed until this weight is reached. This is the case in Ghana, and N.W. and S.W. Cameroon. Rounding is also absent when produce is bought by volume, as is done by private traders with coffee berries in S.W. Cameroon.

A third deduction is based on the practice of assigning too much weight to the bags. In Nigeria buyers deduct 4 kg for the bag, while its actual weight is not more than 1 kg. The difference of 3 kg means a loss of 4 per cent on a bag of about 75 kg.

Apart from these practices which are openly practiced and generally accepted by buyers and farmers, there are also incidental ways of reducing the weight. I noticed on several occasions that private traders deliberately cheated the farmer by stating a weight figure which was lower than the scale indicated[11]. There is no need for farmers to be treated in this way if they are alert. Illiterate farmers sometimes request their school children or neighbours to help with the checking. And in the Ivory Coast the farmer's labourers also check the weight carefully as they are entitled to a share of the amount paid out.

Scales with dials are, in this respect, an advantage to the farmer because the weight can be read off more easily than with other types of scales. The use of standard weight for bags is also to be favoured.

The Robusta-coffee farmers in Littoral Cameroon and those in South-West Cameroon who sell to co-operatives run a heavy risk of being cheated. The farmers deliver the coffee as dried berries. The weight of the beans can be ascertained only after hulling, i.e. a few weeks after the farmer has delivered his coffee, at which occasion he normally is not present.

Since the extent to which cheating occurs is difficult to determine, I have not entered it in table 4.

4.3. The Computation of Payments to Farmers

The amount to be paid to farmers is found by multiplying the net produce weight with the official producers' price. In practice, some complications occur. A first example of this was encountered in West and North-West Cameroon, where the net weight of the Arabica coffee beans is not determined by weighing but by deducting 20 per cent from the weight of the berries[12], for hulling losses. After this, again, a percentage for bad and damaged beans is deducted (see also section 3.1.). If we assume that at the rounding off operation after each deduction 0.5 kg is lost, and the average delivery by farmers is 200 kg, the loss amounts to 0.5 per cent.

A second example of complications in the computing procedures is to be found in Nigeria, where it is customary to use scales which indicate the weight in lbs. and cwt., while the producers' price is fixed in kilogrammes. Secretaries of co-operative societies often use a ready reckoner, issued by the Nigerian Cocoa Board to facilitate the necessary conversions. Private traders do not use this table; they apply a rule of thumb and fix 1 cwt on 50 kg instead of the actual 50.8 kg, which means a loss of 1.6% for farmers.

Table 4 enumerates the above mentioned deductions.

Table 4: EXTRA EXPENSES AND CHARGES TO FARMERS BY PRODUCE BUYERS, AS A PERCENTAGE OF THE PRODUCERS' PRICE

	Nigeria	Ivory Coast	Ghana	Cameroon					
				Central		West	N.W.	Litt.	S.W.
				Lékié	Mfou				
1. Transportation expenses[a]	0.5		1.0				0.5		0.5
2. Weight reductions[b]:									
overweight	1.5		1.5				3.5		6.5
rounding off	0.3	0.3		0.7	0.7	0.1		0.3	
empty bag	4.0								
3. Computation losses	1.0[c]					0.5[d]	0.5[d]		
Total reductions	7.3	0.3	2.5	0.7	0.7	0.6	4.5	0.3	7.0

(a) From interviews with buyers and farmers

(b) From observations. A weight deduction, expressed as a percentage of weight, may be treated as a price reduction, expressed as a percentage of the producers' price. The rounding-off loss varies with the type of scale used: small scales mean a loss of 0.7; medium scales, on which two bags can be weighed at the same time, mean a loss of 0.3; and big scales, which can take 5 to 10 bags, lower the loss to 0.1 per cent.

(c) The basic figure of 1.6 (see section 4.3) is adjusted as follows: 0.6 (part of the total Nigerian cocoa production handled by private traders) x 1.6 = 1.0

(d) See section 4.3

5. LOSSES TO PRODUCERS DUE TO LACK OF TRANSPORTATION OPPORTUNITIES, DELAYED PAYMENTS AND LATE ANNOUNCEMENT OF PRODUCERS' PRICES

Farmers do not always receive payment at the moment they would like to sell. This is a disadvantage to them, in particular if they then have to borrow from a money-lender. I estimate that a delay of one month amounts to a loss of 3.5 per cent. (This figure is further explained in section 5.4). These losses arise because of lack of transportation opportunities, delayed payments, and late announcement of the producers' price.

5.1. Lack of Transportation Opportunities

There are three causes for a delay of transportation: (a) The beginning of the cocoa season coincides with the end of the rainy season; during that period many roads are impassable; (b) Farmers living in remote areas are infrequently visited by private traders, and co-operative sheds in those areas only receive produce once or twice a year[13]; (c) In the French-speaking regions of Cameroon (Central and West Cameroon) lorries of the monopolistic co-operatives only collect the produce once a fortnight, sometimes once a month or even less frequently. The time-table for collection depends on the level of production in the area.

