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For-Benefit Analysis of  
the Cocoa Value Chain

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# Abstract

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In this value chain analysis, we aim to clearly understand the current state of the cocoa value chain in Ghana broadly, and for-benefit enterprises within that context, using a systems approach. To conduct this analysis and come to our key takeaways we utilized an in-depth literature review and conducted interviews with relevant actors and included in-country and ethnographic research. More information on the methodology and an interview list can be found in Appendix I.

In this report, we outline:

- The overall structure and overview of challenges faced by the global cocoa sector
- Spotlight on the context of Ghana as a major cocoa-producing region
- An introduction to for-benefits as an organization type and the corresponding fourth sector ecosystem
- A more detailed view of the cocoa ecosystem and ecosystem gaps
- A view of the challenges faced by for-benefit enterprises in the cocoa sector
- The opportunities at stake for for-benefit enterprises
- Key takeaways and next steps for corporate organizations seeking to expand for-benefit procurement

This research should be considered in parallel with a corresponding for-benefit procurement ‘how-to’ guide, designed to provide more practical guidance on how to integrate for-benefit sourcing into commercial value chains, which will include a feasibility case study focused specifically on the cocoa sector.

## Overview of the Global Cocoa Sector

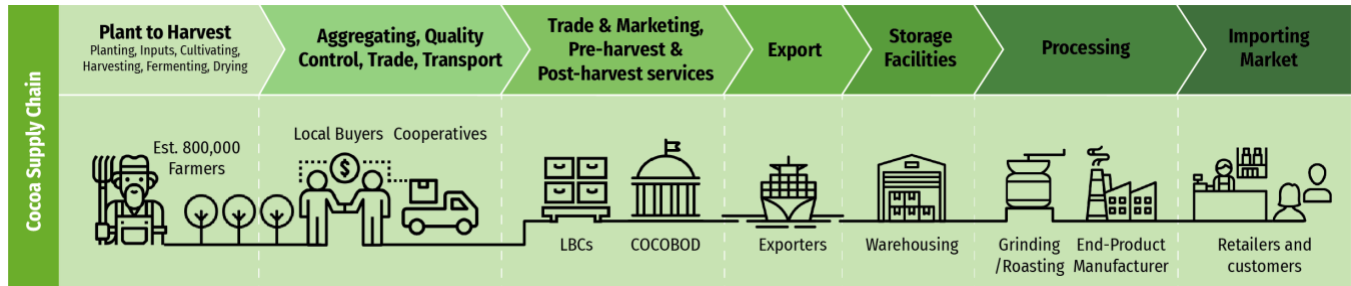
As a key ingredient in confectionary across the world, the cocoa industry was worth an estimated \$129 billion in 2017. There exists a huge potential for the commodity to act as a vehicle to enhanced livelihoods for the estimated 5-6 million smallholders and the 14 million workers involved in cocoa production. However, in reality, the majority of smallholders, particularly in West Africa where 70% of world cocoa production takes place, live in poverty with limited opportunities for securing decent incomes or building community resilience through cocoa farming.

The cocoa value chain is modelled like an hourglass with millions of smallholder farmers at one end and millions of consumers at the other, connected by a handful of companies in the middle. Following a number of mergers, recent years have seen a move towards more vertical integration within the sector with many trading and processing companies now also playing a role in procurement. It is estimated that in 2013, over half of global cocoa production was traded by just three companies (Barry Callebaut, Cargill and ADM) and that four companies now control more than 60% of the world's cocoa grindings. This concentration of activities has helped to increase cost efficiency and traceability along the value chain. However, it also enables the big players to exert considerable influence and power within the sector. In contrast, cocoa farmers, who individually occupy a miniscule proportion of value chain activity, are locked into weak bargaining positions. Even when farmers are organized into larger groups, their limited access to resources and services, including market information, finance and agricultural inputs, places them at a huge disadvantage and renders them extremely vulnerable to fluctuations and shocks in the market. Cocoa growers typically receive just 6.6% of the value of a ton of cocoa sold.



## A Closer Look at Ghana's Cocoa Sector

Ghana is the second largest cocoa producing country in the world after Cote d'Ivoire. It is estimated that more than 6 million people, approximately 25% of the population, are involved in the cocoa sector as either farmers, buyers, distributors, processors or retailers. Cocoa is Ghana's most important agricultural export crop and accounts for approximately 30% of the country's export earnings. Around 80% of the cocoa is exported in raw form.



