

Injecting Innovation to Sustain the Future Supply of Cocoa

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BARCELÓ BÁVARO
CONVENTION CENTER,
BÁVARO, THE DOMINICAN
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:**

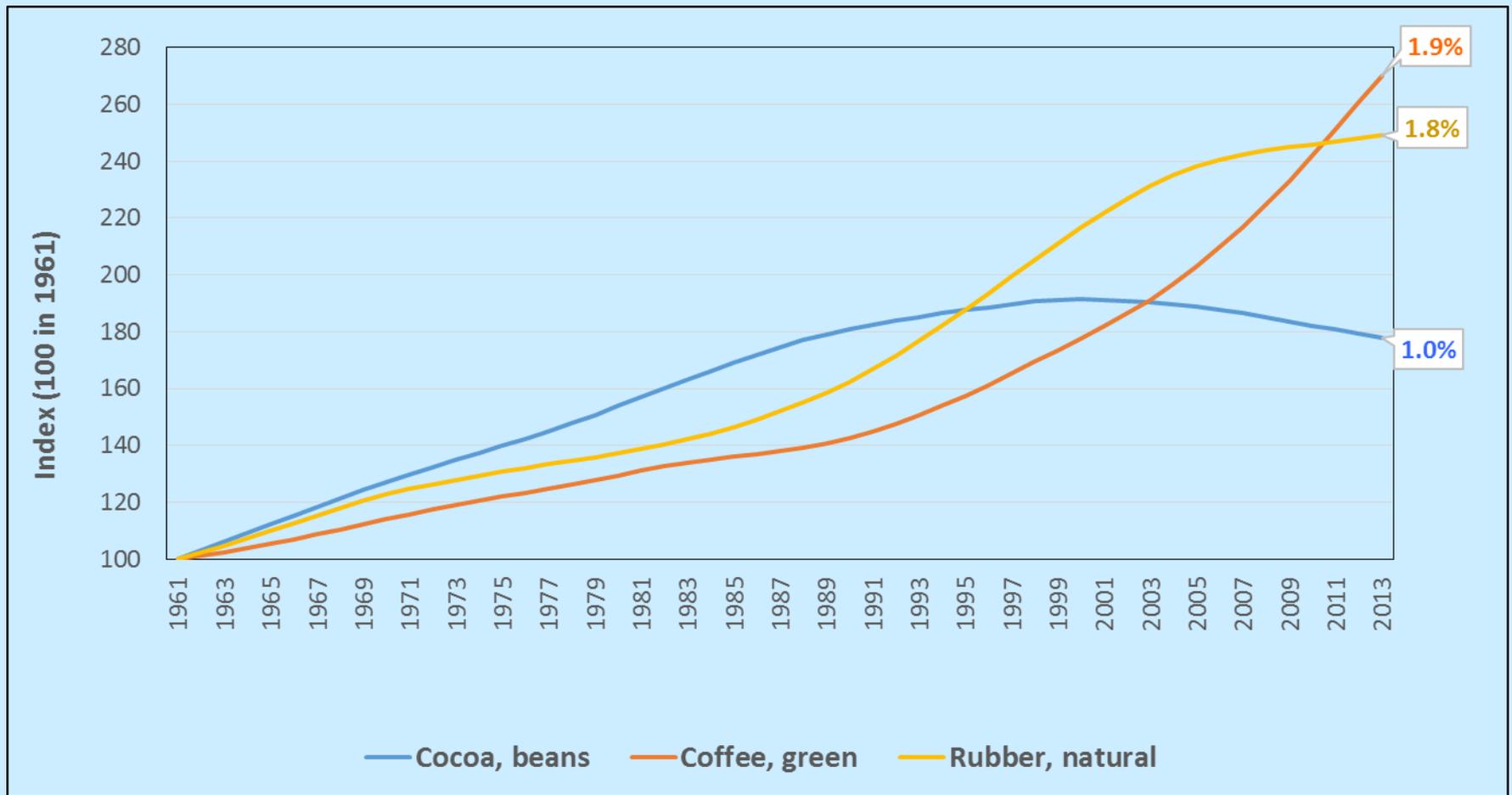
- 1. Ensure that there is no structural supply surplus created through an increase in cocoa production that is higher than cocoa demand;**
- 2. Strengthen the capacity of cocoa farmers to diversify from cocoa, thereby increasing their resilience to cocoa bean price fluctuations, and improving food security.**



