

**Voluntary Report** – Voluntary - Public Distribution

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## **Report Name:** Ghana Poultry Voluntary Update 2024

**Country:** Ghana

**Post:** Accra

**Report Category:** Poultry and Products

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### **Report Highlights:**

Post forecasts Ghana's MY2024 chicken meat imports at 270,000 metric tons (MT), unchanged from the preceding year's estimate. Despite earlier support by the Government of Ghana (GOG), domestic broiler production still accounts for less than five percent of the total chicken meat production. The GOG has announced additional strategies to revitalize local chicken meat production. Import permits remain a requirement but major trade disruption is not anticipated in the foreseeable future.

## General Information:

### 1. Production

**Table 1.1 Ghana's Chicken Meat Production, Supply and Distribution**

Meat, Chicken Market Year Begins	2022		2023		2024	
	Jan 2022		Jan 2023		Jan 2024	
Ghana	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Beginning Stocks (1000 MT)	0	0	0	0	0	0
Production (1000 MT)	55	55	60	60	65	70
Total Imports (1000 MT)	253	253	225	270	225	270
Total Supply (1000 MT)	308	308	285	330	290	340
Total Exports (1000 MT)	0	0	0	0	0	0
Human Consumption (1000 MT)	308	308	285	330	290	340
Other Use, Losses (1000 MT)	0	0	0	0	0	0
Total Dom. Consumption (1000 MT)	308	308	285	330	290	340
Total Use (1000 MT)	308	308	285	330	290	340
Ending Stocks (1000 MT)	0	0	0	0	0	0
Total Distribution (1000 MT)	308	308	285	330	290	340
(1000 MT)						

*Not Official USDA Data*

Domestic chicken meat<sup>1</sup> production for MY2024 is forecast at 70,000 metric tons (MT), about a 17 percent increase over the preceding year's volume. This is partly due to the anticipated decrease in the price of corn on the local market, following early reports of favorable harvests in the 2023/24 season, which started in August 2023, and will continue through January 2024. Feeding cost constitutes a substantial percentage of the total cost of production. There has been a steady increase in feeding cost over the last couple of years. However, the prices of feed ingredients like soybean meal and concentrates are expected to remain stable in 2024 as suppliers move to clear old stocks. Coupled with the expected decreased corn price on the domestic market, this will stimulate increased domestic chicken meat production. Corn imports are discouraged by the Government of Ghana (GOG) and regulated by import permits, but soybean meal and concentrates are freely imported.

Also, increased demand for live birds during the Christmas season is expected to drive the price up and make domestic chicken meat production attractive again. Furthermore, the projected rise in domestic chicken meat production in 2024 is partly due to the GOG's plan of reviving the chicken meat industry under the recently launched second phase of its flagship program, Planting for Food and Jobs II (PFJ 2.0). This is coming on the heels of similar government investments introduced right after the COVID-19 pandemic, which did not yield the results expected from it.

Also responsible for the increased forecast for domestic production is the high import charges at the ports that is encouraging domestic production to meet the ever-growing demand for chicken meat. Post estimates Ghana's MY2023 domestic chicken meat production to be 60,000 MT, an increase of about

<sup>1</sup> Chicken meat refers to meat from broilers and spent hens/layers.

nine percent compared to the preceding year. Industry sources estimate total production of chicken meat (broilers and spent layers) in MY2022 at 55,000 MT.

Spent layers constitute a large proportion (more than 90 percent) of the domestically produced chicken meat, with broilers believed to be less than five percent of the total.