These three causes for delay in transportation are, however, of minor importance since they concern a small portion of total production.

5.2. Delayed Payments

This is mainly a problem of co-operatives because private traders normally pay immediately for produce. Co-operatives which are grouped in regional unions are particularly prone to these delays because their payment procedures have grown more complicated. On the other hand, co-operatives at village level which do not deliver to a union but sell to private traders, such as those in the Ivory Coast and most of the village co-operatives in Nigeria usually pay farmers at once. These traders often provide the co-operatives with advance money, which enables them to pay their members without delay.

Payments may also be delayed because of technical factors such as processing. This is the case with the coffee growers of Littoral Cameroon and those farmers in South-West Cameroon who sell to co-operative societies. The farmers deliver their coffee in the form of dried berries but the correct value of the beans can only be ascertained after hulling. It is common practice that farmers receive an advance payment of about 50 per cent of the expected value on the day of delivery; the balance is paid a few weeks later.

5.3. Late Announcement of Producers' prices

Another reason why farmers receive less is due to a late announcement of the new producers' price by the government. The Cameroonian Government announces the new cocoa price in September, one month after farmers in South-West Cameroon have harvested and sold almost 10 per cent of their cocoa at the producers' price of last season. This price was 12 per cent lower than that of the new season, 1979/1980. For farmers this means a loss of 1 per cent. In addition, the cocoa and the Arabica coffee price is announced by the Ghanaian and Cameroonian government, respectively, one to two months after farmers have started harvesting and selling. For Arabica coffee the Cameroonian government then only announces a temporary price while the definite price is set almost a year later. For the season of 1979 this definite price was 20 per cent higher than the temporary price.

The monopolistic co-operative societies in Ghana and Cameroon, however, supply the farmer with an advance payment for delivered produce and pay the balance after the new price has been published.

Table 5: LOSSES, DUE TO THE FACT THAT FARMERS DO NOT RECEIVE THE FULL VALUE OF THEIR PRODUCE DIRECTLY WHEN IT IS UP FOR SALE, AS A PERCENTAGE OF THE PRODUCERS' PRICE

	Nigeria	Ivory Coast	Ghana	Cameroon					
				Central		West	N.W.	Litt.	S.W.
				Lékié	Mfou				
Discount loss	0.9[a]					14.0[b]	14.0[b]	0.9[c]	0.2[d]
Loss due to late price announcement									0.6[e]
Total loss	0.9					14.0	14.0	0.9	0.8

(a) In Nigeria two types of co-operative exist at village level. One third of these co-operatives sell the produce to local private traders. The other village co-operatives deliver the produce to regional co-operative depots. In the latter case, as farmers and co-operative secretaries stated, payments are delayed for one month. In relation to the total Nigerian cocoa production this loss is computed as follows: 0.67 (share of regional co-operatives) x 0.4 (share of co-operatives) x 3.5 = 0.9

(b) See section 5.4

(c) Delayed payment, which equals full payment minus advance payment, is assumed to be 50 per cent. As the delayed payment is made half a month late, the loss is: 0.5 (month) x 0.5 (value) x 3.5 = 0.9

(d) This figure consists of losses on cocoa and coffee. The losses on cocoa, where co-operatives pay one week late on average, amount to: 0.1 (share of co-operatives) x 0.25 (month) x 3.5 = 0.09. The losses on coffee, where co-operatives pay one month late on average, amount to: 0.1 (share of co-operatives) x 1 (month) x 3.5 = 0.35. The weighted average of the losses is: 0.6 (share cocoa) x 0.09 + 0.4 (share coffee) x 0.35 = 0.2

(e) Cocoa farmers lose 1 per cent (see section 5.3), the loss in relation to the total cocoa and coffee production is therefore 0.6 x 1.0 = 0.6.

5.4. The Three Factors Combined

Each of the three factors taken separately is of little importance. But in two areas, West and North-West Cameroon, where transport problems occur, payments are delayed and the new producers' price is only announced almost a year after farmers start selling their new crop, farmers only receive the total value of their produce 14 months after it is ready for sale. This disadvantageous situation compels about 25 per cent of the farmers (see Tchouamo, 1980) to sell illegally(14) to money-lenders, who pay only 50 to 80 per cent of the official value, that is at an average discount of 35 percent. By selling to these money-lenders farmers receive cash ten months earlier on average than if they sell to the co-operative society. This means a discount rate or loss of 3.5 per cent per month. The majority of the farmers in these two areas (75 per cent) sell to the co-operatives but have to wait for two months on average before receiving payment. Their discount loss is 7 per cent. Taking all farmers together these three factors cause a discount loss of (0.75x7) + (0.25x35) = 14 per cent.

