

A Monthly Look at Successful Sustainability Initiatives

# Green Light The African Cocoa Initiative – Creating Sustainable Growth

Global Agenda Council on Governance for Sustainability

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# Foreword



James Bacchus

Welcome to the eighth edition of Green Light, a monthly newsletter from the Global Agenda Council on Governance for Sustainability that highlights promising economic and environmental initiatives.

Our goal is not only to share green ideas, especially those on collaboration and public-private partnerships, but also to inspire people to replicate and even scale up similar initiatives wherever they are.

This edition of Green Light focuses on the World Cocoa Foundation's African Cocoa Initiative, a public-private partnership introduced to tackle challenges faced by cocoa farmers in West and Central Africa. The initiative aims to support sustainable productivity growth and improve food security in this region.

We hope you enjoy this issue and that you will find it a source of inspiration for your work.

*James Bacchus*

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# The business of cocoa

Cocoa is a multi-billion dollar global industry, with a complex and sophisticated supply chain. Between 40 and 50 million people around the world depend directly or indirectly on the crop for their living. Worldwide, demand for cocoa, used in a wide variety of food products – from chocolate to colouring agents – continues to grow.

Yet, the vast majority of cocoa that supplies this huge industry is grown on small, often remote, family-owned farms situated within a 20° band, either side of the Equator, where the cocoa tree is able to thrive.

Nearly 2 million of these independent farms in West Africa, usually no more than five acres in size, produce around 70% of the world's cocoa supply.

Cocoa is a demanding crop and production is a laborious and delicate process: trees need protection from excessive sun and wind, as well as from disease and pests. Most farmers regard their crop with great reverence, guarding and tending their cocoa trees with devotion. Harvesting is carefully done by hand without too much mechanization.

According to the International Cocoa Organization, production levels of cocoa will rise by over 4% in the current year to 4.104 million tonnes; despite this rise, a supply deficit of some 115,000 tonnes is envisaged as rising demand continues to outstrip production. This demand-supply imbalance continues to drive up prices. In February this year, the price of cocoa reached a new two-and-a-half year high of £1,866 per tonne in London and \$2,957 per tonne in New York.



# Cocoa farming challenges and the World Cocoa Foundation

Cocoa is a crucial export for several West African countries, but the nature of production in small, independent farms creates myriad challenges for farmers and the industry.

The farms are usually remote and follow outdated cultivation practices. Farmers lack organization, the means to share knowledge and experiences, and crucial resources, such as finance, are often lacking.

Farmers and the families who rely on the cocoa they grow and sell often face a fragile existence. An estimated 30-40% of cocoa is lost to virulent pests and disease. Low yields due to

poor practice, low soil fertility and a lack of good-quality inputs are common.

Marketing is also a key challenge. The proportion of the market price of cocoa that farmers receive varies widely between different growing areas and is dependent on the regulatory environment, market information, understanding transport costs and quality requirements, as well as the ability to negotiate as a group over prices.

Cocoa farmers and their families also have to face the same non-farming-related challenges that confront other

people living in rural, sub-Saharan Africa. Often there is a lack of adequate schooling and low levels of adult literacy; serious health problems, such as HIV/AIDS and malaria, are also widespread.

Founded in 2000 by a handful of chocolate companies, the World Cocoa Foundation (WCF) was created in response to a need to coordinate the fight against the spread of Witch's Broom, a devastating fungal disease that threatened to put into jeopardy the world's cocoa supply.



**World Cocoa  
Foundation**

Over time, WCF evolved into a far more wide-ranging organization. Today, more than 100 leading companies, traders, processors, input suppliers and banks work with the foundation to build a sustainable cocoa industry. Members represent more than 80% of the global cocoa market.

WCF aims to promote good agricultural and environmental stewardship, while improving the social and economic circumstances of cocoa farmers by giving them the right tools to help them grow more cocoa in a more sustainable way, and to better market their product to reap greater profits.

The organization strives to link the two disparate ends of the supply chain – local and global – to balance the needs of cocoa producers and their families, and the need to conserve the environment with the demands of the cocoa industry.