**Table 1.2 Price [GH¢ (\$) per 50kg] Trends of some Feed and Primary Ingredients**

<i>Feed/Ingredient</i>	<i>2019</i>	<i>2020</i>	<i>2021</i>	<i>2022</i>	<i>2023</i>
Broiler Starter Mash	110 (\$21)	135 (\$24)	175 (\$30)	360 (\$44)	422 (\$36)
Broiler Finisher Mash	110 (\$21)	130 (\$23)	173 (\$30)	345 (\$42)	420 (\$36)
Corn	50 (\$10)	95 (\$17)	160 (\$28)	265 (\$32)	227 (\$19)
Soybean Meal	135 (\$26)	160 (\$29)	215 (\$37)	550 (\$67)	460 (\$39)
Annual Average Exchange Rate GH¢/\$	5.21	5.59	5.80	8.27	11.69

*Source: OAA Accra Field Data, 2023*

### 1. Consumption

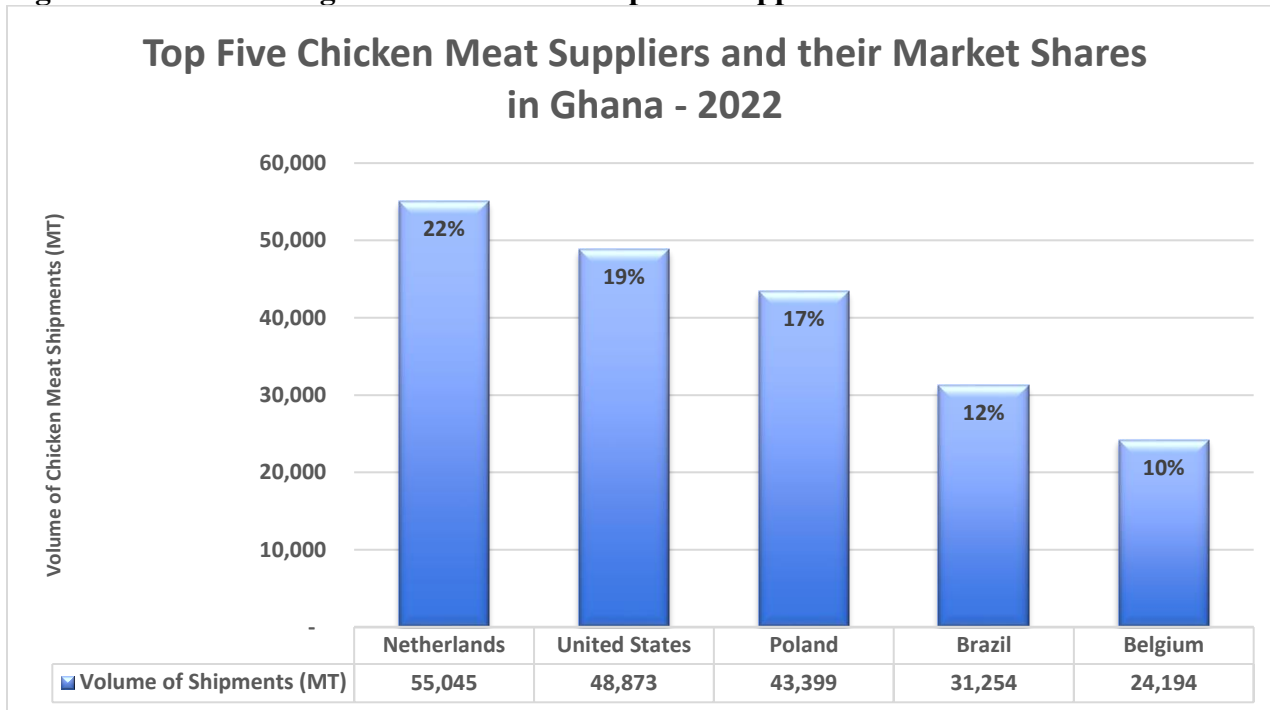
Chicken meat continues to be the most popular source of animal protein among the Ghanaian populace, with consumption per capita reaching about 13 kg in 2021. Post forecasts Ghana’s MY2024 chicken meat consumption at 340,000 MT, a marginal increase of three percent over Post’s MY2023 consumption estimate of 330,000 MT. Population increase, and a resurging economy are anticipated as drivers of the increased consumption.