Ghana operates a partially liberalized internal market where the Ghana Cocoa Board (COCOBOD) acts as the sole buyer and exporter of cocoa. COCOBOD is a government institution which fixes the national cocoa buying price as a means to protecting farmers from fluctuations in the world market price which is based on the Futures markets in New York and London. This buffer has been critical for farmers in recent years who received a fixed minimum payment from 2015-2017 despite world cocoa prices hitting a 10-year low during that period. COCOBOD also provides farmers with planting materials, undertakes research and development, and has also been actively, although inconsistently, involved in the provision of pesticides and fertilizers. Internal purchasing is carried out on behalf of the COCOBOD by Licensed Buying Companies (LBCs) which secure commercial financing for cocoa purchases. Many LBCs are also affiliated with large cocoa producers/processors. Farmers themselves have little to no direct access to formal credit. Given the limitations this creates for the role of farmer cooperatives in the value chain, cooperatives are established primarily as a vehicle for service delivery, input provision, or the management of certification – and operate as a minority of the total population of farmers. Although cooperatives do provide extension services, this function remains heavily dependent on government authorities or agencies.

## Overview of the For-Benefit Ecosystem

This section outlines what for-benefit enterprises are and the role they play in the wider ecosystem.

### Definition of the For-benefit Enterprise

For-benefits are a rapidly growing class of organization that are giving rise to a new, fourth sector of the economy. Like non-profits and governmental agencies, for-benefits pursue a wide range of social and environmental objectives as their primary purpose. Like for-profits, for-benefits primarily earn their revenues by selling a broad range of products and services that improve quality of life for consumers, create jobs, and contribute to the economy.

A for-benefit organization is organized and operated to both:

1. Generate one or more social or environmental benefits as its primary purpose; and
2. Generate its revenue primarily through the sale or exchange of goods or services in the marketplace.

For-benefit businesses represent a fourth sector of the economy, which has been growing at the intersection of the three traditional sectors (public, private, and non-profit) for decades. While there is a dearth of useful data on the sector, there are indications that for-benefit enterprises could account for as much as 10% of GDP as well as nearly twice the job growth rate as traditional for-profit businesses in the US and Europe. The sector is poised for rapid growth because of significant demand for purpose-driven businesses among consumers, investors, millennials, and workers.



The term “for-benefit” describes all organizations in the emerging fourth sector. The definition does not preclude organizations formed under any current legal construct, and is meant to be neutral with regard to corporate form. The law has not yet caught up with the changing organizational landscape. Therefore, nearly all for-benefits are currently organized under statutes of the other sectors. Thus, organizations structured legally as for-profits or non-profits under current law can be for-benefits, too.

These organizations can be defined by a set of characteristics or attributes: a primary commitment to social purpose, together with a predominantly earned-income business model. In addition to these, most for-benefits also have one or more secondary characteristics:

DEFINING CHARACTERISTICS	SECONDARY CHARACTERISTICS	
<p><b>SOCIAL PURPOSE.</b> A commitment to mission is embedded in the organization’s DNA. Fiduciary duty is tied to mission.</p> <p><b>EARNED INCOME.</b> Sales of goods and services generate most of the income.</p>	<p><b>INCLUSIVE OWNERSHIP.</b> Ownership rights are allocated among stakeholders in accordance with their contributions.</p> <p><b>STAKEHOLDER GOVERNANCE.</b> Decision rights regarding information and control are distributed among stakeholder constituencies.</p> <p><b>FAIR COMPENSATION.</b> Employees and other stakeholders are compensated in proportion to their contributions.</p> <p><b>REASONABLE RETURNS.</b> Limitations on investment returns protect the organization’s ability to achieve its mission.</p>	<p><b>SOCIAL AND ENVIRONMENTAL RESPONSIBILITY.</b> Social and environmental performance is constantly improved throughout the stakeholder network.</p> <p><b>TRANSPARENCY.</b> Social, environmental, and financial performance and impact are fully and accurately assessed and reported.</p> <p><b>PROTECTED ASSETS.</b> Social-purpose assets are preserved upon dissolution, conversion, or ownership transfer.</p>

This type of organization has influenced and grown into other sectors. Globally, for-benefit approaches are being adopted in the private, public, and non-profit sectors. For-profit businesses have been broadening their purpose to include pursuit of social and environmental aims, and non-profit and governmental organizations have been adopting market-based approaches to advance their mission.

For-benefits are uniquely positioned to address multiple global social and environmental challenges. They extend the reach of the public and social sectors while harnessing the market factors behind the private sector to drive impact. As this new sector grows so should the impact that is central each for-benefit's business model and mission.

In the cocoa context, which we will delve into in further sections, examples of for-benefits include **ABOCFA cooperative**, a cocoa farming cooperative owned by its producing farmers. ABOCFA's production is 100% organic and Fairtrade certified with their social purpose dedicated to environmental stewardship and bettering livelihoods for their members.

