

# Cocoa horizons

*Ensuring cocoa  
sustainability is at the  
heart of our business*

*by Marina K. Morari*

*Global demand for chocolate confections is on the rise, particularly in Asia, Eastern Europe and the Americas, yet cocoa production has been steadily declining for years. What's needed to stop the decline? Can cocoa production be revitalized in West Africa, still the source of about 70% of the world's total cocoa supply? Marina K. Morari, Manager Corporate Social Responsibility at Barry Callebaut, spoke with Steven Retzlaff, President Global Sourcing & Cocoa, about Barry Callebaut's cocoa sustainability strategy, how it aims to have a lasting positive impact on farming communities, and its guiding principle "farmers first."*

***With a few exceptions, the trend in cocoa production worldwide appears to be either modest gain or alarming decline.***

***At the risk of creating a run on chocolate, let's start with the real burning question. Will we run out of cocoa?***

We're not going to run out of cocoa tomorrow, but we do need to take the worldwide production figures seriously. We need to keep working to better understand what's behind the low productivity, particularly in Côte d'Ivoire, and, where we can, take the steps necessary to try to turn the situation around. Our experience tells us that while we need to continue to focus on proven activities like farmer training and strengthening farmer organizations, we also have to invest in targeted research activities and innovations that could contribute to improving farmer livelihoods.

***How is Barry Callebaut different from other companies in the sector that are faced with the same cocoa supply challenges?***

Cocoa is the defining ingredient in chocolate – not sugar or milk powder or flavors. Cocoa is what makes chocolate special. Barry Callebaut is all about cocoa and chocolate. Cocoa is our defining raw material; without it, we don't have chocolate and we don't have a business. Therefore, it's an imperative, not an option, for

us to work towards ensuring there is cocoa today and tomorrow.

***Other crops, like rubber, are in high demand and are also easier to grow than cocoa. Is cocoa farming still a viable option for smallholders?***

Cocoa is a great crop for smallholder farmers! It's also a great crop to help lift people out of poverty and improve livelihoods. The barriers to entry are low, and it's not easy to mechanize or industrialize. I believe each farmer can succeed with cocoa farming, based on the amount of effort he or she is willing to put into making farms as productive as possible.

***Farmer training is a key area of focus for Barry Callebaut's sustainability activities, yet many cocoa farmers have been growing cocoa for years. Why is training actually needed?***

Like in many rural agricultural communities, most cocoa farmers probably do learn how to grow cocoa from their parents or grandparents or other family members. The challenge we face is not necessarily telling farmers what they need to do, but convincing them to do what they know. Our approach is very closely linked with our guiding principle of putting farmers first. When cocoa farmers wake up in the morning, how do we convince them to

choose to invest their energy in cocoa farming as opposed to other activities? We'd like to encourage farmers to be proactive and to take the steps to improve the productivity of their farms. While farmers may have experience with good agricultural practices, they may not have experience dealing with some of today's most pressing problems, such as poor soil fertility, land erosion, infestations of insects or devastating crop diseases. So there's real value in bringing small groups of farmers together with experts to discuss problems and solutions. In addition, field training sessions are a good opportunity to raise awareness about the issue of child labor and the importance of education. And, basic business training can provide the skills necessary to run a farm like a profit-making enterprise, which we believe will inspire young people to consider farming as a profession.

***Even when farmers do know the best way to grow cocoa, they may have lost their motivation to do so if, for example, the economic incentive has disappeared. How are we addressing that?***

Through the Farmer Field School activities organized with cooperatives participating in our Quality Partner Program in Côte d'Ivoire, we emphasize the importance of good agricultural practices and



sound post-harvest management practices. Through the implementation of what we call Yield Enhancement Services, or YES, we are aiming to increase cocoa farm productivity from an average of 400kg/ha to 800kg/ha. And, at the same time, we are also working to restore the incentive. When farmer members deliver quality cocoa – that is, well fermented, well dried cocoa, free of foreign matter – to their QPP coop, they'll receive a higher price. Another example is Biolands in Tanzania. Biolands uses a farmer-centric business model that is based on mutual trust and respect. Farmers agree to deliver cocoa grown according to organic principles, and Biolands guarantees fair and transparent prices and accurate weighing, terms that historically could not be taken for granted in rural agricultural communities.

**Many development programs today place a big emphasis on gender issues. What role do women play in cocoa farming, and how is Barry Callebaut including women in its sustainability activities?**

Women contribute not only on the family cocoa farm, but may also have a small business activity to supplement the family income from cocoa. In addition,

women in rural agricultural communities traditionally take on most of the responsibility for ensuring the health and education of their children. We have put an increased focus on engaging women in our cocoa sustainability initiatives. I'm convinced women will be key drivers of change, and of changing attitudes, especially as new educational and training opportunities are made increasingly available.

**Barry Callebaut has launched its sixth Winning Together global initiative for employees, this one focused on Cameroon. What do you see as the value of this initiative in terms of Barry Callebaut's sustainability strategy?**

The Winning Together initiatives, like the name implies, bring employees together for a shared purpose. The fact that the initiatives are linked to CSR projects in cocoa farming communities means that all employees around the world, in all job levels and functions, have the opportunity to learn more about cocoa – how it's grown, the farmers who grow it and the work we're doing to contribute to improving livelihoods. The more our colleagues understand about cocoa, the better. It's the heart of our business. •

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## Barry Callebaut's Cocoa Sustainability Strategy

### **Empowering cocoa farmers to increase incomes and improve family livelihoods**

Contributing to ensure future supplies of cocoa is imperative because without cocoa there is no chocolate. We work with cocoa farmers to improve crop yields and quality, thereby helping to increase farmer incomes and improve family livelihoods. Farmers can earn more through higher yields and better quality; Barry Callebaut benefits by having sufficient quantities of quality cocoa grown in a responsible manner, to meet consumers' increasing demand for chocolate.



### **Quality Partner Program**

Barry Callebaut established its Quality Partner Program (QPP) for cocoa farmer cooperatives in Côte d'Ivoire in 2005. The program focuses on quality farms, quality cocoa and improved quality of life for cocoa farmers and their families. The goals of QPP are:

- To raise cocoa farmer incomes by providing better market access and training to increase yields and improve quality
- To enable cooperatives to better serve their farmer members by providing business training and financing support
- To further advance farm productivity and increase income by providing cooperatives and farmers with access to new technologies and research developments, such as improved plant materials and post-harvest processing methods

In 2010, the Quality Partner Program was launched in Cameroon, the fourth largest cocoa producer. Cocoa farmers in Cameroon face similar challenges as those in Côte d'Ivoire, and the new program is building on that experience while retaining the core focus on quality.



### **Biolands**

Biolands has been working with farmers in the Mbeya region in Tanzania for more than 10 years to produce high-quality, fully-traceable certified cocoa. More than 20,000 farmers are registered in the program. A GPS tracking application ensures that each bag of cocoa can be traced to the farmer who produced it. Biolands offers farmers training, technical advice, supplies of seedlings and pruning equipment, and has sponsored the planting of more than one million cocoa trees as well as diverse shade trees. Barry Callebaut acquired a 49% stake in Biolands in 2008, and, based on the success of the program in Tanzania, supported the expansion of Biolands' farmer-centric business model to West Africa. The new cocoa production enterprises established in Sierra Leone in 2008 and in Côte d'Ivoire in 2009 have together registered more than 50,000 farmers.

