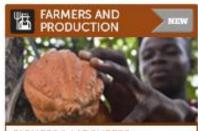


## Koninklijk Instituut voor de Tropen





#### FARMERS & LABOURERS

On a cocoa farm, you can find other people farming next to the farmers and his or her family ... read further

MORE IN FARMERS AND PROCUCTION >



The International Cocoa Organization (ICCO) is a global organization, composed of both cocoa producing and cocoa consuming member countries.





#### SOCIAL POLICIES

Social policies and their implementation contribute to a healthy cocoa sector and to rural development ... read further

MORE IN MARKETS AND POLICIES #



When cocoa beans are bought and bulked, they are ready for transport and storage ... read further

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At The Royal Tropical Institute (KIT). KIT is an independent centre of knowledge and expertise in the areas of international and ... Read more





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# Sustainable cocoa: a matter of taste?

**KIT, Sustainable Economic Development & Gender** 

Anna Laven & Susanne van der Kooij

**Chocoa Conference** 28<sup>th</sup> March 2014

### Chocoa Festival – March 2013



Fine or flavour' and 'single origin' cocoa as instrument for promoting sustainable cocoa

#### *Yes, but how?*

- 1. Is fine flavour chocolate sustainable?
- 2. Has the fine flavour market the potential to boost the volume of sustainable cocoa and chocolate?
- 3. What can the mainstream market learn from the fine flavour market regarding sustainability?

# What is fine flavour cocoa and chocolate

#### Fine flavour cocoa

A specific origin and grade of cocoa beans of a unique flavour or colour, sought after by makers of high quality, specialty chocolate.

#### Fine flavour chocolate (products)

A high quality of cocoa beans and chocolate, with a specific taste for both of which a higher price is paid. It is often combined with terms such as 'high quality', 'single origin' and/or 'bean to bar' chocolate. The combination of cocoa genetics, cultivation methods, environmental conditions, postharvest practices and processing techniques are all contributing factors.

#### Market shares

**Uncertified:** bulk, no guarantee for standards, producer price, 3% of real costs of chocolate bar go to farmer.

**Certified**: guarantee for standards. No guarantee for high quality/taste. Farmers receive: producer price + percentage of the certification premium (average 10% on top of the conventional price).

Fine flavour: known for high quality standards and taste. But not clear on other criteria being met.

The price paid to farmers is significantly higher if fine flavour coooa is processed in fine flavour bar.

FF cocoa 5-7% Certified Cocoa 12%

Uncertified cocoa 82-85%

### Learning from practice

- Case-studies 4 bean to bar companies:
  - Business approach?
  - Value chain?
  - Where is quality& taste added?
  - How is value distributed?
  - Is the bar sustainable?









Comparative analysis and recommendations

# Marou – a chocolate that is true to its beans

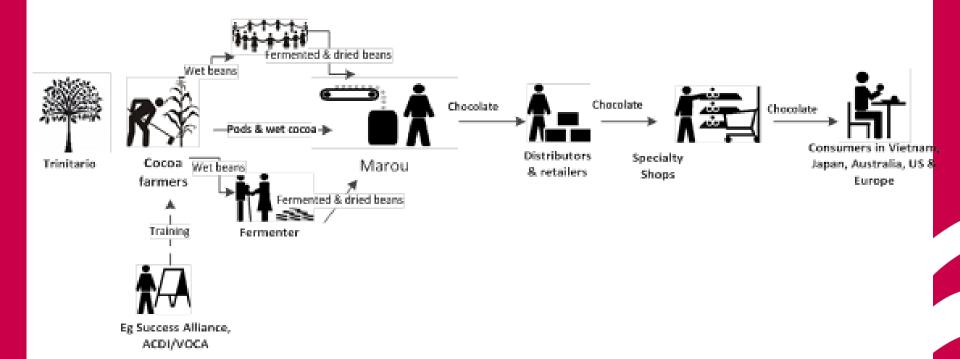
- Founded in 2011 by Samuel Maruta and Vincent Mourou.
- Marou is set up as a company, producing products for a high end market segment.
- Marou is first artisan chocolate maker based in Vietnam. They built a chocolate factory located in the outskirts of Ho Chi Min City (Saigon).
- This year, they won three awards from the Academy of Chocolate.
- Trinitario is only cocoa variety in Vietnam. Trinitario is normally used as fine flavour.
- Vietnamese cocoa beans are not known for their high quality due to poor farm-management and inadequate post harvest techniques.