# Putting the farmer centre stage – The African Cocoa Initiative

WCF's African Cocoa Initiative (ACI) is a public-private partnership that aims to tackle many of the challenges faced by cocoa farmers in Africa's four main cocoa-growing countries: Côte d'Ivoire, Ghana, Cameroon and Nigeria. Côte d'Ivoire and Ghana alone produce over half the world's supply of cocoa.

ACI has specific goals: to double cocoa productivity for 100,000 farm households and to raise their per capita income by 150-200%. Launched in 2011, the \$13.5 million, five-year programme also aims to

institutionalize effective public and private sector models to support sustainable productivity growth and improved food security on diversified cocoa farms in West and Central Africa.

The programme is designed to strengthen and create public-private partnerships that bring about investment in agriculture and cocoa and which improve productivity and sustainability, support research into more resilient and productive stock, deliver training and education for farmers to promote best farming

practices, and develop market-driven input supply services, including much needed fertilizers. Participants provide not only financial resources, but also on-the-ground technical expertise and governance.

Through WCF, the programme brings together 15 leading cocoa industry companies, the Sustainable Trade Initiative (IDH) and the United States Agency for International Development (USAID), and the United States' Global Development Alliance, along with government institutions in the four West African countries.



# Creating and managing advanced partnerships

The farmers' experience is a central part of ACI, and improving their economic and social well-being is complex. The challenges are many, not least is the need to manage and form partnerships between diverse stakeholders, many of which are commercial rivals.

WCF President Bill Guyton said: "These companies are often competitors and so trying to develop programmes in a non-competitive space, where we look for common interests, can sometimes be challenging.



WCF President Bill Guyton

"But what we have seen over time is the power of the private sector to deliver services to farmers," he added. "It's also recognized that successful, small-scale cocoa farmers are successful farmers in general."

The project's steering committee is composed not only of company members and contributors, but also representatives of African governments in the countries where the programme is active. The committee meets by rotation in each country every six months, sharing insights, progress and challenges. In this way, a sense of ownership is generated for both companies and host governments, and cross-learning is enabled.

Establishing defined targets over a specific timeframe is useful in such a programme.

"We find with the private sector that this provides concrete deliverables," Guyton said. "If left open-ended, it's too easy to let things slip. So, it's putting ourselves under pressure to see how well we can bring improvements within a certain time."

A lot depends on the amount of collaboration with governments and other stakeholders. "Take input supply, for example," Guyton continued. "We know that if farmers are to improve their productivity significantly, they need access to inputs such as better planting materials and fertilizer. This is contingent on the availability of the inputs in those countries and sometimes that will depend on government involvement. The industry alone can't control everything, but concrete goals do focus the mind.

"We've also tried to narrow our focus on what we feel can make the biggest impact," stressed Guyton.

There are synergies between the project and other WCF initiatives in the region. The West Africa Cocoa Livelihoods Program is a five-year, \$40 million project to help 200,000 farmers in Côte d'Ivoire, Ghana, Nigeria, Cameroon and Liberia; it is funded by the Bill and Melinda Gates Foundation and leading chocolate company members of WCF.

Other projects include CocoaLink, which aims to harnesses technology, specifically the use of SMS technology, to communicate market information between farmers. Another on-going project involves community development, and is aimed at expanding education opportunities for youth and young adults in Côte d'Ivoire and Ghana. Crucially, as with all WCF

programmes, the objective is to build self-sustaining networks, rather than those reliant on outsiders.

The programme is focused on capacity building of local organizations and institutes, helping to develop a public-private national platform in each of the countries in West Africa as well as strengthening the capacity of local research institutions, and training and farmer extension services in these countries.

"Rather than direct farmer outreach, it's very much about strengthening local organizations," said Guyton. "This is a really sustainable model of development, because rather than having people from the outside do all the training, it's about helping those within the countries build their own expertise."

# Keys to success

WCF has amassed a wealth of expertise in getting such programmes as the ACI off the ground and then taking them to scale. What then are the elements needed for success?

Experience has shown that it is important to be strategic about where interventions take place. Being too ambitious and spreading efforts widely is often less productive than homing in on the most effective areas for change.

