



Prospering Farmers

Lifting cocoa farmers out of poverty



Our goal

By 2025, more than 500,000 cocoa farmers in our supply chain will have been lifted out of poverty.

Our approach

Cocoa cultivation, unlike many other food crops, is still largely dependent on manual labor in many cocoa-growing regions. Almost two-thirds of global cocoa is produced in Côte d'Ivoire and Ghana and is predominantly grown by independent small-holder farmers supplying a range of companies, sometimes via several cooperatives. According to [Agri-Logic](#) data, in Côte d'Ivoire, the average farmer age is 48 years, with an average household size of 10.6 people, or 7.5 people when excluding dependents who may or may not be relatives but are nonetheless dependent on the farm. Cocoa farmers and their families usually live in villages and are required to travel a few kilometers to work on the farm, with most of the work and labor on the farm undertaken by the farmer and their families themselves. Most farmers work on more than one field, sometimes owning one of the plots and leasing the others.

In Côte d'Ivoire, farms are around 5.12 hectares in size, with an average of 3.61 hectares primarily dedicated to cocoa. The yield sourced from, on average, 1,352 cocoa trees per hectare, is around 341 kg². This means farmers face a challenge when it comes to making a living from a

small farm. It is also very difficult to increase cocoa production without investing in labor-intensive and time-consuming pre-harvest activities and costly farm inputs.

At the same time, cocoa accounts for a significant part of these small-holder farmers' income, 70% to 85% in Côte d'Ivoire³ and two-thirds in Ghana⁴.

As we progress towards our 2025 target to have more than 500,000 farmers in our supply chain lifted out of poverty, our focus is to continue supporting farmers to modernize agriculture and cultivation methods,

ment are the key challenge that must be addressed. In addition, Barry Callebaut is working alongside customers on several premium paying programs.

We are continuously exploring ways of innovating cocoa farming practices that are climate-smart and enhance farm profitability. In 2022, for example, Barry Callebaut established the [Farm of the Future](#) in Ecuador to power cocoa farming research and innovation. This research and innovation farm represents our firm commitment to developing sustainable solutions that are impactful beyond our own operations, encompassing the wider cocoa and chocolate industry.

Besides such research, it is also critical to have an in-depth understanding of the conditions, challenges and potential of the farms and farmers we work with. At the end of fiscal year 2021/22, our unique and extensive farm mapping database covered 235,817 (+13.0%) farmers

8,000

hectares covered by programs to support farmers with subsidized soil inputs and paid labor teams

increase yields, diversify income and professionalize farming practices.

We are focusing on three main components to improve a cocoa farmer's quality yield per hectare: improved planting material, productivity packages and financial support for third-party labor services. Because we believe that low levels of farm invest-

2 According to the Agri-Logic report "FFB Côte d'Ivoire company report Barry Callebaut", on the state of the cocoa sector in Côte d'Ivoire analyzing data collected between March 2020 and February 2021.

3 Pluess, J. (November 2018), Children's Rights in the Cocoa-Growing Communities of Côte d'Ivoire, Abidjan: UNICEF Côte d'Ivoire. Available from <https://sites.unicef.org/csr/css/synthesis-report-children-rights-cocoa-communities-en.pdf> (accessed August 5, 2021).

4 Cocoa Farmers in Ghana experience poverty and economic vulnerability (2017). Available from <https://cocoainitiative.org/> (accessed August 2, 2021).

with full data. This means we have captured their socioeconomic and household data through census interviews and mapped the geographical location and the size of their farms. Currently, we have mapped 399,413 cocoa farm plots, covering 79.7% of our direct supply chain⁵ in 2021/22. Our focus on mapping and data collection applies to our indirect supply chain too. As such, in 2021/22 we launched projects to integrate the data of several indirect supply chain partners during the coming fiscal year.

The gathering of farmer data also helps us to gain a more detailed picture of farmer profiles and a better understanding of farmer needs for our Farm Services business. Our individualized Farm Business Plans (FBPs) constitute a multi-year model of the potential income a specific farm can generate if managed optimally. In one-to-one consultations, our Farm Services specialists and the farmer evaluate the farm landscape – soil analysis, age of cocoa trees, presence of alternative crops and livestock – and categorize the agricultural skills the farmer already possesses. Such a tailored approach is unique and is only made possible by the over 1,600 dedicated people we have working on the ground in cocoa-producing countries. More than 120,000 (+29.8%) farmers adopted FBPs in 2021/22, and a total of 171,710 (+36.7%) cocoa farmers in Côte d'Ivoire, Ghana, Cameroon, Brazil, Ecuador and Indonesia benefited from our Farm Services support this fiscal year.