### 2. Trade

Post forecasts Ghana’s MY2024 chicken meat imports at 270,000 MT, unchanged from the preceding year’s estimate. Though the annual consumption keeps trending up, the announcement of new GOG support for domestic producers will induce increased domestic chicken meat production, which will partially affect the volumes of imports accordingly. MY2023 chicken meat imports are estimated at 270,000 MT, representing an increase of about seven percent compared with the MY2022 value. The increasing volumes of chicken meat imports reflects the widening gap between the consumption needs of the population and the in-sufficient domestic supply.

Chicken meat is imported from Brazil, The Netherlands, United States, Poland, and Belgium. Other suppliers are United Kingdom, Turkey, Ireland, Germany, and Canada. The chart below shows the percentage market shares of the top five suppliers of chicken meat to Ghana in 2022.

**Figure 3.1 Percentage Market Share of Top Five Suppliers of Chicken Meat to Ghana**



*Source: Trade Data Monitor LLC, 2023*

### 3. Policy

Ghana regulates imports of chicken meat through the issuance of non-transparent import permits and has a high import tariff of 35 percent. Additional taxes and levies are as follows:

VAT - 15.0 percent

ECOWAS levy - 0.5 percent

EDIF levy - 0.5 percent

Inspection fee - 1.0 percent

ICUMS - 0.75 percent of FOB value.

National Health Insurance Levy - 2.5 percent, to be collected by the VAT Secretariat.

#### ***Withdrawal of Benchmark Value Discount Policy means Increased Import Charges***

The GOG announced the complete withdrawal of the Benchmark Value Discount policy in the 2023 budget statement and received mixed reactions from industry players. Local producers hailed the Government for supporting them to be competitive whereas importers were disappointed with the 180-degree change in policy direction. This was done to increase government revenues. The Benchmark Value Discount Policy was introduced in April 2019 by the GOG with a view to make the Ghanaian ports competitive, reduce smuggling and increase the government’s revenue from the port. The policy provided a discount of 50 percent on the delivery or benchmark values used to set the import duties of general imports with the exceptions of vehicles (imported vehicles received a 30 percent discount). The reduced import duties significantly impacted prices of imported goods and made them affordable for many Ghanaians. The complete reversal of the policy has understandably resulted in increased import charges at the ports, ultimately impacting the volumes of imports.

### ***Revamping the Broiler Sub-Sector in Ghana***

Livestock production is considered as an important feature of the country's agriculture, and accounts for 14 percent of agricultural GDP. It is also a major source of income for farmers in the country. Its socio-economic importance in the reduction of rural poverty is well recognized. According to the Animal Production Directorate (APD) of the Ministry of Food and Agriculture (MOFA), Ghana imports meat (chicken, beef, and others) heavily to make up for its meat deficit, costing the country over US\$375 million annually.

Ghana has a severe deficit of chicken meat. Consumption in 2020 is estimated at 400,000 MT of which only 57,871 MT was supplied by domestic production. It has been observed that chicken meat importation constitutes over 80 percent of total meat imports into the country, hence domestic broiler production has been identified by the GOG as the fastest means of reducing meat imports while contributing to the generation of employment to improve livelihoods and the national economy.

To achieve this, the GOG launched the Rearing for Food and Jobs (RFJ) initiative in 2019 under the theme "Self-Sufficiency in Meat Production - a Must." The goal of the RFJ is to modernize and transform agriculture for food, jobs, and foreign exchange through the rearing of livestock such as poultry, cattle, sheep, and goats. The target of this initiative for the broiler sector was to produce additional 40,000 MT of broiler meat (20,000,000 birds) on a pilot basis in 2020 and scale up production in subsequent years. In total, the pilot project seeks to increase domestic broiler meat production by 247,480 MT five years.

The GOG also announced a US\$ 87 million loan facility through the Agricultural Development Bank Ghana in support of the government's "Broiler Revitalization Programme," which aimed at increasing the domestic production of chicken meat. This loan facility was planned to be made available between 2020 and 2022 at an interest rate of below 10 percent, against the average domestic market lending rate of 42 percent at the time.