“We’re now focused on doing fewer and better interventions,” said Bill Guyton.

One example of this is input supply. Well-trained farmers can prune their trees and carry out proper harvesting techniques, meaning improved productivity of 20% or maybe even 40% and 50%.

“If you really want to see a doubling of yields, it requires access to and adoption of better inputs,” Guyton said.

## Community development

WCF sees community development as the social pillar of its initiative and a vital part of taking a holistic approach.

“The companies have better experience on the economics and the productivity and training side,” noted Guyton. “But they also realize you can’t just look at these aspects without looking at strengthening communities. We’ve implemented programmes on youth education and some women and family scholarships and so on; but we’re really still in a learning phase with this.”

“We’re looking at the productivity of the farms, while also making sure we address some of the livelihood challenges at the community level, including access to education,” he added. “This in reality is a focus on the next generation of cocoa farmers. Then there’s child labour prevention, of course, and gender outreach. Although cocoa is considered a man’s crop, women and families play an important role. Without specific interventions that target and help women, we’re missing a huge opportunity.”

## Establishing strong government involvement

WCF believes that it is essential to involve the governments in all countries where the initiative is active. Governments in each of the West African cocoa-producing countries are heavily involved in what is a vital export industry; each has active marketing boards.

“Strong governance is very important and it’s crucial to engage these organizations early on,” said Guyton. “What we do is participate in their stakeholder meetings to better understand the national plan for cocoa in each of the countries and to see how what we’re doing can complement or help to strengthen their goals.”

The great thing about programmes such as the Cocoa Livelihoods Program and the Africa Cocoa Initiative is that government also has a seat at the table.

The success or otherwise of such an initiative also depends on being sensitive to both public and private aims, finding scope to align these and then to create partnerships. Without such partnerships and a shared vision, said Guyton, success is not possible.

## Innovative thinking

Innovative use of technologies, often very simple technologies, is crucial. The introduction of new technologies allows creative thinking to be applied to make old processes more efficient.

For example, a farmer can use a mobile phone to take a photograph of a diseased tree. That farmer is able to send it to a research centre for analysis and then find out how to deal with the problem without having to wait for an extension agent to visit the farm.

WCF sees myriad uses for mobile phones, such as mobile banking, especially as access to banking facilities is seen as a huge restraint for small-scale farmers. Another innovation being applied is the Digital Green, where farmers use inexpensive equipment to make short instructional videos designed to educate and exchange information. This can then be shared online or by being projected onto the wall of a building, for example. Digital Green originated in India and is supported by the Bill and Melinda Gates Foundation.

## Developing Indicators

Technology is also helping to develop better ways of measuring the progress of programmes through the collection and collation of data.



“We are trying to find ways of better measuring progress on the ground,” said Guyton. “That is why we are developing the CocoaMAP project, which is establishing basic indicators for measuring success and farmer economics, plus social and environmental aspects of cocoa.”

“This is a huge challenge,” he added. “When you start to develop a monitoring and evaluation system that goes beyond an individual programme and looks at the health of the whole sector, you quickly learn that a lot of people have a lot of different ideas. When we first listed the KPIs there were over 150 and we realized for financial reasons and in terms of access to data, that this wasn’t feasible.”

WCF is fine tuning CocoaMAP to focus on the most important indicators, which are being tested on the ground in Ghana and Côte d’Ivoire.

## Manage diversity by establishing a shared goal

“What is striking to me is that the cocoa supply chain is very complicated,” said Guyton. “Millions of farmers do not belong to any organization or cooperative and grow this crop in some of West Africa’s most remote areas.”

Working to apply technologies and best practices in such an environment can often be challenging, he added, not least because of the need to communicate effectively across such diverse stakeholders, from governmental departments to big business and small-scale farmers.

What brings people together, and what is essential, is a shared vision.

“When we get into disagreements between companies or between the industry and governments, we always try to bring it around to what we are doing that is in the best interests of the farmers, because if we aren’t doing that, then we won’t have success,” concluded Guyton. “Everyone can relate to that because, if the farmers are doing well, it creates a win for governments and a win for the private sector.”



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