Selected Results from Employment Impact Assessment of Agro Processing:

Coffee, Tea and Pyrethrum in Rwanda and Cocoa in Ghana

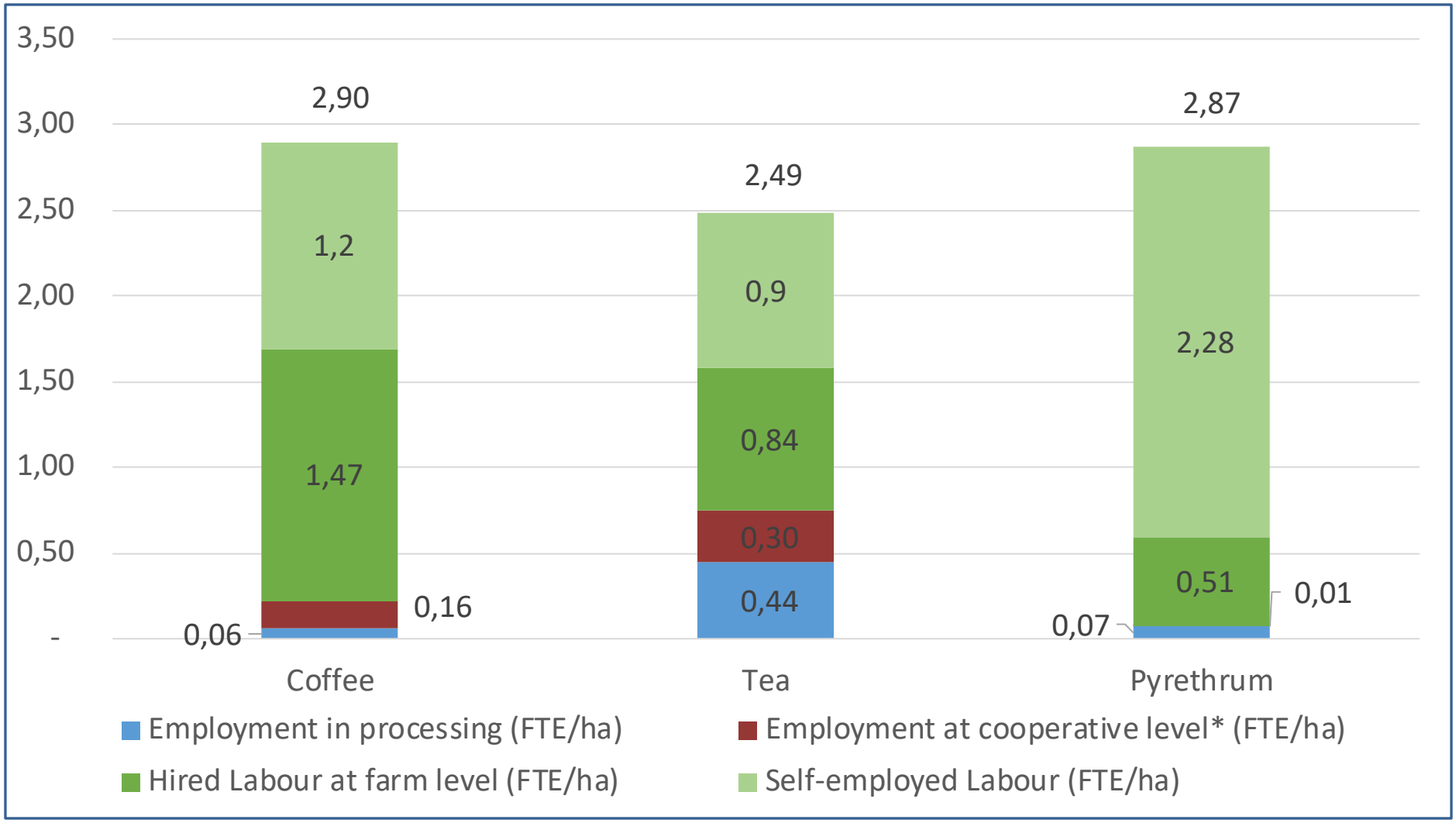
STRENGTHEN: Global Knowledge Sharing Workshop