At an event in October 2023, the current Minister of Food and Agriculture indicated that, the RFJ program will benefit from GOG subsidies, to attract farmers into the failing broiler production sub-sector. The GOG, through MOFA will subsidize the cost of 1,000 – 2,000-day-old chicks, vaccines, and feed for the first two weeks of production by 50 percent, according to the Minister.

### ***Getting the Rearing for Food and Jobs to work***

The GOG is counting on the reported success of the Planting for Food and Jobs (PFJ), which in its view, yielded lots of primary feed ingredients such as soybeans and corn for the local chicken meat industry. Planting for Food and Jobs was introduced in 2017 as the GOG's key initiative to modernize agriculture, improve production efficiency, achieve food security, and profitability for farmers. It summarily targeted a significant increase in agricultural productivity and pursued a value-addition strategy aimed at ramping up agro-processing and developing new and stable markets.

Critics say the program has been a failure because food inflation rose to over 50 percent in 2022, forcing the Ministry of Food and Agriculture to transport food from rural areas to cities to mitigate the impact of the high prices. The GOG is adamant that the PFJ was a success, justifying its decision to roll out a second phase (PFJ 2.0). President Akufo-Addo claimed that the implementation of the PFJ resulted in reaching over 2.7 million farmers and other value chain actors and increased the agricultural sector

growth rate from 2.7 percent in 2016 to an average of 6.3 percent between 2017 and 2021. Additional recorded gains from the PFJ, according to the President, are an increased fertilizer application rate from eight kilograms per hectare (8 kg/ha) in 2016 to 25 kg/ha in 2022, an increased distribution of certified seeds from 2,000 MT in 2016 to 36,000 MT in 2022 and increased private sector investment in the seed industry.

#### ***Additional GOG Support under the Planting for Food and Jobs Phase II (PFJ 2.0)***

Ghana's MOFA announced an additional initiative to support chicken farmers by procuring and distributing 4.5 million locally produced-day-old chicks to boost local chicken meat production. This effort is part of a broader strategy to increase local chicken meat production by 13,200 MT by the end of 2023. It also includes the distribution of vaccines and starter-pack feed to anchor farmers and their out-growers to aid their production endeavors.

According to Dr. Bryan Acheampong, Ghana's Food and Agriculture Minister, "statistics have it that, for chicken meat, Ghana consumes a total of 324,000 MT, but is only able to produce just about 15,000 MT of broiler meat, implying a woeful self-sufficiency of less than five percent, assuming the entire chicken meat is sourced from broilers. In the five-year plan of PFJ 2.0, Ghana is expected to move its self-sufficiency of broiler meat from five to seven percent by the end of 2023, and to 13 percent in 2024, and progressively attain full self-sufficiency of 110.6 percent by 2028." "Specific steps have been taken in this regard," the Minister added. The GOG plans to bring in processing plants, which will consist of slaughtering, cutting, and packaging unit, cold van, and refrigerated kiosk (mobile slaughtering plant) with a capacity of 300 birds per hour per truck.

The Minister of Food and Agriculture also revealed that plans to rehabilitate 300 chicken farms across the country over the next 12 months were also being implemented. It is believed that each of these farms can be scaled to produce 200,000 birds within each production cycle of four months. This announcement of additional GOG intervention was necessitated by the fact that despite earlier substantial government support, production had been nowhere near what was expected.

#### **4. Marketing**

Most imported chicken meat on the Ghanaian market is sold frozen and already cut into various parts, namely leg quarters, wings, breast fillets, thighs, drumsticks, and backs. The products are packed into 10 kg paper cartons (boxes). Frozen dressed whole chicken meat is also imported and is available on the market. Domestically produced chickens are usually sold as live birds on the Ghanaian market at an average price of GH¢150.00 (\$12.50) per live weight of 2.8 kg and could be slaughtered and freshly dressed for buyers at an extra charge of GH¢5.00 (\$0.42). Freshly dressed birds offered for sale on the market are usually sold as whole chicken and not cut into parts like the imported ones due to lack of processing plants on many poultry farms. This makes the imported chicken meat affordable to most Ghanaian buyers who tend to be price sensitive and resort to buying smaller portions.

