

Case Study: Fair Trade Cocoa

Investing in the social and economic wellbeing of farmers to sustain cocoa production.

The challenge

Rising concern over the future of cocoa production made Cadbury realise it knew very little about the socio-economic situation of farmers. The company asked our research team to investigate its cocoa supply chain and find out more about the challenges facing cocoa producers. Cadbury wanted to investigate whether small scale farmers have the socio-economic capacity to sustain and expand their output of quality cocoa.

The impact

Research into the social and economic sustainability of cocoa production commissioned by Cadbury led it to switch its supply to fair trade cocoa. The research triggered major changes within Cadbury:

- **Launch of the Cadbury Cocoa Partnership (CCP)**, a £45 million initiative to support cocoa growers over the next 10 years
- **Fairtrade certification** for its main chocolate lines
- **£3 million payments in annual social premiums** to a Fairtrade-certified cooperative

In 2011 Cadbury was taken over by Kraft/Mondelēz which has continued with this Fairtrade commitment:

- **\$400 million 'Cocoa Life'** programme launched in 2012 to build on and extend the work of CCP and support a further 200,000 farmers and 1 million members of the farming community

Cadbury has also obtained commercial benefits from its Fairtrade and sustainability programmes. It estimates cocoa yield in Ghana has increased by 20% while household incomes have risen. Cadbury's pioneering support for the principles of Fairtrade has paved the way for other confectionary companies. Nestlé and Mars now both run programmes similar to CCP. Together the three companies have contributed to an eight-fold increase in sales of Fairtrade chocolate since 2008.



The industry was aware that there were problems but our research, which was the first publicly available, was definitely part of the wake-up call. Cadbury's subsequent actions then influenced the industry and brought about further indirect changes.



*Professor Stephanie Barrientos
Institute of Development Policy
and Management.*



Mondelēz has invested US\$400 million to extend the work of the Cadbury Cocoa Partnership to 200,000 cocoa farmers and 1 million people by 2022

www.cadbury.co.uk/the-story/cadbury-cocoa-partnership-launched



I think now in the chocolate and cocoa industry, because of the concern that our report helped to highlight, many other companies are doing similar studies.



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Our research

Gathering systematic evidence from 100 key informants, 750 farmers, 200 workers and stakeholders in Ghana, Dominican Republic and India, our research highlighted the poverty, gender inequality and poor social provisions made for cocoa farmers and workers. We showed that as a result of these conditions, productivity levels were low; young people were leaving farms for employment elsewhere, putting future production at risk.

The research was original in three ways:

- First time that a chocolate company gave researchers full access to their commercial value chain
- Research in three countries facilitated comparison across diverse locations
- Identification of the drivers behind corporate initiatives to address socio-economic barriers to sustainable cocoa production

KEY PEOPLE:

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Further information:

Mondelēz International - Cocoa Life Programme
www.cocoalife.org

www.bwpi.manchester.ac.uk/research/researchprogrammes/workingoutofpoverty/businessfordev/chocolatefutures/