Key Characteristics of Cocoa Supply

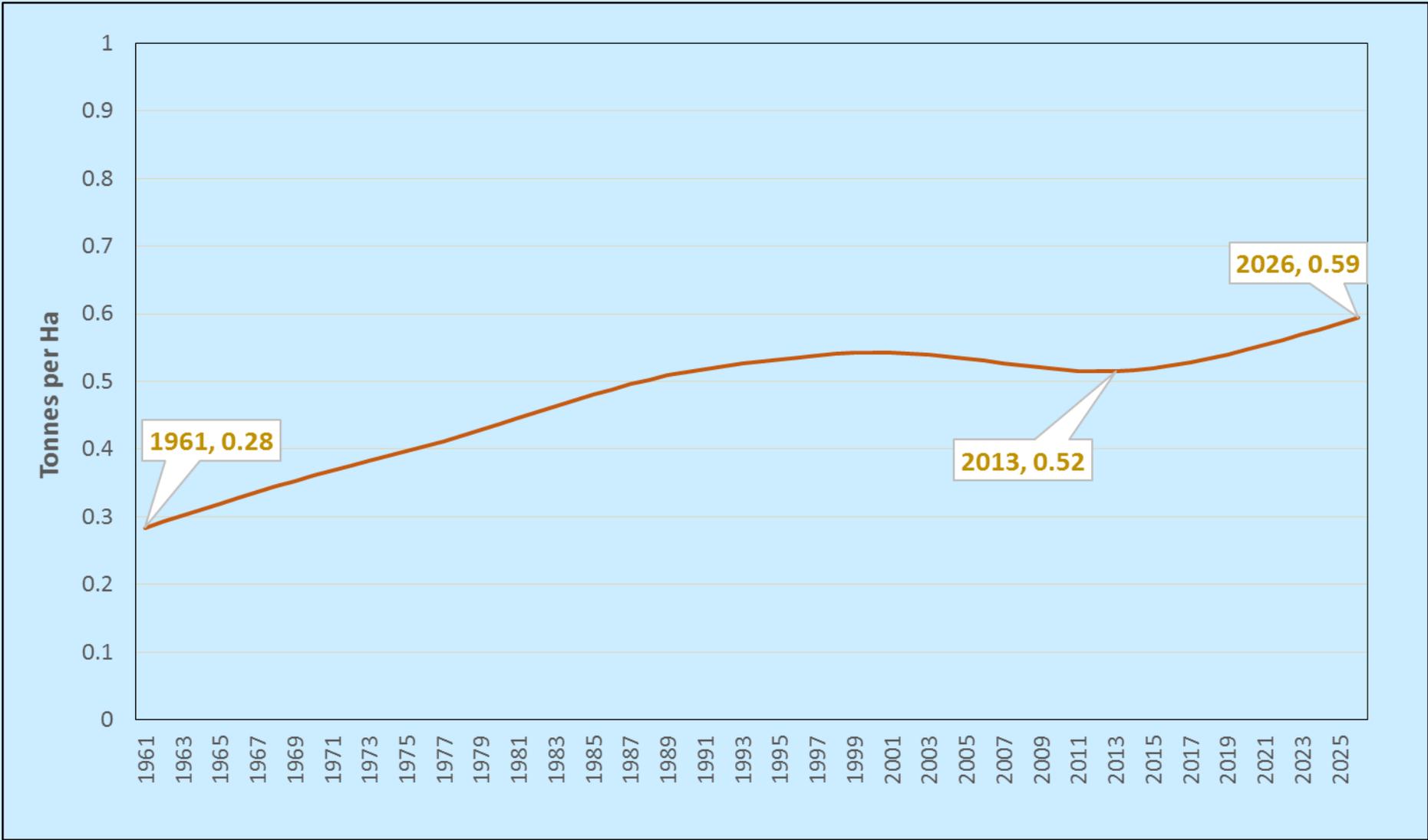
1. 95% of global cocoa produced by 5 million smallholders working on farms of 2-5 Ha;
2. Cocoa farming is main source of cash income for most of these smallholders;
3. Inefficient and uneconomic production systems, with limited or no access to improved planting materials, extension services, inputs, 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