In 2021/22, we significantly increased the number of cocoa seedlings distributed to 3.91 million (+46.3%). We also invested in a large nursery production facility in Brazil through which we plan to grow and distribute 1.2 million cocoa seedlings in the coming fiscal year. Distributing more robust and higher-yield seedling varieties helps to rejuvenate cocoa farms. Cocoa farms also thrive best in a diverse ecosystem that

includes a variety of tree species. In 2021/22, we continued scaling up the capacity of our shade trees nursery production facilities in Côte d'Ivoire, Ghana, Cameroon, Brazil, Ecuador, and Indonesia. This has resulted in the distribution of over 5 million (+165%) non-cocoa trees, helping to diversify farmer income while providing beneficial shade for cocoa seedlings, removing CO₂ and improving soil quality and biodiversity on cocoa farms.

In 2021/22, we also further increased the number of farmers receiving productivity packages to 57,926 (+17.4%). Given the increased costs for fertilizers generated by the post-COVID recovery and the war in Ukraine, we focused on subsidizing fertilizers for farmers in Ghana and Côte d'Ivoire. Partly funded by Cocoa Horizons customers, we spent a total of over CHF 2 million on subsidies to keep prices at a more reasonable level.

To realize the full benefits of fertilizer, a second critical input is needed – correct pruning techniques. The combination of soil inputs and adequate pruning enables cocoa trees to produce more fruit, which can lead to an increase in quality and yield. In 2021/22, in order to help farmers perform the time-consuming and labor-intensive work of pruning, Barry Callebaut together with a number of global customers such as Mondelez International, Nestlé, Ben & Jerry's, and customers of the Cocoa Horizons Foundation launched **a program to support farmers in Côte d'Ivoire and Ghana by offering them access to external labor resources**. The program established professional service providers as it recruited and trained local community members and cocoa farmers to form labor teams, providing them with the necessary equipment and giving them access to an additional source of income. The paid labor teams focused on the tasks of pruning and weeding, and the correct application of fertilizers and pesticides. In exchange for the pre-harvest labor support provided, the farmers

committed themselves to purchasing productivity packages with subsidized fertilizers. In 2021/22, this covered 8,107 hectares, 5,620 in Côte d'Ivoire and 2,490 in Ghana.

A historical approach to supporting cocoa farmers has focused on demonstration plots and farmer field schools. Through our close collaboration with farmers, we acknowledge that there is not a lack of farming knowledge. The challenges farmers face are related to structural and agricultural issues associated with the cost of production. Therefore, we shifted the focus of our Farm Services business from farmer training to more active support of their pre-harvest activities by providing them with external labor teams and subsidized soil inputs. This initiative can be traced to a trial project with one of our largest global customers under our Farm Services business, which demonstrated that increased investment in pre-harvest labor, particularly for tree pruning, as well as higher investment in the right mix and amount of soil inputs, can improve cocoa yields and increase farmer income. However, one of the challenges cocoa farmers face is the financial cost of pre-harvest work. In West Africa, the average farmer spends 70% of their time doing post-harvest activities and only 30% doing pre-harvest activities. Cocoa farming is also primarily a family-operated business, and the cost of additional labor for pruning as well as soil inputs is often out of reach for farmers. In the coming financial year, we plan to significantly scale our new approach, aiming to offer additional support via external labor and access to inputs such as fertilizers to 20,000 more farmers in Ghana and Côte d'Ivoire as well as Cameroon.

⁵ In line with our core principle of partnering with other stakeholders to create tangible impact on the ground and make sustainable chocolate the norm, this KPI extends beyond our direct supply chain, covering more than 12,000 farmers from our indirect supply.

It is clear that the implementation and impact of our Farm Services offerings could be further enhanced by sector-wide stakeholder collaboration. This should include the creation of mainstream banking opportunities for farmers and the development of integrated agricultural policies that align national production targets with global demand. These policies should also encourage the production of other essential agricultural goods that promote income diversification and alternative livelihoods for farmers.

Our measured impact

To measure our progress towards our target to have more than 500,000 cocoa farmers lifted out of poverty by 2025, we are using as a starting point the International Poverty Line definition of extreme poverty, which is USD 1.90/day adjusted for differences in purchasing power and cost of living⁶. Our activities are designed to help farmers in Côte d'Ivoire, Ghana, Cameroon, Indonesia and Brazil move from subsistence to living incomes thanks to increased productivity and income diversification.

In 2021/22, measured against the International Poverty Line threshold of USD 1.90/day, we estimate 214,124 cocoa farmers in our supply chain are no longer in poverty, which is flat compared to prior year (-0.2%). This can partly be attributed to the government set farm gate price decrease in 2021/22 due to the impact of overproduction during COVID-19. Despite our subsidizing, the cost of fertilizers and external labor for many farmers, the overall cost of production has increased, also negatively impacting farmer income.

Key Metric

214,124

Number of cocoa farmers in our supply chain out of poverty, measured against the World Bank's USD 1.90/day threshold for extreme poverty

Enabling KPIs

171,710

Number of cocoa farmers who have received Farm Services activities

120,107

Farmers adopted an individualized Farm Business Plan

Our commitment to the UN SDGs



⁶ World Bank Data Hub. Available from <https://datahelpdesk.worldbank.org/> (accessed September 27, 2021).