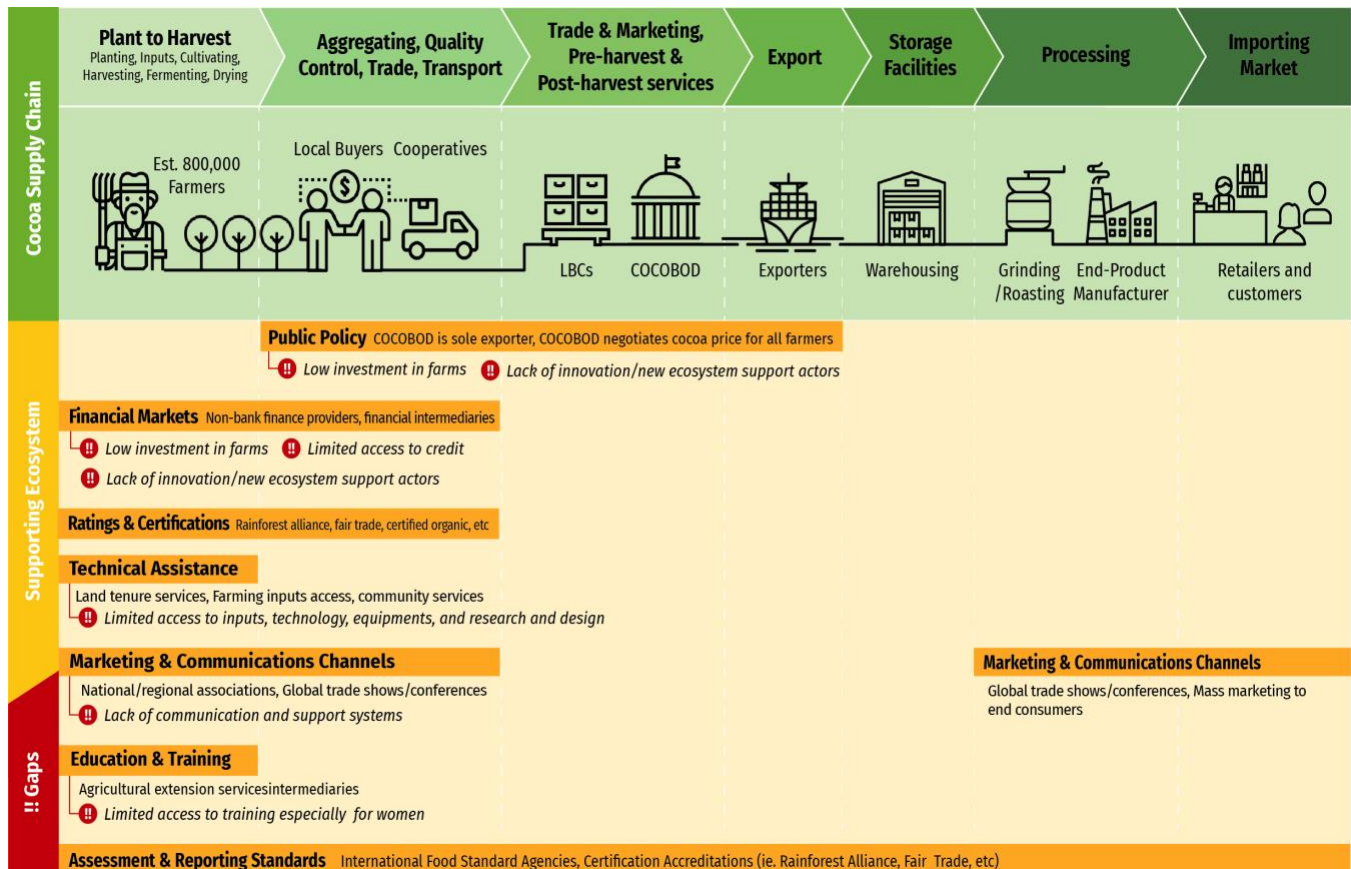
Another example is **Farmerline**, whose mission is "Transforming smallholder farmers into successful entrepreneurs by increasing their access to information, inputs, and resources to increase productivity."



## Cocoa Sector Supporting Ecosystem & Ecosystem Gaps

In response to concerns about the future supply of cocoa, the industry has invested over the past decade in efforts to increase farm yields and a supporting ecosystem has developed. This section will also provide some specific local context for the cocoa farming industry and specific ecosystem constraints in Ghana.

Despite decades of investment, the current ecosystem is weak and many gaps remain. It will not result in the long-term sustainability of cocoa without also addressing a number of systemic failures in the wider cocoa ecosystem, including inadequate national agricultural policy, land tenure systems and low levels of agricultural investment, the lack of scalable service delivery models tailored to farmers' needs and finally, the lack of transparency within the value chain which prevents farmers from capturing increased value and influence.



## Public Policy

As mentioned above, COCOBOD exerts vast controls over the cocoa market, protecting farmers and providing steady prices. During significant global price declines during 2016-2017 COCOBOD and the Ghana government subsidized this price and farmers did not see significant drops in income. By comparison, their counterparts in Côte d'Ivoire saw a 30-40% decline in income. This guarantee is significant in protecting farmers from global market shocks; however, COCOBOD's role in controlling all export severely limits the overall market opportunity for additional ecosystem actors, including for-benefit enterprises. COCOBOD also creates a tremendous information imbalance due to their lack of transparency in price negotiations, which limits farmers' agency and further stiffens innovation and the development of new ecosystem actors to challenge current unequal distribution of value and power across the value chain. Additionally, there have been recent accusations of corruption and unfair contracting within the agency.

