

Ghana's cocoa board inks \$800m loan, seeks quick drawdown

By [Maxwell Akalaare Adombila](#)

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Ghana's cocoa marketing board has signed an \$800m syndicated loan with banks and expects to draw down the first \$600m as soon as this week, its deputy chief executive officer said on Tuesday.



Cocoa beans are pictured next to a warehouse at the village of Atroni, near Sunyani, Ghana April 11, 2019. REUTERS/Angel Aboa/File Photo

Ghana, the world's second-largest cocoa producer behind neighbouring Ivory Coast, uses an annual syndicated loan to finance bean purchases from farmers.

Usually agreed at the start of the season in September, this year's loan has faced delays as the West African country grapples with its worst economic crisis in a generation and tries to restructure its bilateral and commercial debts.

"I joined COCOBOD in 2018 and this is the hardest transaction we have had," COCOBOD Deputy CEO Ray Ankrah told Reuters.

"It's been signed and we are working on the drawdown. We're drawing down \$600 million by the end of this week and we expect to draw down the \$200 (million) in the middle to the end of January," he said, adding that the terms of the loan had not changed from those presented to parliament last month.

In November, Ghana's parliament gave a green light to the transaction, allowing the COCOBOD board to finalise paperwork with participating banks.

Under the terms presented to lawmakers, COCOBOD will pay interest of nearly 8%, which includes the one-month Secured Overnight Financing Rate (SOFR) currently around 5.3% and a margin of 2.65%.

A central bank official who asked not to be named told Reuters that a drawdown this week should boost the country's reserves.

Supporting local cedi currency

Professor Agyapomaa Gyeke-Dako, an economist at the University of Ghana, said the loan could support the local cedi currency by cooling dollar demand spurred by slow progress in restructuring the country's bilateral debt.

Ghana and Ivory Coast are expecting their smallest cocoa crops in years due mainly to poor weather.

COCOBOD has officially forecast production of about 800,000 tonnes for the 2023/24 season, but industry sources have told Reuters they estimate Ghana's harvest will be closer to 600,000 tonnes.

The \$800 million loan is among the lowest in a decade.

Ankrah previously told Reuters that COCOBOD planned to capitalise on record-high global cocoa prices by selling part of the country's crop on the spot market.

ABOUT THE AUTHOR

Reporting by Maxwell Akalaare Adombila; Writing by Anait Miridzhanian; Editing by Alexander Winning, editing by Ed Osmond.

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