

EX/129/7/Add.1
30 May 2006

Original: ENGLISH
Distr: RESTRICTED

EXECUTIVE COMMITTEE
One hundred and twenty-ninth meeting
London, 6-8 June 2006

ANALYSIS OF THE VALUE CHAIN IN COCOA PRODUCING COUNTRIES
PROPOSAL FOR A GLOBAL COMPARATIVE STUDY

Note by the secretariat:

The attached overview of components of the Value Chain Study has been prepared at the request of the Common Fund for Commodities.



ANALYSIS OF THE VALUE CHAIN IN COCOA PRODUCING COUNTRIES

A PROPOSAL FOR A GLOBAL COMPARATIVE STUDY

STUDY OBJECTIVES

The **ultimate objective** of the analysis of the value chain is to improve an insight into the net income derived by farmers and other stakeholders from cocoa cultivation and trade and to enhance the knowledge of the use of resources in cocoa production, trade and exporting. The end result of the study will allow for a direct comparison of the composition of the costs and proceeds in the cocoa value chain in major cocoa producing countries and regions. The **operational objective** of the study is for practitioners in cocoa producing countries to systematically and uniformly establish the inputs used and the costs incurred to produce, trade and export cocoa in different areas and under different practices in their respective countries; and, simultaneously, to establish the amounts and shares received by each of the categories of stakeholders in the proceeds from the exports of the cocoa.

STUDY COMPONENTS

Component 1: Development of a methodology for the analysis of the value chain in major cocoa producing countries

Objective: To define a common approach to conduct the study in eight major cocoa producing countries, thus ensuring international comparability.

Output 1: A manual, including forms and instructions, to conduct a study on the cocoa value chain in producing countries.

Activity 1.1: Define the main activities and sub-activities, as well as the different inputs used in the production and commercialization of cocoa (for example: farm maintenance, use of fertilizers, harvesting, transport of the pods, fermentation, etc).

Activity 1.2: Provide guidelines on determining the appropriate number of “typical” cases to be distinguished in the production of cocoa in a country.

Activity 1.3: Prepare forms to be used for the recording of activities and inputs used in the production and commercialization of cocoa, including quantities and costs/prices.

Activity 1.4: Prepare guidelines on the definitions of activities, on estimating the inputs used, on the costs/prices applied and on estimating the shares of the different actors in the value chain to ensure uniformity and consistency in the study.

Component 2: Testing of the methodology developed and preparations for the field study

Objective: To conduct a test in one country of the methodology and guidelines developed to correct any weaknesses or shortcomings before implementing the main field study; make all the necessary preparations for the field study.

Output 1: A tested methodology developed and all arrangements in place for the implementation of the main field study.

Activity 2.1: Identify one country among the eight producing countries to implement the testing of the methodology.

Activity 2.2: Make all the necessary preparations for the testing of the methodology (identification of the co-ordinating institute in the country; participation in the selection of the panel of experts; introduce the chairman of the panel to the methodology) and participate in the session of the panel which tests the methodology.

Activity 2.3: Analyse the results of the “try-out” session and adapt the methodology as appropriate.

Activity 2.4: Identify the co-ordinating institutes in each of the participating countries; arrange for the selection of a panel in each country; make all other preparations for implementation of the field study.

Component 3: Field study on the analysis of the value chain in eight major cocoa producing countries

Objective: To determine the composition of the costs of production and commercialization of cocoa, as well as the shares of the different stakeholders in the cocoa value chain in eight major cocoa producing countries.

Activity 3.1: Ensure that, in each of the countries, the necessary arrangements are in place for the conduct of the study.

Activity 3.2: The panels of experts in each country to conduct the field study and complete all the relevant input and cost tables in accordance with the guidelines provided.

Activity 3.3: Preparation of country reports by the co-ordinating institutes in the participating countries.

Component 4: Central co-ordination and writing of the final report

Objective: To provide for the central co-ordination of the study and conduct the required international comparative analysis and draw conclusions on the findings of the study.

Activity 4.1: The ICCO secretariat, supported by a Working Group of the Consultative Board on the World Cocoa Economy, to provide for the international co-ordination of the study by attending a large number of the sessions of the panels in the countries, providing guidance as appropriate.

- Activity 4.2:** Receive and check the country reports for consistency, and ask for clarifications as required.
- Activity 4.3:** Establish a realistic exchange rate to the US dollar for each of the participating countries, using international data and local expertise in each of the countries.
- Activity 4.4:** Prepare a draft final report of the study for review and comments by the Consultative Board on the World Cocoa Economy. Complete the final report for presentation to the International Cocoa Council.