In Ghana, rules around what cocoa must be exported and what can be locally processed make it difficult to add value and locally process and manufacture cocoa to improve farmer and local livelihoods. Local processing has lagged greatly in West Africa. The vast majority of cocoa beans are ground and processed into secondary products outside of the region only after export. In many cases this is due to market forces (further processing can impact



import taxes and tariffs) and the fragility of further refined product in transit (refrigeration needs, etc.). None-the-less, there has been some movement here despite headwinds. Chocolatier's like 27 Chocolates are proving that full bean-to-bar manufacturing is feasible in Ghana and the space could be capitalized on further.

Land tenure is another gap where public access to information on land is limited - disproportionately affecting women. Official documentation for property ownership can be difficult to obtain, and stigmas remain around female-ownership, even at the government official-level. As a result, women face severe challenges to participation in farmer cooperatives where land ownership is a membership requirement, which in turn restricts their access to training, loans, market information and a network. When women do own farms, they often manage smaller plots of land, with lower yields and higher labor costs.

Generally, these pressures limit innovation and new actors. Additionally, while currently ecosystem actors must choose either a for-profit or a non-profit legal designation, social entrepreneurship network organizations like SE Ghana are advocating for new policies to create new legal designations geared towards for-benefit actors. Currently weak governance structures and operations make for-benefits seem like risky investments due to the lack of unique designation. When competing with traditional for-profit start-ups, their mission-centered alignment can be seen as a liability or hindrance to profit. This limits capital, networks, and other resources available to more traditional for-profit actors.

Additional policy concerns include a lack of public investment into rural communities and the need for advocacy and support for policies to support gender equality in the sector.

## Financial Markets

Most farmers and technical assistance actors gain start-up capital via friends and family as angel investors and early stage venture capital (VC) funding is limited in the region. Farmers are often excluded from formal financial systems as they do not have access to banks within their communities, they do not have credit histories, and they do not always have collateral. There is a need for low-cost financial and insurance products and services, which reach rural communities and are accessible to smallholder farmers.

Generally, farmers, small/medium sized enterprises (SMEs), and for-benefits in the cocoa industry find it difficult to access appropriate capital to grow their business. VC's and investors want to fund in the millions into mature companies because it is more cost efficient for them while early-stage for-benefits and SMEs need smaller injections of capital to be launched on a pathway to meaningful. Banks and Micro-Finance Institutions provide credit at very high interest rates and SMEs only take those to cover short-term costs.

More mature networks of social enterprise funds and for-benefit venture funders do exist outside of West Africa, largely in the global North. If able, such enterprises will travel abroad to access impact investors, and for-profits sometimes seek integrating a social mission to attract foreign impact investments or grants.

## Ratings & Certification

Certifications such as Fair Trade and Rainforest Alliance have increasingly become more popular among both retailers (driven by increased consumer demand) and farmers (who receive a premium beyond the base price set by the global market/COCOBOD). Many companies have even set up their own certification programs, such as Mondelez's Cocoa Life program, and others have set 100% certification commitments, such as Hershey's and Mars. These certification efforts can push companies' social sustainability efforts while meeting a growing demand from their customers.

While farmers do get premiums that increase incomes, none has been able to reach the threshold of a living income for farmers or make a significant impact on structural poverty of this group. In fact, depending on the certification standard, between 20 to 60% of certified cocoa produced is not even sold as such and does not receive its premium. Despite these issues, certification can still be worth-while and benefit farmers, particularly when paired with for-benefit cooperatives. For-benefit cooperatives decrease the burden of certification and provide technical assistance, social services and other supports to farmers within their cooperative.

## Technical Assistance

Farmers are facing low yields due to a complex set of factors that includes aging and diseased trees, a limited application of good agricultural practices, limited access to inputs (both pesticides and fertilizers) as well as a lack of access to finance for investing in farm rehabilitation. A recent study from the Royal Tropical Institute (KIT) estimated that a living income for a typical male-headed 6-member household in rural Ghana is \$4,742 per annum and that the average cocoa household only earns 52% of this benchmark value. The low and unpredictable incomes from cocoa is one of the key factors in reducing the appeal of cocoa farming to the next generation, resulting in an aging farmer population.

Many farmers have generally continued to see low yields despite industry investments. As a result, productivity programs have increased their focus on adoption rates of best practices as opposed to only trainings delivered (see for instance, the approach promoted by CocoaAction).

Industry sustainability programs have invested heavily in efforts to improve yields at farm-level, arguing that this will lead to improved farmer incomes despite challenges from civil society not to ignore the relevance of price to the income equation. In addition, over supply contributed to the global price decreases in 2016-2017.

