

The background features a central blue rounded rectangle containing text. Surrounding this rectangle are stylized tree trunks in brown, green, and dark red. From these trunks, colorful lines (red, green, blue, and brown) branch out horizontally and curve upwards, creating a network-like pattern that frames the central text.

Sustainable cocoa production - panel 4

World Cocoa Conference,
November 2012, Abidjan

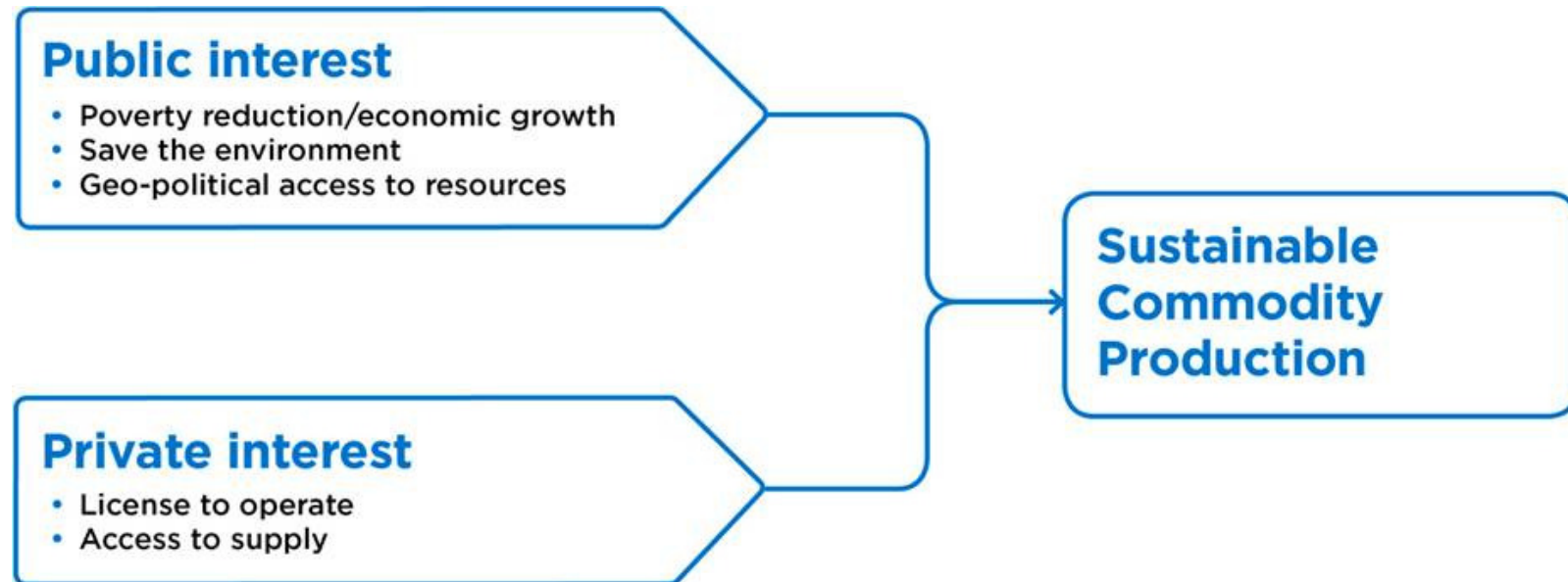
Lucian Peppelenbos



