

# Injecting Innovation to Sustain the Future Supply of Cocoa

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**WORLD  
COCOA  
CONFERENCE 2016**



**22-25  
MAY 2016**

BARCELÓ BÁVARO  
CONVENTION CENTER,  
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REPUBLIC

**The Global Cocoa Value Chain is as strong as its weakest link;  
Cocoa farmers represent the weakest link in the cocoa value chain.**

- **WCC2 Key recommendations:**

- 1. Ensure that there is no structural supply surplus created through an increase in cocoa production that is higher than cocoa demand;**
- 2. Strengthen the capacity of cocoa farmers to diversify from cocoa, thereby increasing their resilience to cocoa bean price fluctuations, and improving food security.**

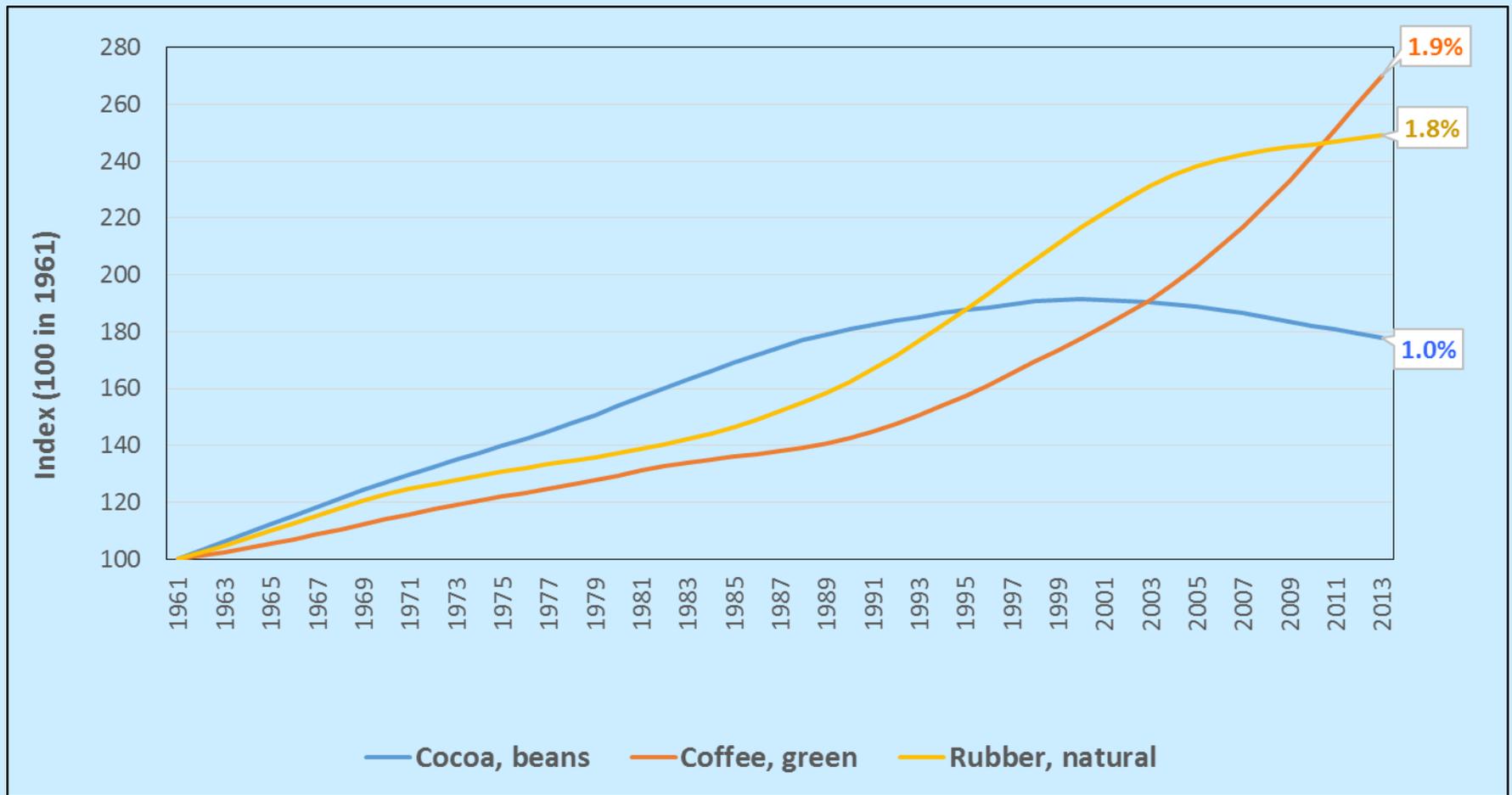


# Key Characteristics of Cocoa Supply

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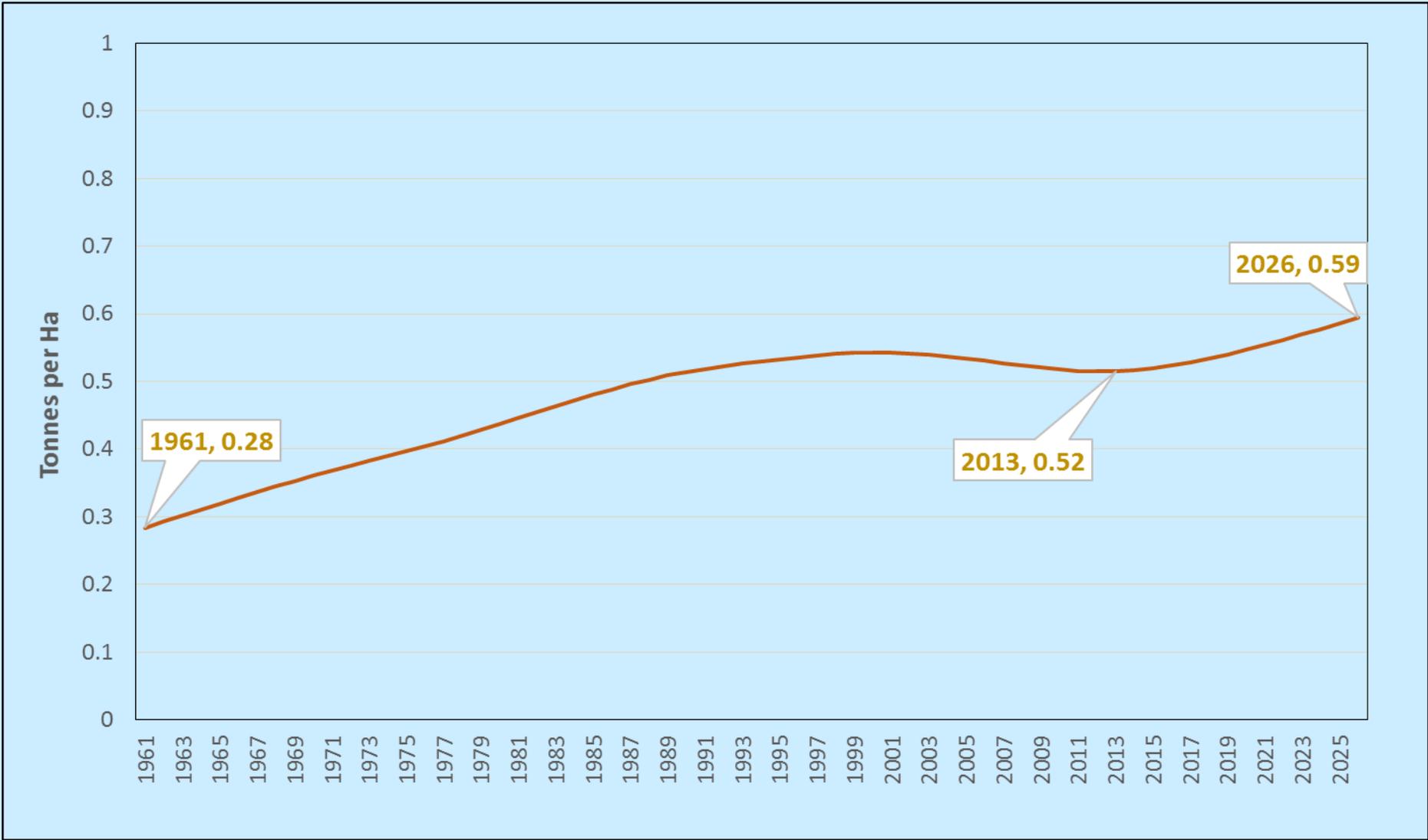
1. 95% of global cocoa produced by 5 million smallholders working on farms of 2-5 Ha;
2. Cocoa farming is main source of cash income for most of these smallholders;
3. Inefficient and uneconomic production systems, with limited or no access to improved planting materials, extension services, inputs, affordable credit;
4. Poor organizational base which leads to weak marketing opportunities and generally low returns;
5. Climate change and other social and labour constraints.