While these gaps remain, the Technical Assistance ecosystem segment is currently the most robust. A wide variety of supporting actors (including significant non-profit interventions and a burgeoning group of for-benefit organizations) have entered to support. While COCOBOD has a mandate to provide subsidized agricultural inputs and extension services, their reach is limited and often slow to be delivered. This mandate (and the subsidized / fee-free nature of COCOBOD's work) does suppress the for-profit and for-benefit actors providing inputs as farmers willingness to pay is low. Instead, cooperatives and non-profit entities such as Solidaridad have successful programming to increase access. For-benefits like Emfed Farms are addressing the aging farmer population thru the provision of locally trusted farm management services targeted specifically to vulnerable farmer populations, increasing yield and productivity in the process.

## Marketing & Communications Channels

Current marketing and communication channels are extremely underdeveloped for the base of the cocoa value chain. In Ghana, while COCOBOD exports all cocoa internationally, farmers and cooperatives who certify their cocoa often find it advantageous to link separately to producers in order to secure premiums and avoid it being sold as conventional. Therefore, they need opportunities to meet and negotiate with these companies.

A few for-benefits such as Farmerline have created a platform for linkages and connections to global markets and sustainable food brands. Regional networks and events such as Chocothon – an event aimed at training cocoa producers, representatives or producers' coaches in the use of market analysis and sustainability related tools – have increased connectivity. However, the ecosystem here is very early in developing outside of large global trade shows/ conferences such as the Cocoa Merchants Association International Conference.

## Assessment & Reporting Standards

Many producers are pushing for greater traceability in the full cocoa supply chain. Traceability and transparency is important both in terms of procurement and understanding weaknesses in a supply chain, as well as issues critical to a cocoa consumer such as child labor. Traceability assessments allow companies to gain more clarity of the status of their supply chains and provide the consumer more information about the origins and ‘journey’ of products they consume.

While tackling key supply chain and social issues, most reporting mechanisms are intensive on the farmer. Additionally, these assessments and reporting requirements apply transparency in only one direction of the value chain. For farmers, critical issues such as cocoa margins are still hidden. As briefly discussed in the Public Policy segment, transparency or accountability on how contracts are awarded to manufacturers and processors, as well as whether local buyers and LBCs are paying farmers the farm gate price is limited or nonexistent. The dichotomy of transparency required by consumers and producers and the complete lack of information for farmers is indicative of the imbalance of power in the value chain overall. There are some efforts to balance this transparency imbalance. The for-benefit Uncommon Cacao supports mechanisms such as Transparent Trade, “verifiable, published pricing for every transaction related to a cacao purchase along the supply chain, including information about who produced it and where.” They produce a cocoa supply chain-wide transparency report yearly focusing on these issues.

## Education & Training

Interviews suggest that farmers do not see themselves as entrepreneurs, which limits their profitability and personal financial management. Farmers perceive farming as an activity to do because they are otherwise unemployed and unskilled. As a result, they do not treat their cocoa plantations as a business, thus often not properly estimating the potential of their yield, the inputs and services they need to produce that amount or the best strategy to sell their cocoa. They instead work within the free/subsidized inputs COCOBOD gives and do their best within those means. This constrains their overall earnings and, coupled with limited information and little market transparency, leaves them in a disempowered position.

Due to COCOBOD’s uneven training, agricultural input application, tree pruning, etc., technologies such as shade trees are often improperly implemented by farmers. Many for-benefit cooperatives are providing these trainings to their farmers greatly increasing access and creating consistency across their outputs. Many LBCs, end-producers and some certification arms such as Mondelez’s Cocoa Life are also acting in this area.

# Overview of Cocoa Sector For-Benefit Ecosystem

## For-Benefit Ecosystem for Cocoa Sector in West Africa

The for-benefit ecosystem is generally underdeveloped in West Africa. The Ghana government does not recognize for-benefits so they do not receive sufficient attention or support. There is no framework to acknowledge for-benefits and support them adequately. Government acknowledgement goes a long way to supporting for-benefit development as it de-risks these organizations’ status in the arena of public perception, giving them legitimacy. There is currently policy being lobbied to acknowledge *social* enterprises by SE Ghana<sup>1</sup> – which would be a step in the right direction of a broader enabling policy environment that recognizes and promotes for-benefit enterprises. This will create a data trail for social enterprises, allowing these organization types to quantify their value and impact fully. The current policy also seeks to: 1) create an enabling regulatory environment for Social Enterprise

<sup>1</sup> <https://www.gbcghana.com/kitnes/data/2018/07/21/1.11678662.pdf>

Development; 2) increase funding to social enterprises through innovative funding mechanisms; 3) increase training and support for social enterprises, champion a culture of innovation, and develop the SE ecosystem with a focus on supporting the effective implementation of the SDGs; 4) identify key sectors and promote SE activities in those sectors to drive measurable social impact; and 5) ensure adequate data collection and research to track and measure progress of SEs and the implementation of the SDGs.”