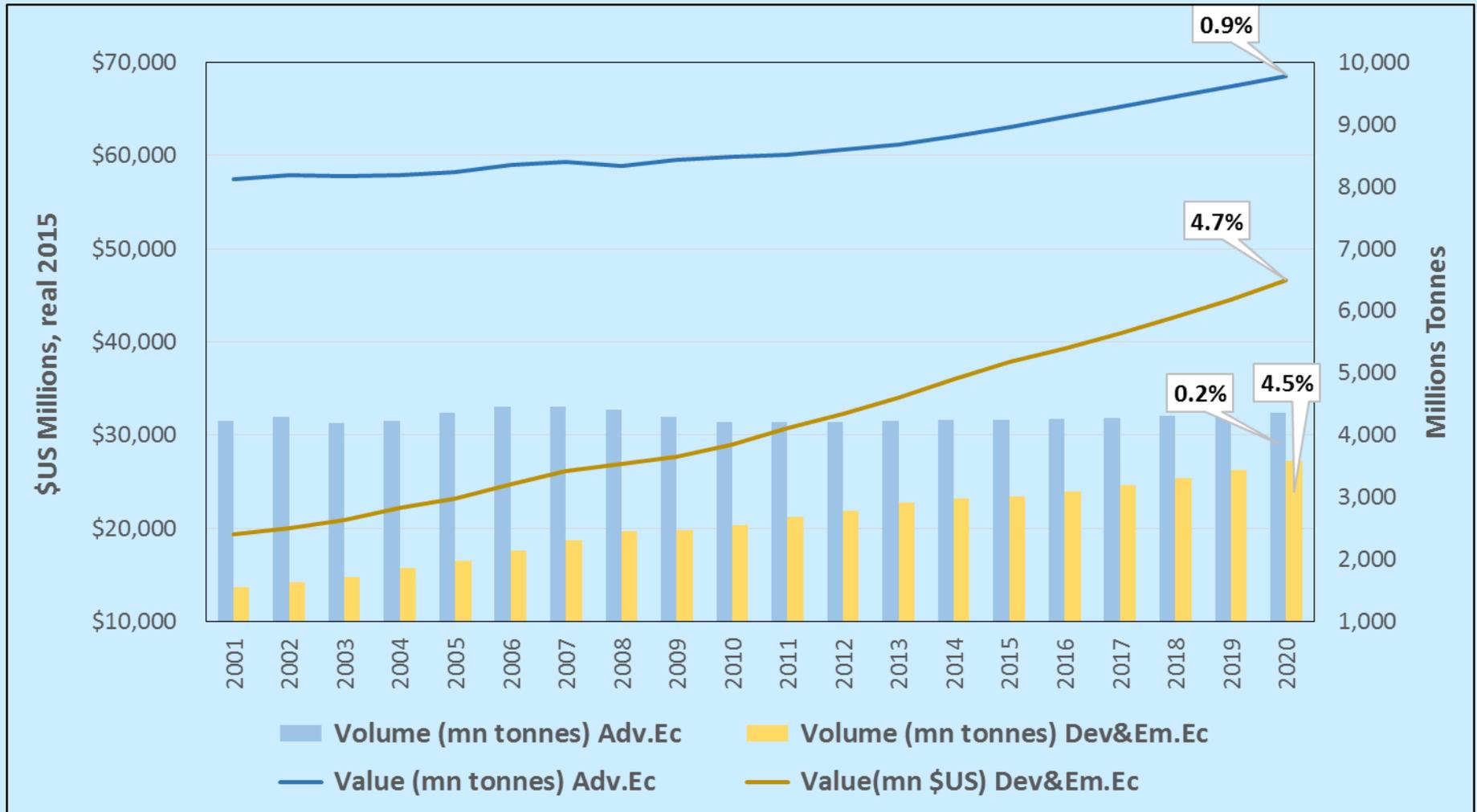
Implications from the yield analysis

- 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

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

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

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



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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