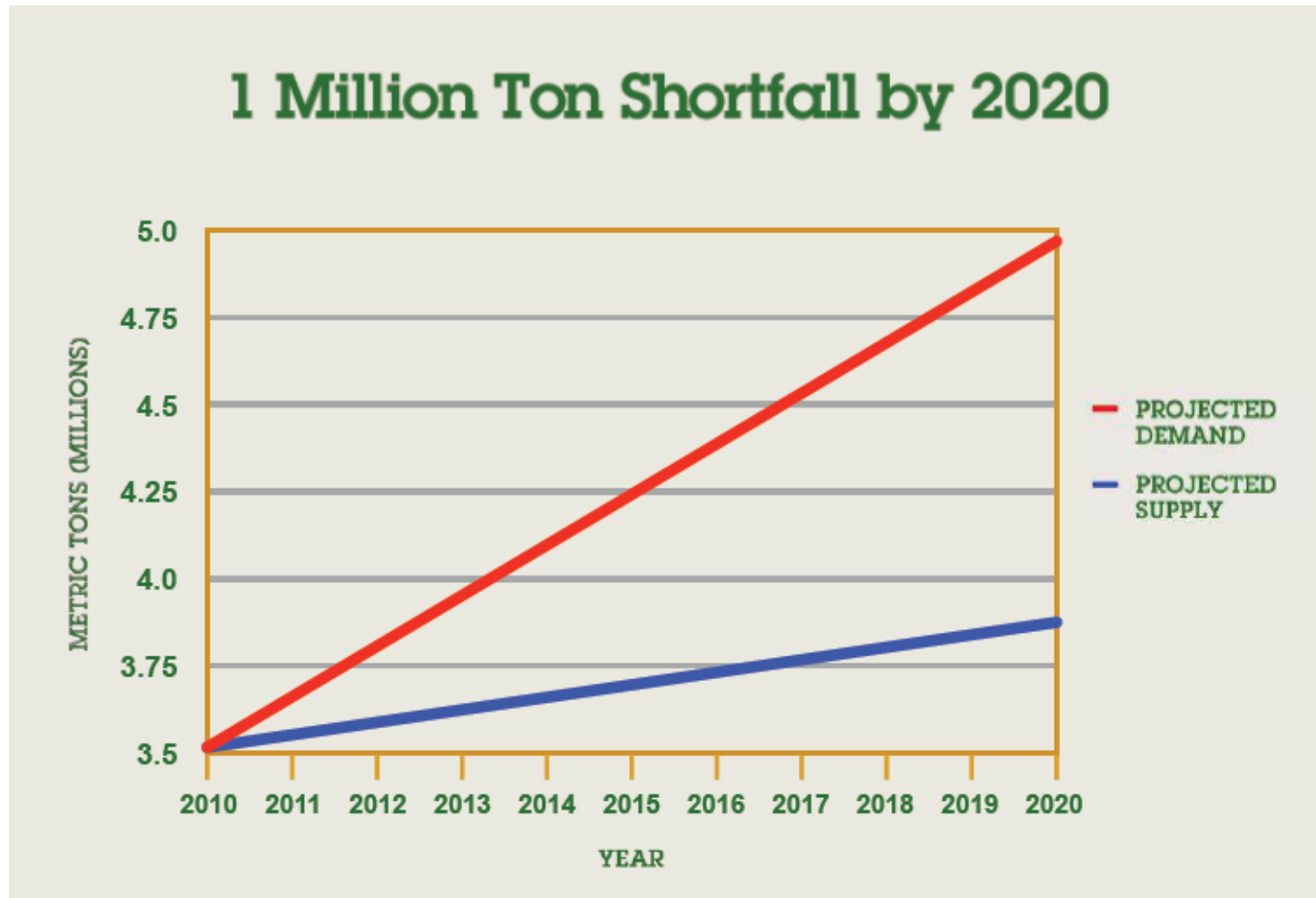
the sustainable
trade initiative

**In the next 40
years, more food
will be produced
than so far in the
history of mankind**

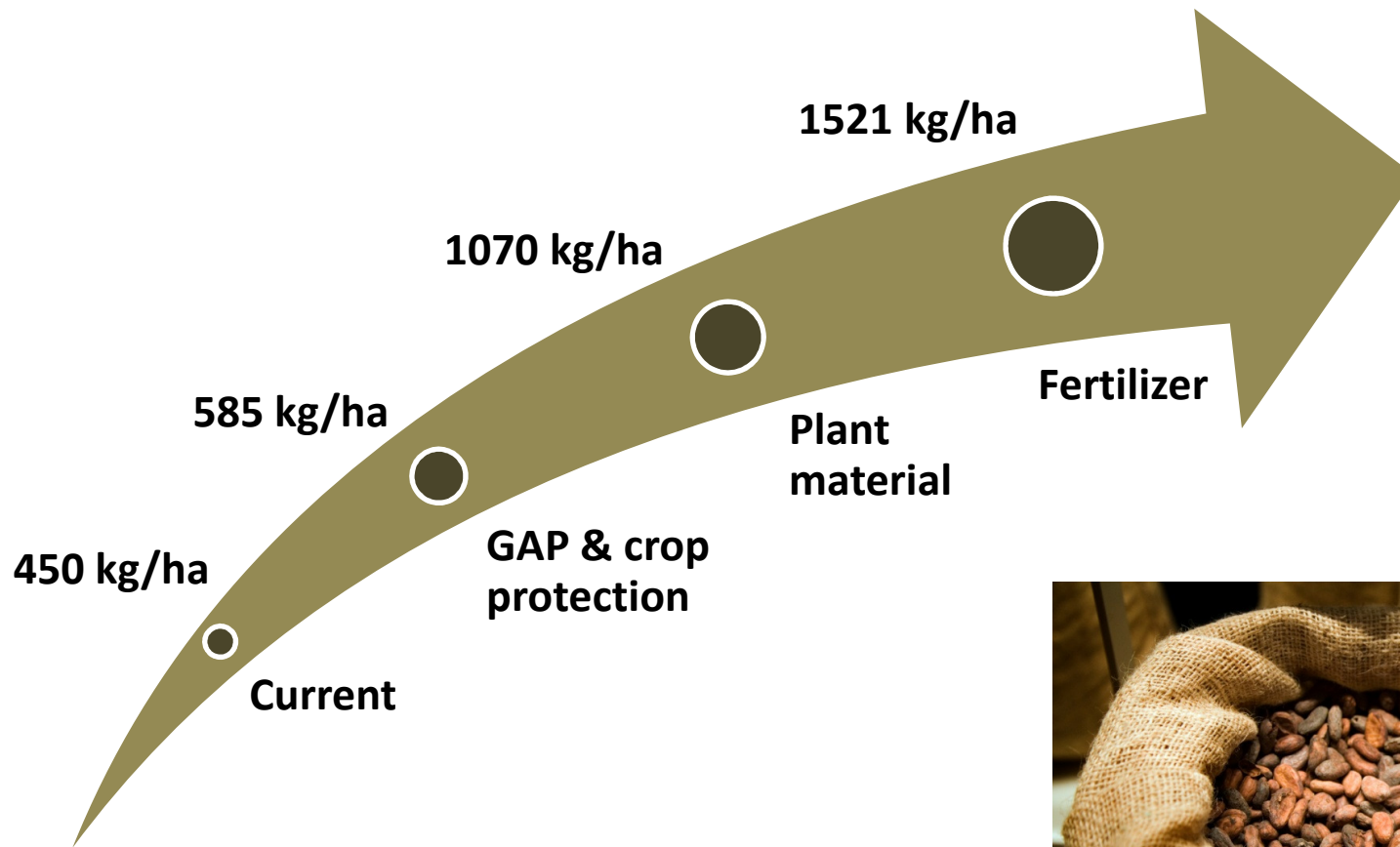
A business case for public-private cooperation