A majority of for-benefits in Ghana are agriculture focused but few are in or supporting the cocoa sector. This is due to cocoa plantations being harder to manage as a group as compared to rice or grain for example due to cocoa farmer plantations being spread apart from one another. Also, innovations to inputs are challenging because they have to pass through COCOBOD which is a slow and politically charged space. For-benefit agriculture business models that rely on farmers as customers face difficulty in scaling because farmers do not have the disposable income to invest in innovative technology nor have the entrepreneurial mindset to try new things beyond government-provided inputs and services. Additionally, few local business opportunities exist in cocoa beyond the Trade & Marketing, Pre-harvest, and Post-harvest Services stage of the value chain because the vast majority of cocoa is only grown and not processed in Ghana. The export of grinding and processing abroad essentially stops local (Ghanaian/West African) access to the remainder of the value chain. This, by extension, makes it difficult to capture or retail more value at the farmer end of the value chain.

Additionally, current for-benefits do not always have their business model and pitch refined to be investment ready. Many for-benefits are product and service focused but have not developed their value proposition and business model nor do they always have the right talent and technology to manage their finance and operations. This makes it difficult for them to attract investments or be ready to scale and meet demand for expansion. Accelerators and incubators support for-benefits and SMEs but they often have to already reach a certain level of success to afford these services. While this is a common problem for start-ups and social enterprises globally, the additional cocoa-specific complexities and limited market-space due to COCOBOD, make the path challenging.

Supporting for-benefits and other cocoa ecosystem actors is a growing network of accelerators and incubators, including Growth Mosaic. These actors support in business model development, access to finance and other beneficial connections that allow the overall ecosystem to continue to grow.

## CASE STUDY: ABOCFA - The For-Benefit Cooperative

The ABOCFA Cooperative was started in 2007 with seed funding and support from Soil & More International. They started with the guiding mission of environmental stewardship, achieving 100% organic cocoa from farmers by 2009. They added Fair Trade certification in 2011. They have grown up to over 700 farmers in 13 hamlets.

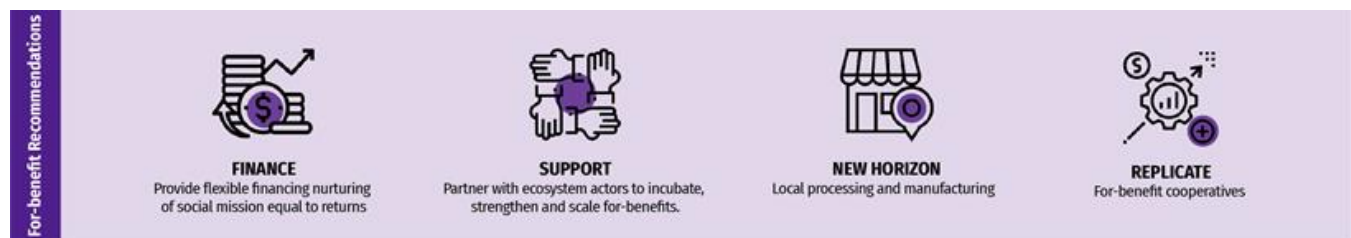
For all of their farmers they provide training, pruning and spraying of trees to keep quality consistent and decrease burden on their members. They ensure COCOBOD provides organic inputs, which can be challenging as organic is less common in Ghana and, although distribution is part of COCOBODs remit, delays in delivery are common. The Cooperative also takes an active role in marketing and engaging with purchasers in order to guarantee their cocoa is secured for the premium.

The organization structure is democratic with all members voting on governance structure, accountability and management. Premiums are pooled with 50% having been voted on to go directly back to farmers in cash distributions and the remainder used on the certification fees, core organization costs, the training and agriculture support services, as well as community services such as rural electrification and schools. While these varied farmer impact mechanisms have not completely lifted their member farmers out of poverty, they have made a difference in farmer livelihoods and the Cooperative is currently maxed out on membership.

For their partners such as Tony's Chocolonely, partnering with ABOCFA has been instrumental in securing 100% traceability (a key marketing and mission tenant for the company) and a reliable high quality source of Fair Trade cocoa. ABOCFA has been given a separate warehouse from conventional cocoa by COCOBOD to protect their organic quality, which ensures traceability and Fair Trade quality as well. While Tony's Chocolonely does not need the organic certification (other ingredients they use are not organic), they support ABOCFA's mission and sustainability origins and pay them an additional supplement (while not the full organic premium) to honor their

## Opportunities Analysis for For-benefits in the Cocoa Value Chain

Against the backdrop of this challenging and complex ecosystem, significant long-term risks remain for cocoa supply chains. However, for-benefits – if activated and leveraged - represent an important opportunity to strengthen the overall health and resilience of the cocoa supply chain while also, importantly, achieving critical sustainability and other social impacts.





**Finance:** Provide flexible financing promoting importance of social mission equal to returns.

For-benefits like Emfed Farms and cooperatives struggle to grow because the mission requires local and motivated regional leads to ensure the social mission does not come second to revenue generation. Turning to the social sector or to family and friends is unsustainable and will lead to limited growth and competition. Companies and investors need to respect the primacy of social or environmental purpose when sourcing from or partnering with for-benefits. In a supply chain context, thoughtful contracts and a recognition of the different forms of 'value' in formal relationships with for-benefit enterprises is key.