Table 5 indicates the estimated losses for each region.

6. PREMIUMS BUYERS PAY TO FARMERS

Many private traders and co-operative societies pay farmers a premium (or bonus) on top of the official producers' price. By this extra payment traders and co-operative societies in competition with one another try to induce farmers to sell their produce to them. The rate of the premium private traders pay mainly depends on the quantity(15) a farmer has for sale; a larger producer receives relatively more than a small-holder. Co-operative societies, on the other hand, apply one rate for all members. Another reason why competitive as well as monopolistic co-operatives pay a premium is the consideration that their surplusses actually belong to the members.

The kind of premium paid by private traders in Central Cameroon is rather unusual. The co-operatives in this region have a legal monopoly to buy from farmers. Private traders receive produce from the co-operative society. The Cameroonian government allocates the produce from the co-operatives at village level to the traders, in proportion to the quantities they have been licensed to buy. But traders try to increase their turnover by illegally buying directly from farmers in areas from which the produce is not assigned to them. To persuade the farmer to sell his produce, the trader is willing to pay a premium of up to 10 per cent. This accounts for approximately 20 per cent of the total production of the area (SOCOPSAA,1979:2,16), that is farmers receive a "profit" of 2 per cent.

Table 6 enumerates the premiums paid in the different regions.

Table 6: PREMIUMS PAID TO FARMERS BY PRIVATE TRADERS AND CO-OPERATIVES, AS A PERCENTAGE OF THE PRODUCERS' PRICE

	Nigeria	Ivory Coast	Ghana	Cameroon					
				Central		West	N.W.	Litt.	S.W.
				Lékié	Mfou				
Premiums[a]	1.0	1.2	0.1	3.5[b]	2.3[b]				3.0

(a) Information about premiums is obtained from farmers and buyers. The figures are averages.
(b) 2 per cent premium is, illegally, paid by private traders and 1.5 per cent (Lékié) and 0.3 per cent (Mfou), are legally paid by the monopolistic co-operatives.

7. THE CREDITS BUYERS SUPPLY TO FARMERS

Around September farmers need cash to pay the school expenses for their children and the wages for the labourers to clear the coffee and cocoa plantations. Private traders and co-operative societies often supply the farmers with credit. These credits, varying between 3 and 9 per cent of the expected produce value for the coming season, are repaid an average of 4 months later, when the farmers sell their produce. Private traders do not charge any interest; co-operative societies only charge a moderate figure of 6 to 8 per cent a year.

These credits mean a profit for the farmers, because if they borrow from local moneylenders they have to pay an interest of 3.5 per cent per month (see the calculations of chapter 5). The amount of credit produce buyers supply to farmers depends on the expected size of the farmer's production, and whether or not the buyers pay a premium or supply other services[16] to the farmer.

Table 7 shows how much the farmer benefits from these credits.

Table 7: THE PROFITS FOR FARMERS RESULTING FROM CREDITS PROVIDED BY THE PRODUCE BUYERS, AT A LOW RATE, OR FREE OF INTEREST; AS A PERCENTAGE OF THE PRODUCERS' PRICE

	Nigeria	Ivory Coast	Ghana	Cameroon					
				Central		West	N.W.	Litt.	S.W.
				Lékié	Mfou				
Interest[a] profits	0.3	0.4	0.4	0.2		0.2	0.2	1.2	1.0

(a) Buyers carefully keep records of issued credits, from which these figures are derived.

8. CONCLUSIONS

The purpose of my research was to determine whether or not the coffee and cocoa producers of West Africa actually receive the producers' price, as it is set by the respective governments.

Table 8, which is a combination of the figures in the tables 3 to 7, shows that the farmers in five regions received from 0.7 per cent to 12.7 per cent <u>less</u> than the producers' price, while farmers in four other regions received 1.3 per cent to 8.6 per cent <u>more</u> than this price.

The table also shows that farmers in most of the French-speaking areas (the Ivory Coast and Central and Littoral Cameroon) receive more than the producers' price and that the producers in most of the English-speaking regions (Nigeria, Ghana and North-West Cameroon) receive less than this price. An important factor causing these

Table 8: AN ENUMERATION OF ADDITIONS TO (+) AND DEDUCTIONS FROM (-) THE PRODUCERS' PRICE, AS PERCENTAGES OF THIS PRODUCERS' PRICE.