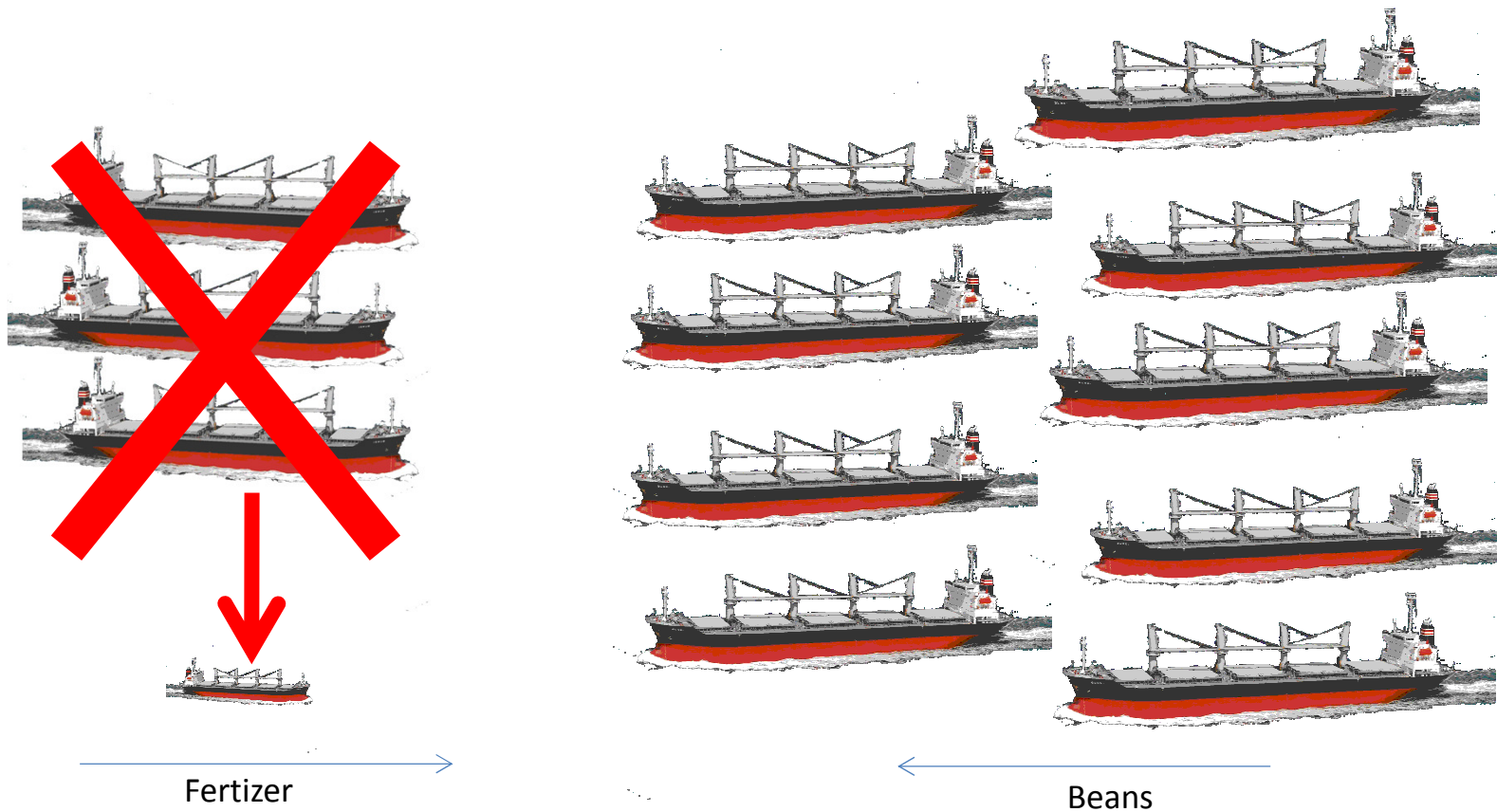
Cocoa market outlook



Cocoa Farm Productivity Package



We are exporting soil fertility



Only 8% of cocoa needs

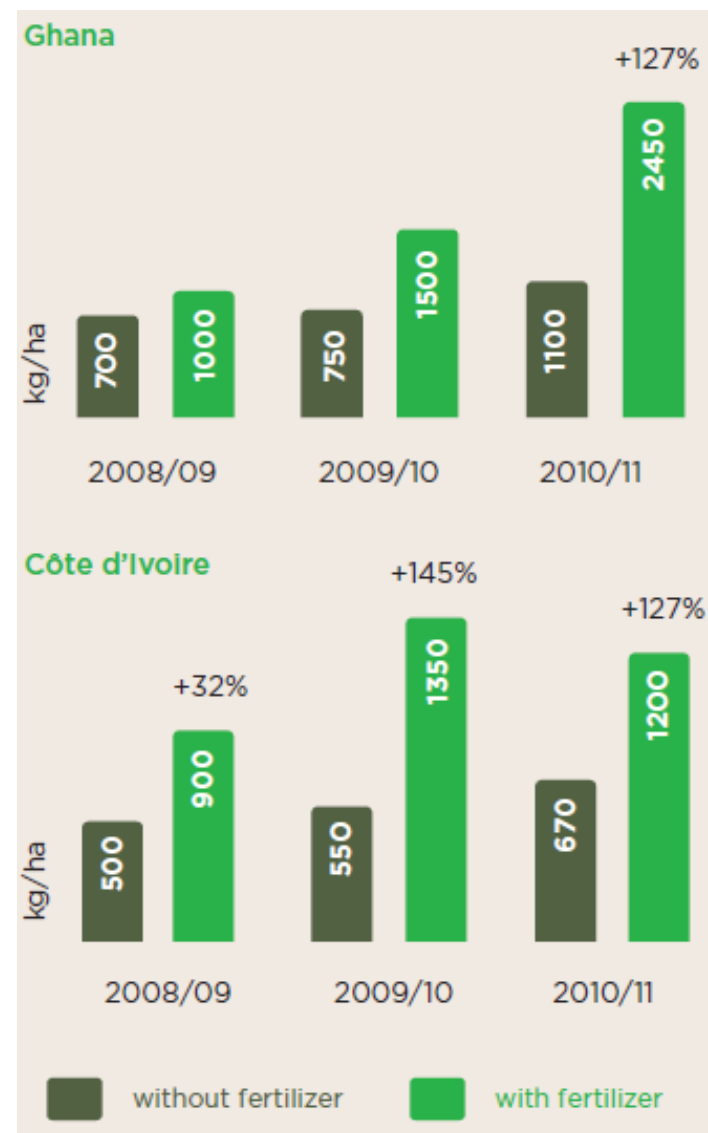
Business opportunity for farmers and industry



USD 200 million



USD 600 million



Source: Francois Ruf (2012)

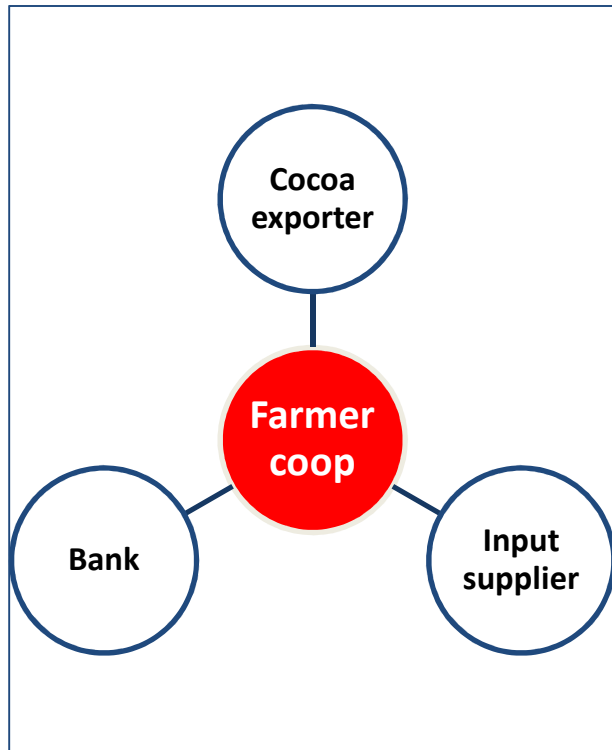
So, where do we stand?

- ❑ There is urgency and there is momentum – amongst public and private cocoa stakeholders
- ❑ The market opportunity is appealing – fertilizer industry is introducing cocoa-specific formula
- ❑ Technical solutions are ready; tens of thousands of farmers are already trained and aggregated
- ❑ We quite understand the conditions for proper introduction and adoption of fertilizer

Now the market has to get organized...