# Some facts around cocoa in Vietnam

Cocoa in	Fine flavour –	Conventional
Vietnam	Marou	
(2013)		
Total	25 tonnes from 5	5.500 tonnes -
production	different provinces	0,1% world market
Average	1500 kg/ha/y	1500 kg/ha/y
productivity		
<b>Main variety</b>	Trinitario	Trinitario
Model	Farmers +	Farmers +
	fermenters	fermenters
Level of	Very low –	Very low – cultural
organisation	community level	history



#### The Value Chain



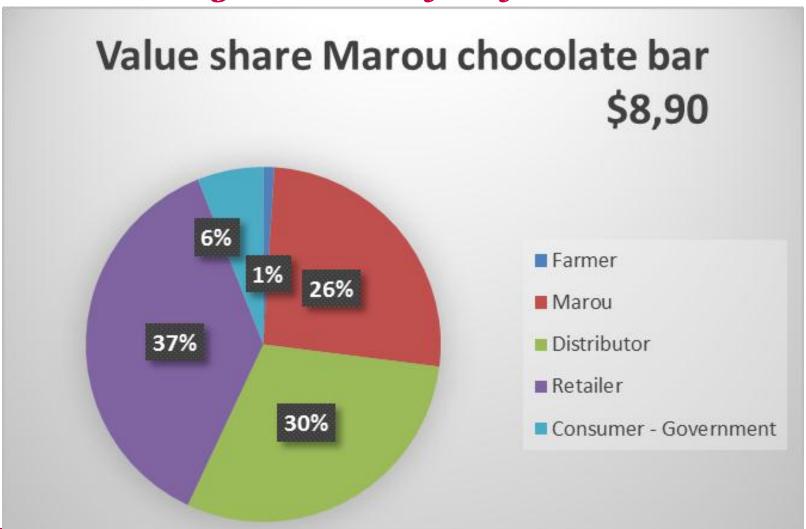
# Quality

- On-farm practices
- Post-harvest handling
- Processing chocolate

Quality control at each step in the chain!

Most remarkable is that the main way to guarantee quality is to move closer to the farmer and take over farmers' tasks.

# Marou; a good deal for farmers?



#### Is Marou sustainable?

- They pay a higher price for beans and an attractive price for cocoa pods
- The cocoa is traceable
- They have strict quality control.
- Farmers can always sell high quality cocoa to Marou (warehouse)
- They invest in direct and strong relationships
- The farmers they work with are already trained and are able and motivated to invest in quality
- On the long-term Marou wants to invest in reforestation
- Organic certification is difficult due to scale and low level of organization

#### Three other cases...

What can we learn from the cases

- 1. Is fine flavour chocolate sustainable?
- 2. Has the fine flavour market the potential to boost the volume of sustainable cocoa and chocolate?
- 3. What can the mainstream market learn from the fine flavour market regarding sustainability?

### Is fine flavour sustainable?

#### People

(Organized) cocoa community with good living conditions, getting training/inputs/services and good relation buyer

Sustainable

FF cocoo

#### Planet

Agroforestry system with a high level of biodiversity and good agriculutral practices of farmer

#### Profit

Premium price for cocoa + divers market outlet stable and higher income

# Can it give a boost to volumes of sustainable cocoa?

- Recognize fine flavour as sustainable cocoa
- Investments in fine flavour are growing (also in more maintream countries)
- Challenge is that not all fine flavour cocoa ends up in fine flavour chocolate
- The small-scale of fine flavour is also its strength
- Passionate people, learn by doing and innovate
- Take sustainability to a higher level

### Taste as catalyst for sustainability

- Fine flavour brings taste and quality back in the sustainability debate
- High rewards!
- Farmers are more involved in the value chain
- Longer-term perspective
- Eg Amma Brazil: Cabruca traditional agroforestry → a more integrated way of production and diversified market
- Value chain integration to control quality
- Market differentiation is good for the farmers!

#### Next steps

- Finish the study and put it in the public domain on <u>www.cocoaconnect.org</u>.
- Present the study during the World Cocoa Conference in 2014
- Continue looking for ways how fine flavour and mainstream can strengthen each other
- Continue discussions and learning, also from other sectors, like coffee and palm oil.