From Scarcity to Sustainability

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Creating a business case for public-private cooperation

Public interest
- Poverty reduction/economic growth
- Safe the environment
- Geo-political access to resources

Private interest
- License to operate
- Access to supply

Sustainable Commodity Production
SCARCITY TO SUSTAINABILITY FOR A HEALTHIER COMPETITION
The challenge ahead: Where we are today

1. Economic Challenges:
   - Over 80% of all cocoa is grown by smallholders
   - World cocoa demand growing 2-3% p.a. vs. supply declining 2% p.a.
   - Only 10% certified cocoa in 2011
   - Lack of Market transparency/access to market information
   - Cocoa market price volatility
   - Access to finance and input supplies (fertilizer, pesticides etc.)

2. Environmental Challenges:
   - Reduced rainforest area
   - Soil depletion
   - Aging trees (35 to 40yrs old)
   - Pests and diseases

3. Social Challenges:
   - Low farmer income (low productivity)
   - Aging farmers (50 to 60yrs)
   - Child labour
Huge competition among companies due to low productivity and scarcity of cocoa beans
US eats more chocolate by volume than any country.

A huge market developing in Mexico with 52% of the population under 20.

Europe still the largest chocolate market. Health becoming the major driver.

In Brazil, Easter is a big business with 100M eggs each year.
chocolate today
Source: KPMG report

MENA region: expected market growth of 61% by 2016

India: Annual market growth of 15%

Japan is the largest Asian market

China: 40% chocolate sale increase since 2009

Russia: Estimated market growth of 45% by 2016

Global market share by region, 2011:
- Western Europe 32%
- North America 20%
- Asia 17%
- Latin America 13%
- Eastern Europe 12%
- Middle East and Africa 4%
- Australasia 2%
In the next 40 years, more food must be produced than so far in the history of mankind.
Where we want to be in 2030

Improve land use efficiency, by higher productivity (1000kg/ha min) and quality

Current farming system
- 3.5 million tons
- 6 to 8 million hectares

GAP
- Fertilizer
- Pest control
- Plant material

More intensive farming system
- 3.5 million tons
- 3-4 million hectares
Building a sustainable cocoa economy = Create a win-win market situation

Productivity Package

Cocoa producing countries

- Sustainable economic growth,
- Price stability,
- Full employment,
- External balance.

- Secure long term supply
- Fertilizer business opportunity

- Environmental preservation
- Reducing crop pressure

- Community welfare
- Profitability
- Food security

the sustainable trade initiative
Thank you for your attention!

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