Model 1: Farm Finance

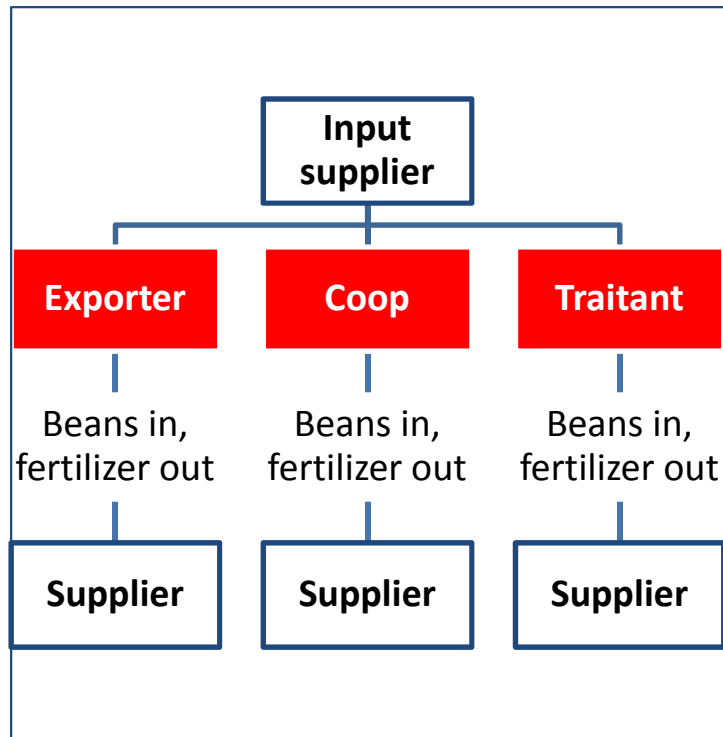


Principal risk bearer is red

Key features

- Farmer coop takes a bank loan to purchase fertilizer for farmer members
- Risks of default are high, but can be shared between coop, trader, bank and input supplier
- Low scalability, because limited to bankable organized farmers (<10% of population)
- Deep impact, “end-game model”

Model 2: Fertilizer-for-beans

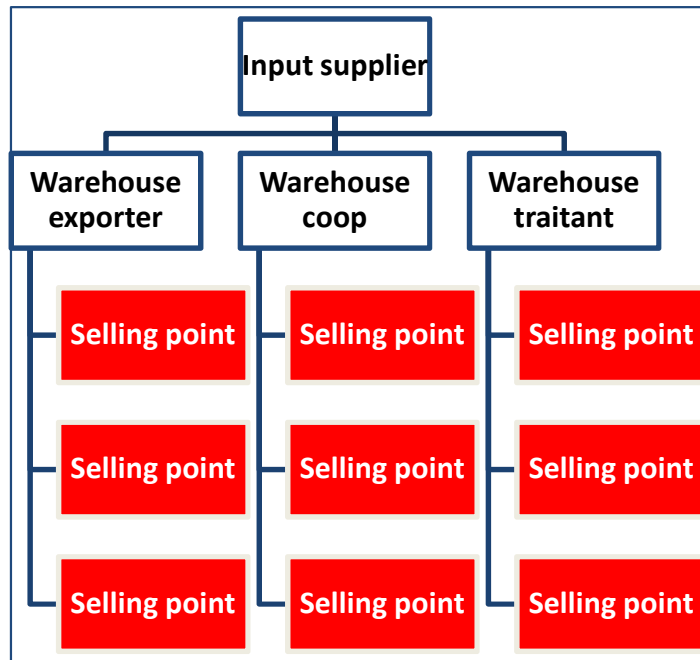


Principal risk bearer is red

Key features

- A supplier of cocoa beans is (partially) paid in fertilizer upon delivery of beans to the supply chain aggregator (exporter, coop or traitant)
- The supply chain aggregator pre-finances the fertilizer
- Risks are negligible, and quality assurance is high
- Scalability is high, but the scheme can operate only in harvest time