The average unit price for imported chicken meat is cheaper than the domestically produced one owing to the high cost of domestic production. Currently (2023), a kilogram of leg quarters costs GH¢35.00 (\$2.92) and GH¢52.00 (\$4.33) for an imported frozen chicken and a freshly dressed domestically produced chicken respectively. (*Average Exchange Rate: \$1.00=GH¢12.00*)

Frozen chicken is widely distributed across the entire country through a network of privately-owned cold stores. Restaurants and hotels mostly prefer smaller leg quarters whereas some fast-food operators and household consumers prefer larger chicken leg quarters which can be cut up into more pieces.

**Table 5.1 Chicken Leg Quarter Retail Price [GH¢ (\$) per 1kg] Trend over three years**

<i>Type of Chicken Meat</i>	<i>Year</i>				
	<i>2019</i>	<i>2020</i>	<i>2021</i>	<i>2022</i>	<i>2023</i>
Imported Chicken	13 (\$3)	12 (\$2)	15 (\$3)	30 (\$4)	35 (\$3)
Domestic Chicken	35 (\$7)	30 (\$5)	40 (\$7)	45 (\$5)	52 (\$4)
Annual Average Exchange Rate GH¢/\$	5.21	5.59	5.80	8.27	11.69

*Source: OAA Accra Field Data, 2023*

### **5. Financial Viability of Domestic Chicken Meat Production**

Though faced with high feeding cost, domestic chicken meat production remains financially viable. A survey of experienced industry players from the major poultry production regions in Ghana (Ashanti, Bono, Central, Eastern, Greater Accra, and Western) revealed that the return on investment (ROI) of a single cycle broiler project is about 27 percent. Even when a mortality rate of five percent is assumed, the ROI is still more than 20 percent.

**Table 6.1 Financial Viability of a Single Cycle 1,000 Birds Broiler Project in 2023**

Item	Estimated Value (GH¢)	Useful life/Quantity	Annual Depreciation	Value per production cycle (4 cycles/yr.) (GH¢)	Unit Value per bird (1,000 birds) (GH¢)
Housing unit: Deep litter system	36,000.00	15 years	2,400.00	600.00	0.60
D.O.Cs:	20,000.00	8 weeks (0.15 years)/ 1,000	-	20,000.00	20.00
Feeding: Broiler starter mash, broiler finisher mash	42,100.00	5,000 kg		42,100.00	42.10
Medication:	1,475.00	1 kg or L for 1,000 doses	-	1,475.00	1.475
Vaccination: Gumboro I&II, Newcastle I&II	390.00	1,000 doses each	-	390.00	0.39
Electricity:	400.00	8 weeks	-	400.00	0.40
Charcoal: heating	1,000.00	8 weeks	-	1,000.00	1.00
Water:	2,760.00	8 weeks	-	2,760.00	2.75
Wood shavings:	250.00	8 weeks	-	250.00	0.25
Labor (farm hand):	1,800.00	8 weeks	-	1,800.00	1.80
Farm Manager:	20,000.00	8 weeks	-	20,000.00	20.00
Transportation: D.O.Cs and feed delivery	2,600.00	-	-	2,600.00	2.60
Bird processing/dressing:	5,000.00	-	-	5,000.00	5.00
<b>Total Cost:</b>				<b>98,375.00</b>	<b>98.375</b>
Processed/dressed birds:	124,800.00	-	-	124,800.00	124.80
<b>Total Revenue:</b>				<b>124,800.00</b>	<b>124.80</b>

Source: *OAA Accra Field Data, 2023*

NB: [\$1.00=GH¢12.00]

NB: 1 kg of dressed broiler is sold at GH¢52.00, and average weight of a dressed broiler is 2.40 kg. Therefore, the return on investment (ROI)<sup>2</sup> = **26.86%**.

2

$$\text{Return on Investment (ROI)} = \frac{\text{Net Return}}{\text{Cost of Investment}} \times 100$$



End of report

**Attachments:**

No Attachments.