**Support:** Support the growth of for-benefits through partnerships and capital investments respecting the social mission.



Corporations can support organizations like SE Ghana to encourage the government to push policy that acknowledges social enterprises. Corporations can support for-benefit support networks and associations to boost shared learnings, networking and comradery. Current such organizations are lacking in funding (with too few sustaining members) and structure to be effective. Corporations can partner with accelerators and incubators to start hackathons and encourage new for-benefits to break through into the sector. Overall support systems are becoming well developed for start-up ventures but are not specialized for for-benefits and have less appetite to support as they are seen as more complicated and less profitable. More incentives are needed to break this mindset. Supporting the full ecosystem can be a mechanism for short-term corporate-social responsibility (CSR) impact as well as long-term supply chain strengthening.



**New Horizon:** Local processing and manufacturing would be transformative for the cocoa sector in West Africa and open spaces for for-benefits to enter.

Ghana and Cote d'Ivoire need to consider options to support better livelihoods from cocoa for farmers through investment in local processing/manufacturing. While trade and technical challenges exist, as a nearly non-existent market currently local processing and manufacturing has a high potential for growth and potential for transformational value into the local market. This would also support supply chains long term and open the market for for-benefit growth and impact. Government focus and political will in this area is also present and could jump start impact and necessary additional innovation. Further learning from early pioneers such as 27 Chocolates will be useful when exploring this as a new market space.

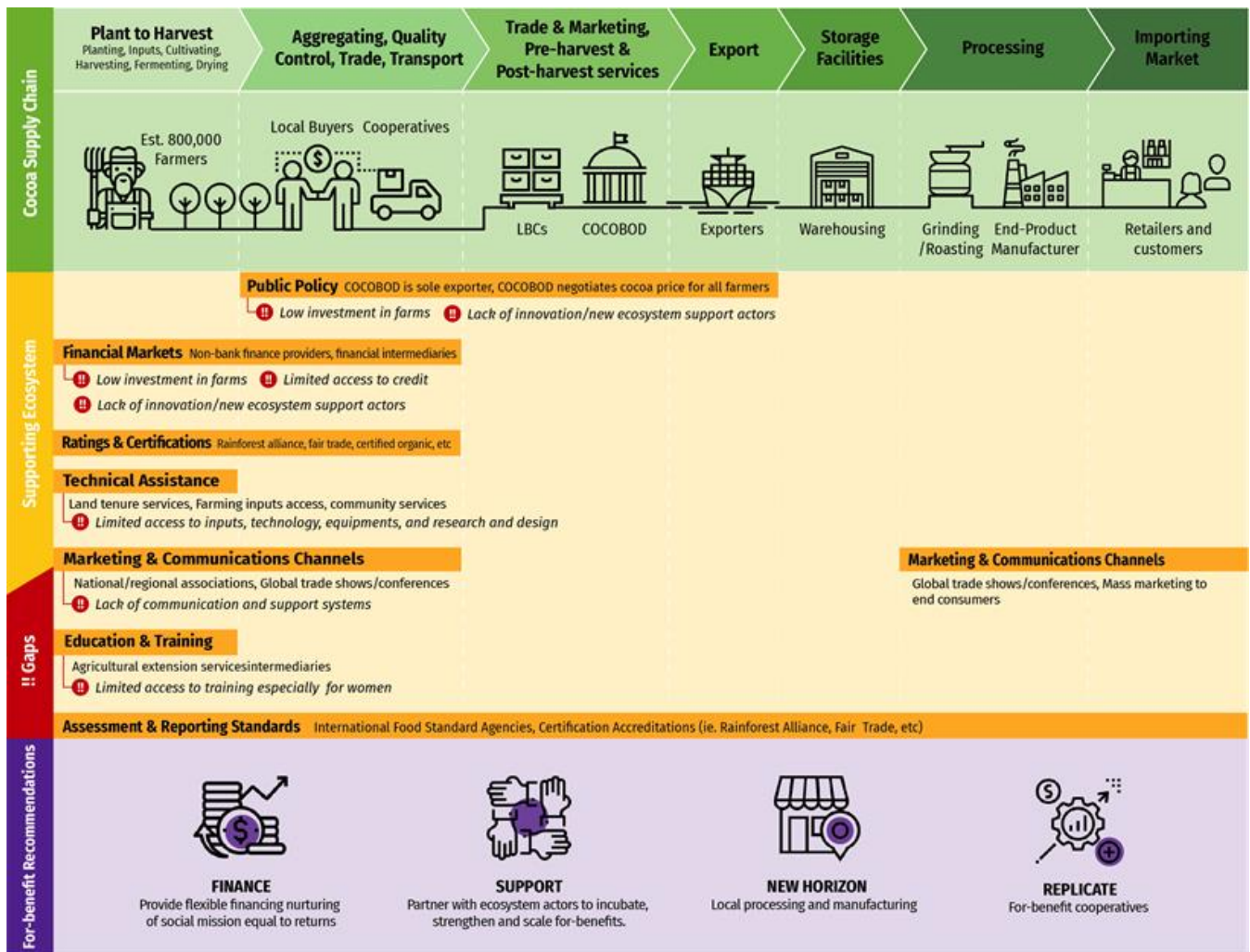
**Replicate:** For-benefit cooperatives to support farmers and stabilize supply chains.