	Nigeria	Ivory Coast	Ghana	Cameroon					
				Central		West	N.W.	Litt.	S.W.
				Lékié	Mfou				
Processing expenses paid by the buyers						+5.6	+5.6	+5.6	+2.0
Value of inferior produce				+4.0	+4.0			+3.0	+1.1
Extra expenses and charges to farmers	-7.3	-0.3	-2.5	-0.7	-0.7	-0.6	-4.5	-0.3	-7.0
Losses due to discount and late announcement of producers' price	-0.9					-14.0	-14.0	-0.9	-0.8
Premiums	+1.0	+1.2	+0.1	+3.5	+2.3				+3.0
Interest profits	+0.3	+0.4	+0.4	+0.2		+0.2	+0.2	+1.2	+1.0
Total[(a)]	-6.9	+1.3	-2.0	+7.0	+5.6	-8.8	-12.7	+8.6	-0.7

(a) While reading the totals it has to be taken into account that the figures in this table are obtained through different methods: by observation, by interview, by calculation.

differences is the policy by buyers in English-speaking regions to apply weight reductions. It is therefore, questionable whether the 'Boards' in the English-speaking areas have set the commission high enough to cover the buyers' expenses for transportation and storage.

The totals in table 8 also show that monopolistic co-operatives as in Central Cameroon, pay higher prices to their members than the co-operatives in regions which have to compete with private traders. This is partly because the Cameroonian government has also licensed the co-operatives in Central Cameroon to buy the inferior produce from farmers. In an attempt to uphold the country's reputation on the world market, these licenses are not given to private traders in order to minimize the possibilities of mixing this produce of inferior quality with the produce of export quality.

In the two regions where the lowest prices are paid to farmers (West and North-West Cameroon), co-operatives also have a monopolistic position. If these co-operatives had had to compete with private traders, they probably would have been encouraged to pay better prices(17).

Taking all the research regions together, it can be concluded that the produce buyers, co-operatives and private traders, on an average, pay the farmer the producers' price as it is set by the respective governments; on the whole the system of producers' prices is effective(18).

However, for the farmer to receive the producers' price does not mean to receive a good price, in relation to the world market price. In some Latin American countries, for instance, where the system of producers' prices does not exist, farmers receive a considerably higher price for their cocoa than their counterparts in West Africa.

NOTES

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1. These are the 'Caisse de Stabilisation et de Soutien des Prix des Production Agricoles' in the Ivory Coast; the 'Marketing Board' in Ghana; the 'Cocoa Board' in Nigeria; and the 'Office National de Commercialisation des Produits de Base' in Cameroon. The 'Office' centralizes the system of the 'Caisse' in de French-speaking regions and the 'Board' in de English-speaking regions of Cameroom.
2. The term 'buyer' always includes private traders and co-operatives societies.
3. During the last 12 years this percentage declined from 55 to 42.
4. Earlier Van der Laan (1978) mentioned the need for research on this topic.
5. First grade cocoa may contain 18 per cent damaged beans and a humidity of 8 per cent. Sometimes, 'no-grade' also has a producers' price, but this grade is rarely commercialized. For first grade coffee nearly all broken and black beans should be removed.
6. These berries are dried directly after picking; by hulling the berries one obtains the beans.
7. To obtain 'parchment' coffee, the freshly picked berries are pulped and afterwards fermented and dried.
8. The percentage of damaged beans is determined by sampling. According to statistics by the co-operatives, this amounts to 5.8 per cent and 6.5 per cent in West and North-West Cameroon, respectively.
9. Co-operatives do not deduct any percentage while private hullers (usiniers) occasionally charge farmers about 1 per cent.
10. The Marketing Board in Ghana is short of means of transportation. The cocoa remains, therefore, stored in the villages, for several months, which causes a loss of weight. Co-operatives try to compensate for this by applying weight deductions.
11. In checking 35 scales and finding them weighing correctly, within a margin of 1 per cent, I concluded that cheating is not a result of tampering with the scales' mechanism.
12. This percentage is probably correct. Wellman (1961:375) mentions a percentage of 25 and Illy (1974:290) of 15.

13. In North-West Cameroon farmers sometimes transport their produce to other villages and must pay for extra transportation costs, along with charges for becoming a member of the co-operative society of the other village.

14. The co-operatives in these regions hold a monopoly. The illegal trade is called 'coxage'.

15. On average a farmer produces 400 to 600 kg of coffee and/or cocoa (from annual reports of co-operatives; and from SOCOPOB, 1979:5 and SOCOPSA, 1979). A farmer in the Ivory Coast produces much more, up to an average of 1000 or 1500 kg (from unpublished statistics by the 'Caisse' and from Lambers, 1978:2).

16. Buyers often supply such services as free transportation of food, firewood, building materials, etc.

17. See also my report on Produce Marketing Co-operatives (Muntjewerff, 1982).

18. In this report only factors concerning the buyers' activities have been discussed. I have, for instance, not considered the position of the Ghanaian farmer who smuggles his produce to neighbouring countries to be able to buy goods which are not for sale in Ghana.

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