Rwanda: Employment in export value chains

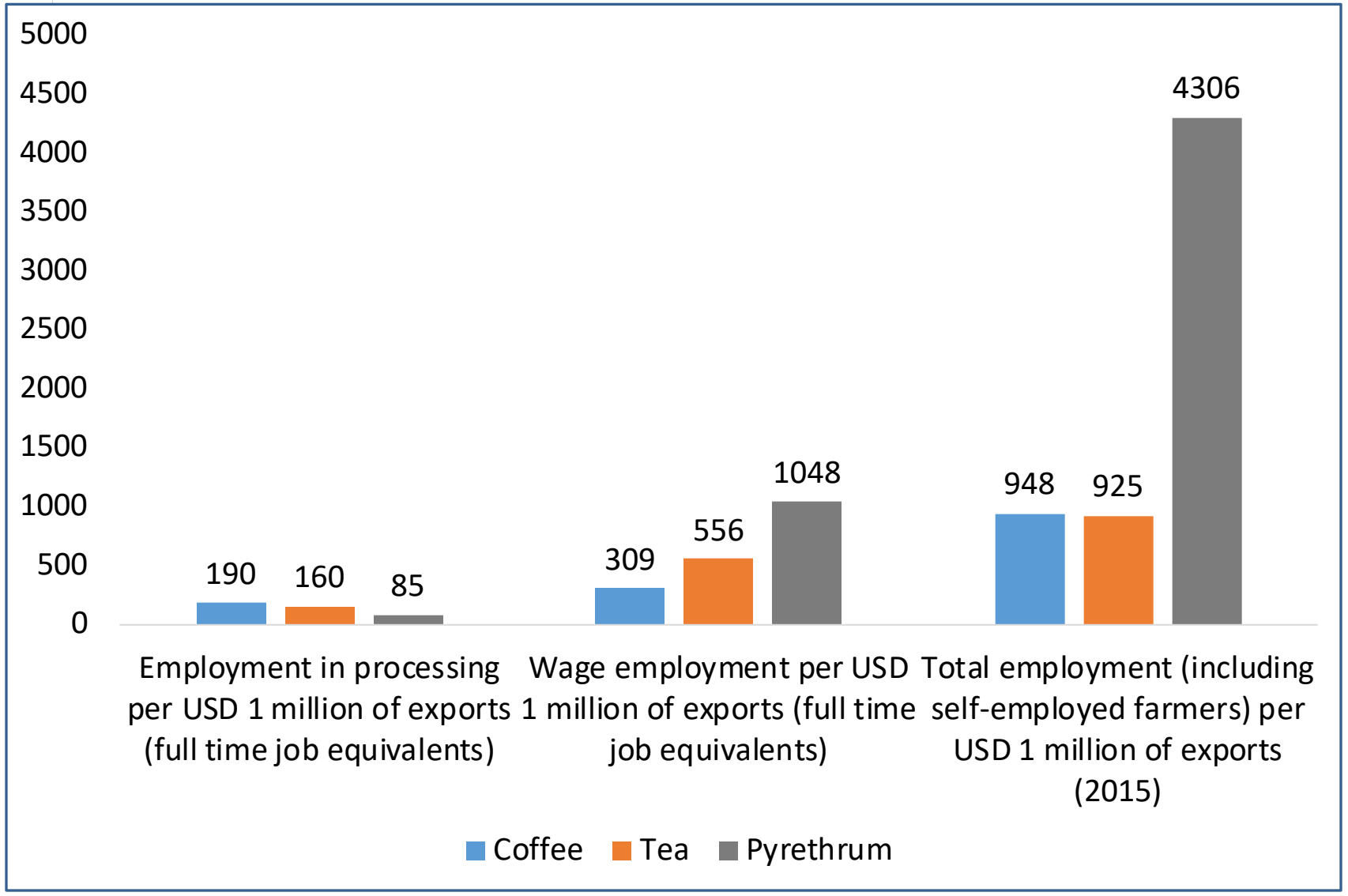
Additional export potential for Rwandan Coffee, Tea and Pyrethrum: What would be employment effect of realising this potential?

	Untapped Export Potential (millions of USD)	Estimated employment effects of the untapped export potential at processors level (FTEs)	Estimated employment effects of the untapped export potential on wage employment (FTEs)
Coffee	47	8 930	14 523
Tea	44	7 040	24 464
Pyrethrum	2.5	10 to 212	2 620
Total (rounded)	93.5	16 000	41 000