# Worldwide comparison of the productivity of selected tropical cash crops, 1961-2013



Source: FAO

# Cocoa Yields Projections 1961-2026



Source: FAO, ICCO



# Implications from the yield analysis

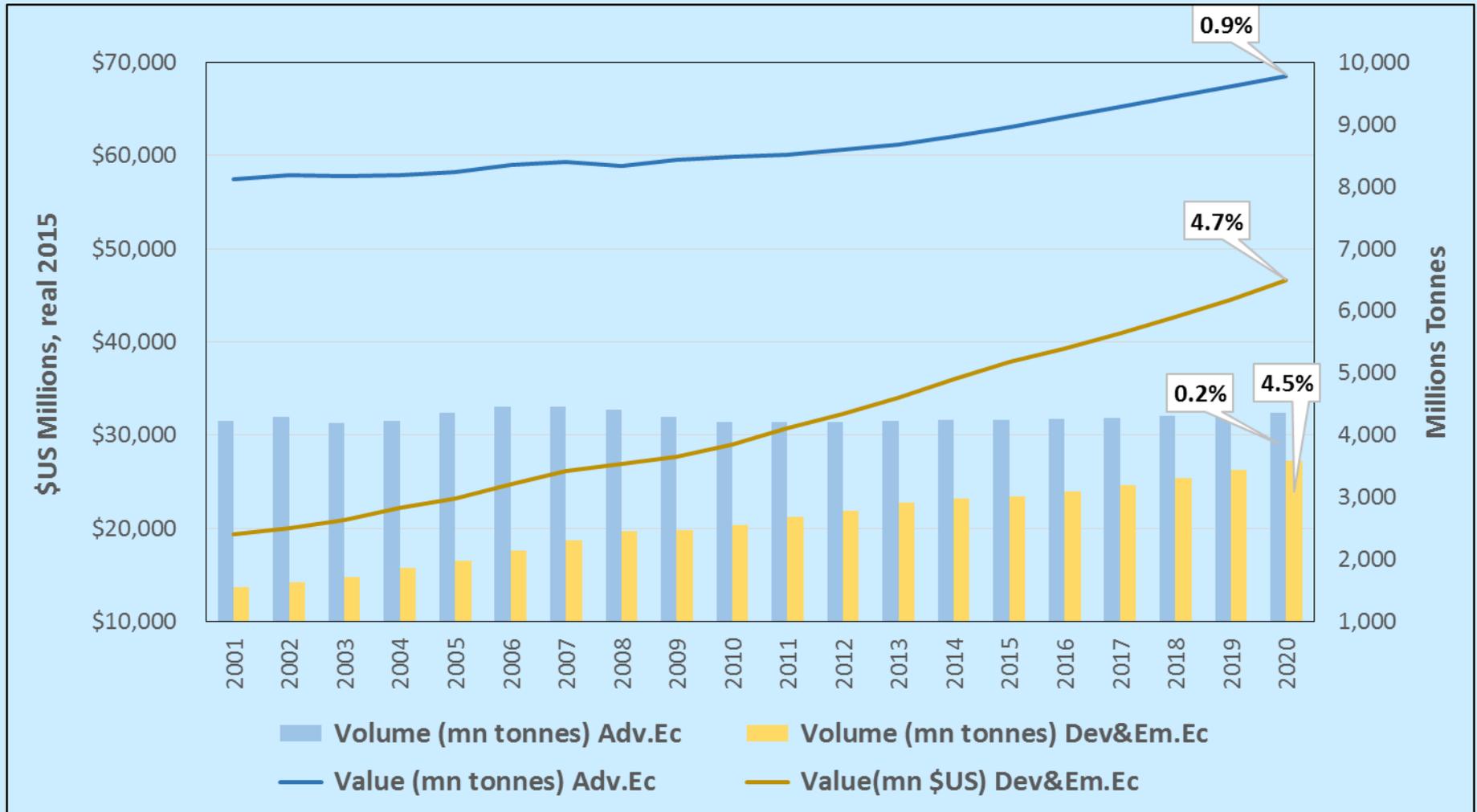
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- 1. Farm profitability will not improve significantly and therefore cocoa farm income will remain low.**
- 2. Increase in cocoa production would have to come mainly through expansion of cocoa planted area.**

# Retail Chocolate Confectionery

## in Advanced Economies and in Developing & Emerging Economies

### 2001-2020





**The challenge is not so much whether the volume of cocoa beans will meet future demand,**

**Rather, it is whether the quality attributes of the cocoa beans will meet the demand.**

# Injecting innovation into cocoa farming



# Injecting Innovation

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## CALLING FOR AN INJECTION OF INNOVATION IN THE COCOA SUPPLY CHAIN

- A) Strong and commercially-oriented cocoa farming organizations;
- B) Gradual introduction of larger cocoa estates in historically smallholder growing areas.



# Strong and commercially-oriented cocoa farming organizations

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## BENEFITS

- 1) Access to improved planting materials, inputs and credit, as a result of the economies of scale**
- 2) Better bargaining position;**
- 3) Better tools to mitigate risks;**
- 4) Access to market;**
- 5) Increase in income.**



## **Gradual introduction of larger cocoa estates in historically smallholder growing areas**

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**Support the emergence of larger, professional cocoa estates in cocoa smallholding regions, i.e. Africa and South-East Asia.**

**They will act as centres of excellence and provide catalytic tools to existing smallholder farmers**



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**Producers should take advantage of the increasing segmentation and differentiation of the world chocolate confectionery market.**

**Cocoa beans can no longer be considered as a commodity, i.e. undifferentiated, homogenous products, but rather a differentiated agricultural product with distinctive quality attributes;**

**This is what cocoa producers in this new era of innovation that we are advocating, should be aiming for.**



***THANK YOU***



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