Cooperatives have stood out as a bright spot in the current for-benefit ecosystem. One of the benefits of sourcing from cooperatives is that cooperatives can guarantee a consistent supply when a company needs it vs. working through individual farmers informally, though the latter may seem cheaper. Quality with cooperative-sourced cocoa is often better particularly in the case of those producing organic and fair trade cocoa, which also ensures farmers receive a premium and other

support for improved livelihoods. Encouraging new cooperatives with a for-benefit structure, and creating relationships with / sourcing from existing for-benefit cooperatives ultimately encourages better and more consistent application of technical practices and increased farmer livelihoods – solidifying the long-term health of cocoa supply.

Companies such as Tony’s Chocolonely have seen significant advantages by procuring from and supporting cocoa cooperatives. They receive full traceability and transparency in their supply chain through their relationships. By working closely with their cooperatives like ABOCFA (including supporting financially and via training outside of cocoa premiums), they ensure a bespoke specific product that will be of the highest quality for years to come. This is also the main mechanism by which Tony’s Chocolonely achieves its social mission and CSR goals creating impact and solidifying their value chain through one procurement mechanism.



# Conclusion

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## Next steps

To ensure the value of for-benefit procurement can be fully realized, corporate procurement functions must take the following steps:

1. Understand the broader contextual and ecosystem dynamics in the value chain to help business stakeholders have a **clear view of the value** at stake of for-benefit sourcing
2. Establish **bold leadership** to champion the need for systemic reform and take for-benefit sourcing and procurement forward
3. Review existing sustainable sourcing and procurement processes and **integrate for-benefit procurement priorities** into the mix
4. Identify a localized opportunity to **pilot and test** a for-benefit sourcing initiative
5. **Measure and report** on for-benefit procurement to help pitch the business case internally
6. **Roll out** a for-benefit procurement process (with targets and reporting mechanisms) across the business to embed the approach in the organization
7. **Collaborate with peers** and other stakeholders to share lessons learned and drive continuous improvement

Please refer to the corresponding For-Benefit Procurement How-To Guide and Cocoa Value Chain Feasibility Annex for more information.



# Appendix I: Methodology

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1. **Literature Review** – to capture existing knowledge of the cocoa sector to map the current cocoa value chain and capture some of the challenges and opportunities to support cocoa farming communities and
2. **In depth interviews** with for-benefits in the cocoa sector, accelerators supporting start-ups/for-benefits/SMEs in Ghana, govt. and international actors influencing the cocoa sector, experts in cocoa and SME landscape of Ghana to present the current state analysis of where for-benefits exist, and where opportunities for conversions and new for-benefit growth is possible and what that would require.

## For-benefits

- Stephen Ashia - General Manager - ABOCFA Co-operative Cocoa Farmers and Marketing Society Limited
- Kwabena Assan Mends - CEO - Emfed Farms and Trading Company
- Stasi Baranoff - Director of Global Operations and Sourcing - Uncommon Cocoa
- Sophi Tranchell - CEO - Divine Chocolate

## Accelerators

- Amma Lartey - Africa Regional Director - Reach for Change; co-founder of the African Social Entrepreneurship Network (ASEN) and Social Enterprise Ghana (SE Ghana)
- Ato Ulzen-Appiah - Program Officer - Kosmos Innovation Center
- Phillips Fredrick- consultant - Kosmos Innovation Center
- Ashwin Ravichandran - Director of Portfolio Support - The Meltwater Entrepreneurial School of Technology (MEST) Ghana
- Andrew Akoto - Managing Director - Growth Mosaic

## Experts

- Theophilus Nkansah - Project Director/Kumasi Team Leader - CARE Ghana
- Jean Yves Coloud – CARE Cote d'Ivoire
- Kristy Leissle - Professor and Author of book Cocoa
- Fraser Black - Coach for Entrepreneurs at Stanford SEED Program West Africa

## Govt. and International influences of the cocoa sector

- Emmanuel Opoku - Deputy CEO Operations - Cocoboard
- Isaac Ofori Debrah - Coordinator SDG Philanthropy Forum in Ghana - UNDP Ghana National
- Eric Amoako Agyare - Program Manager The Cocoa Rehabilitation and Intensification Programme - Solidaridad
- Sandra Cabrera - Advisor Sustainability Standards & Value Chains - International Trade Centre
- David Schwebel - Community Advisor - Cargill Cocoa and Chocolate

## Appendix II: Works Cited

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