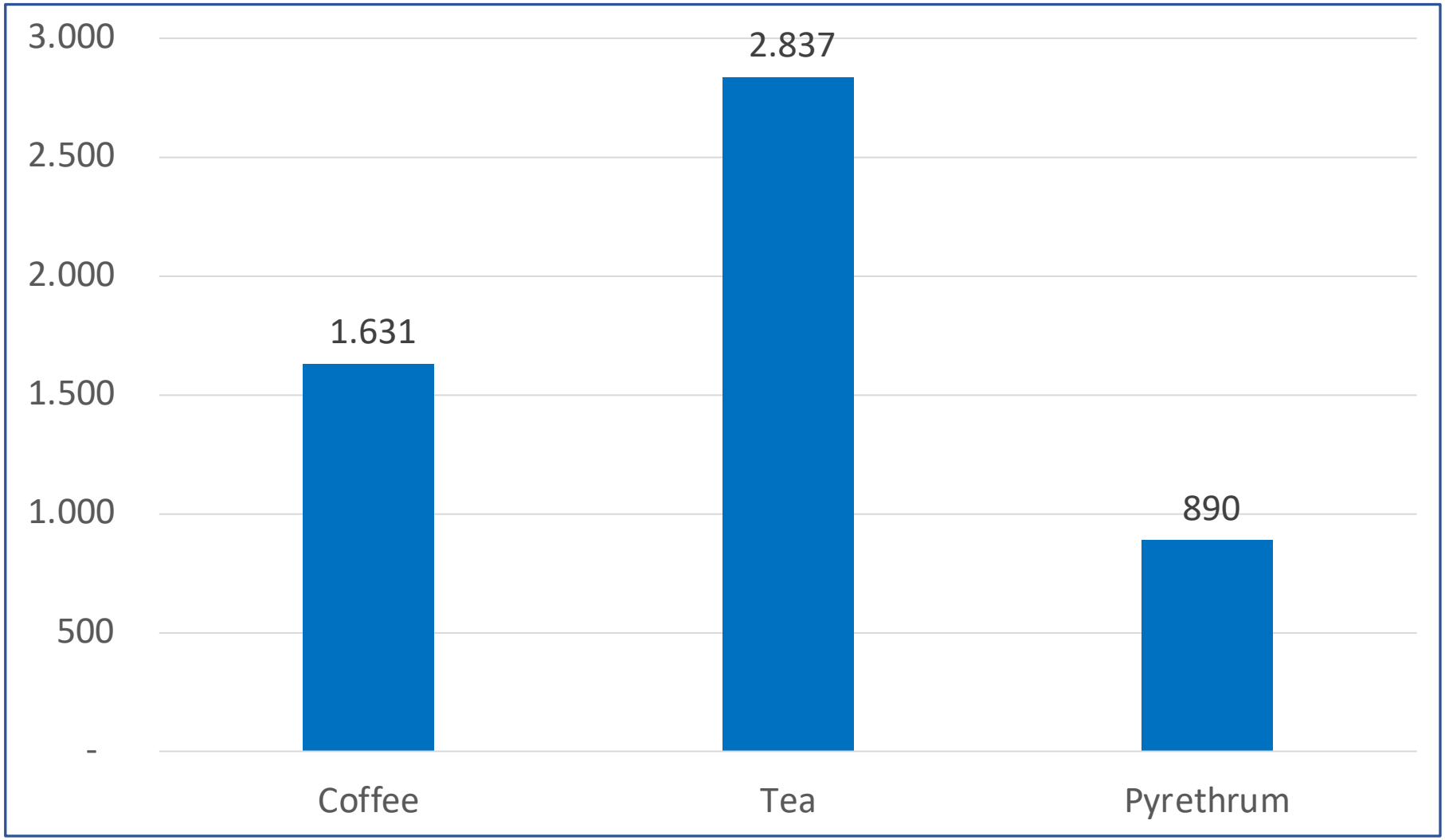
Employment per ha



Employment per USD million of exports



Export revenue per ha



Conclusions

Meeting all export potential would boost employment:

- **16,000 FTEs at processing level- coffee and tea**
- **41,000 wage employment at farm level (casual)**

Other findings:

- **Coffee: most employment in processing per USD 1 million of exports-linked to introduction of coffee washing stations**

Scenarios for Cocoa Processing

Scenario1 - What would be the employment impact if processed cocoa exports were to increase to USD1.5 billion?

- In 2017, Ghana exported USD 758 million of processed cocoa, export of additional **USD 742 million**.
- Increase production of **cocoa beans** all the additional cocoa processed is grown and **no decrease in the export of** beans

Scenario 2 - What will be the employment impact if Ghana processed and exported 40 percent of its cocoa yield over the next five years?

- Currently 24% requires shifting 16 percent of cocoa exports from beans to processed cocoa
- No increase in the current cocoa bean production

Scenarios for Cocoa Processing

Conducted a detailed case study of two cocoa processing companies A, and B, who use different processing technologies And combined it with input output based analysis:

Results Scenario 1: Increasing processed cocoa exports to USD 1.5 billion :

	Company A technology	Company B technology
Direct FTEs	3,033	3,220
Indirect FTEs	315,000	350,000
Total FTEs	318,000	353,000

Scenarios for Cocoa Processing

Results Scenario 2: 40% of export

	Company A technology	Company B technology
Direct FTEs	1,400	1,600
Indirect FTEs	**15,400**	**21,000**
Total	**16,400**	**22,600**

Fairly consistent with Local Mulitplier results for manufacturing

Conclusions

Employment creation in processing very limited (5 FTE/ USD million of exports), albeit relatively good jobs- but job creation not key rationale for incentives

Processing technology has some impacts on:

- Direct employment: Similar number of employees but important difference in ratio of skilled/ unskilled workers
- Indirect employment- large, even outside agriculture

Other important issues emerged:

Processors have spare capacity and are continuing to invest in more- supply of beans is key constraint:

- Demand for Ghanaian Cocoa high on global market
- Local processors compete for “light crop” (small beans)- or import from Cote d’Ivoire
- Ageing cocoa farmers and trees
- Youth not entering cocoa farming

Manager of one of the processors:

"The light crop is what the local processing companies end up using and that is actually what the government sells to us at a discount. The total production is about 180,000 metric tons a year and the installed capacity of processing companies is 450,000 metric tons.

If the light crop and the main crop were being sold at the same price, then, we [the country] are producing close to 850,000 metric tonnes which is more than the installed capacity. Then there would be enough cocoa but the main crop, we don't want it is because is too expensive"