Model 3: Cash-and-carry



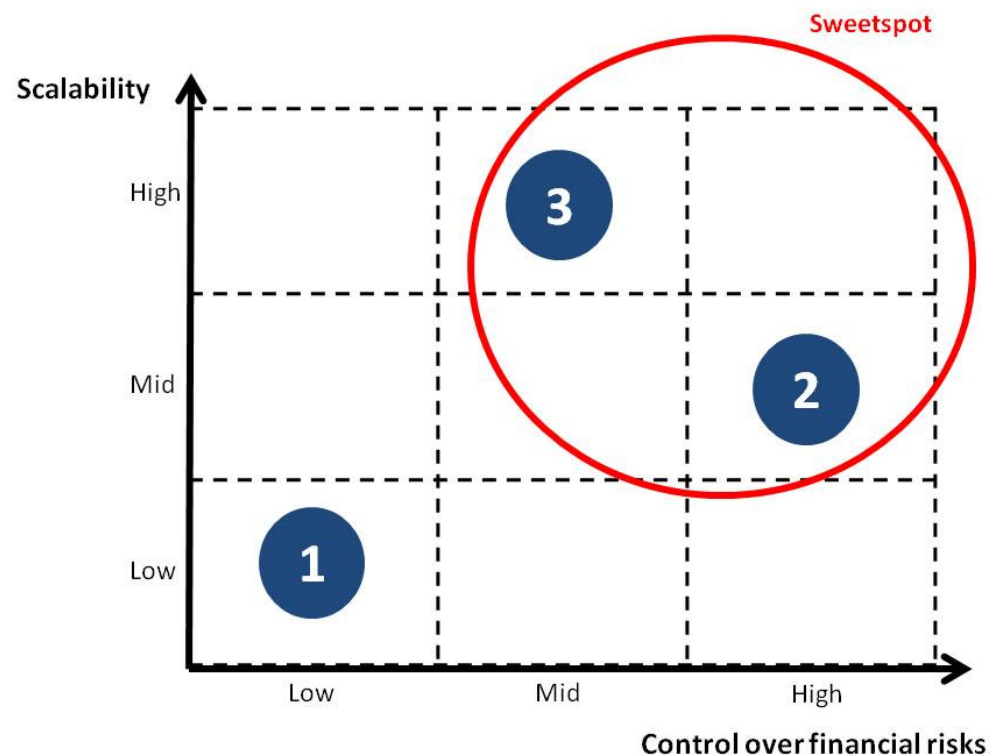
Principal risk bearer is red

Key features

- Fertilizer is sold through the cocoa supply chain infrastructure of supply chain aggregators
- It is made available at a selling point close to farmers to buy in cash. The selling point is run by a sales agent.
- The sales agent can be pre-financed by banks, supply chain aggregators and/or favorable credit terms by the input supplier
- High scalability
- Technical training of the sales agents is critical to quality assurance

Reaching the farmers

1. **Farm finance:** The farmer group takes a bank loan for fertilizer for its members, with risk-sharing from the other supply chain agents
2. **Fertilizers-for-beans:** The cocoa supplier is partially paid in fertilizer upon delivery of beans to the trader
3. **Cash-and-carry:** Fertilizer is made available at selling points close to farmers to buy in cash





MARS



the sustainable
trade initiative



World Cocoa
Foundation



FERRERO



CONTINAF BV

Mondelez
International



Cocoa Fertilizer Initiative for Côte d'Ivoire and Nigeria 2012 – 2015

‘Bringing back soil fertility to the cocoa farms’

| Player | Key role |
|----------------|---|
| Cocoa industry | Leverage cocoa supply chain for last-mile delivery to farmers |
| Input supply | Make fertilizer available in-country at affordable cost |
| Banks | Develop solutions for financing the upstream supply chain |
| Government | Endorsement of initiative, and joint learning for policy innovation |
| Public agents | Facilitation of partnership, M&E, and co-funding of SME capacity-building |

A green shield-shaped graphic with rounded corners and a pointed bottom, centered on a white background. It contains the text "Thank you" and a website URL.

Thank you

www.idhsustainabletrade.com