An Analysis of Productivity and Technical Efficiency of Smallholder Cocoa Farmers in Nigeria

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ABSTRACT The productivity and technical efficiency involved in cocoa production in Nigeria was estimated using the stochastic frontier production function analysis. The study relied upon primary data generated during the 2003/2004 production season. Data were collected through the use of a set of structured questionnaire administered on two hundred and fifty cocoa farmers in five Local Government Areas of Ondo State, Nigeria. Result of the analysis showed that farmers were experiencing increasing returns to scale in the use of the farm resources. The efficiency level ranged between 0.11 and 0.91 with a mean of 0.72. There existed some inefficiency among the sampled farmers. The major contributing factors to efficiency were age of farmers, level of education and family size. The study observed that there was an opportunity for increase in farmers’ efficiency and concluded that policies that would directly affect these identified variables should be pursued vigorously.