Price management in the cocoa sector

*Key insights*

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Working where value chains meet landscapes

Research / Strategy / Implementation / M & E

Offices in Netherlands, Indonesia & Uganda
Active in 30+ countries
## Price management instruments & cocoa cases

### Main objectives:
- price stabilization
- farmer value capture
- market efficiency

### Cases reviewed in the cocoa sector:

<table>
<thead>
<tr>
<th>Type</th>
<th>Examples</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sector-led</td>
<td>Conseil Café Cacao (CCC) in Cote d’Ivoire, Ghana Cocoa Board (Cocobod) in Ghana</td>
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<tr>
<td>Supply chain-led</td>
<td>Pre-competitive (Fairtrade) Company models (Ritter, Tony’s, Theo’s, Taza)</td>
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<tr>
<td>Producer-led</td>
<td>n/a</td>
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</tbody>
</table>
Sector models (CCC, Cocobod) have a positive effect at scale but need to be complemented by supply management

- Leads to seasonal price stability
- Enables strategic investments

→ Introduce supply management (e.g. land zoning, diversification, buffer stocks) and embed it into national agricultural policy

→ Improve transparency, accountability and coordination (e.g. multi-stakeholder-supra-national and macro-economic modelling)
Supply chain models that manage price risk are effective in isolated supply chains

✓ Leads to price stability
✓ Increases farmer value capture

→ Promote minimum prices, flexible premiums and cost-plus pricing (e.g. with contract farming) in mainstream markets
→ Offer favorable trading terms to producers and possibly price insurance
→ Use pre-competitive initiatives to inform price and premium-setting (e.g. Cost of Sustainable Production, Living Income Reference Price)
Thank you

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