



# the World Cocoa Foundation

**Strategies and Activities in Asia towards a  
Thriving and Sustainable Cocoa Industry**

**Peter van Grinsven & Josef Toledano - Mars, Incorporated  
World Cocoa Foundation bi-annual meeting  
Amsterdam, 23rd May, 2007**





# World Cocoa Foundation: the Southeast Asia Strategy



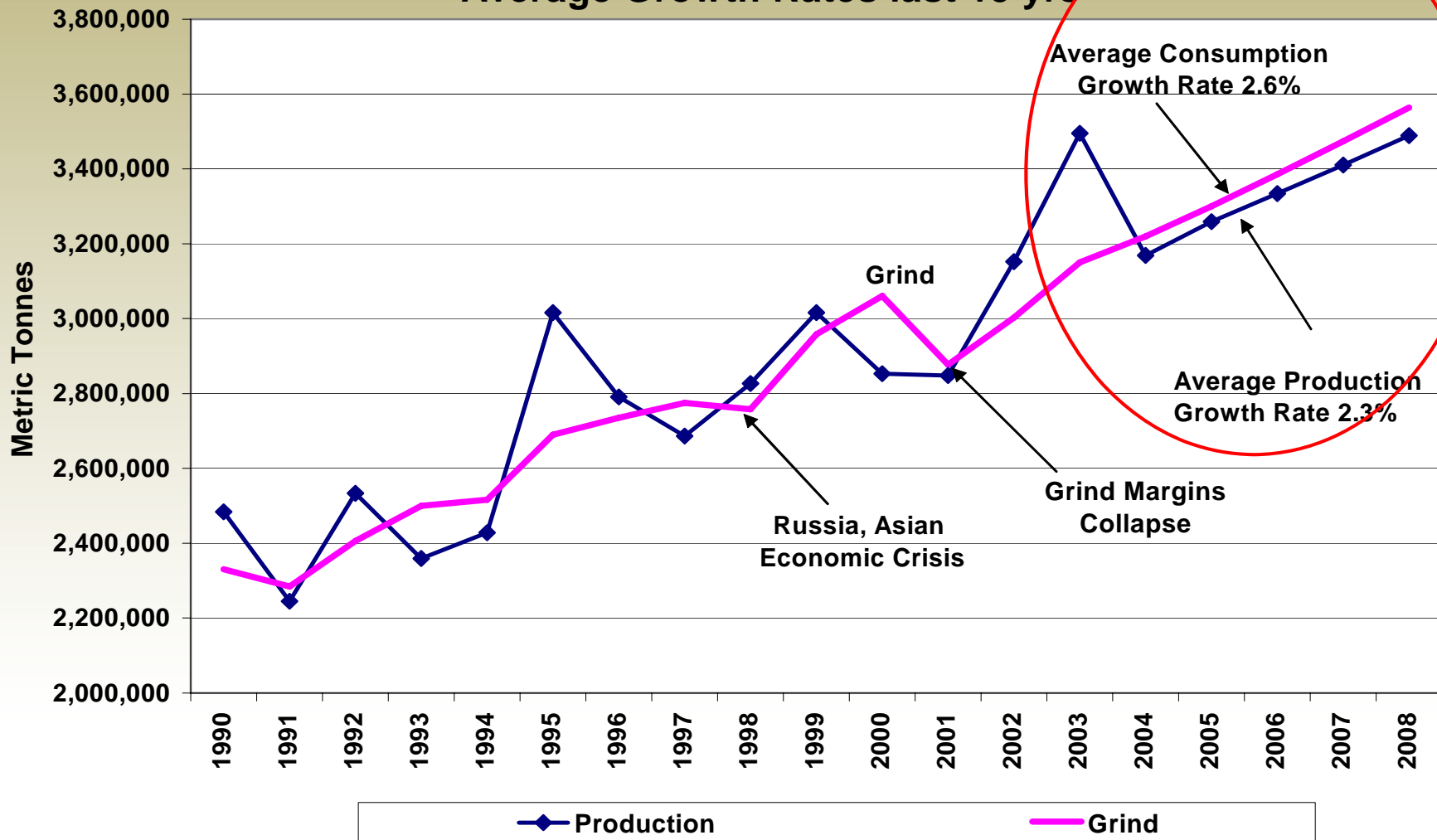
## the contents of our presentation:

- Where is the Asian Cocoa Industry today?
  - Challenges, Opportunities, Position in the world market?
- What is needed to make the Asian cocoa industry more competitive and sustainable?
- WCF leadership role:
  - Activities, Collaborations, Strategy

# Global Cocoa Industry: Future Needs

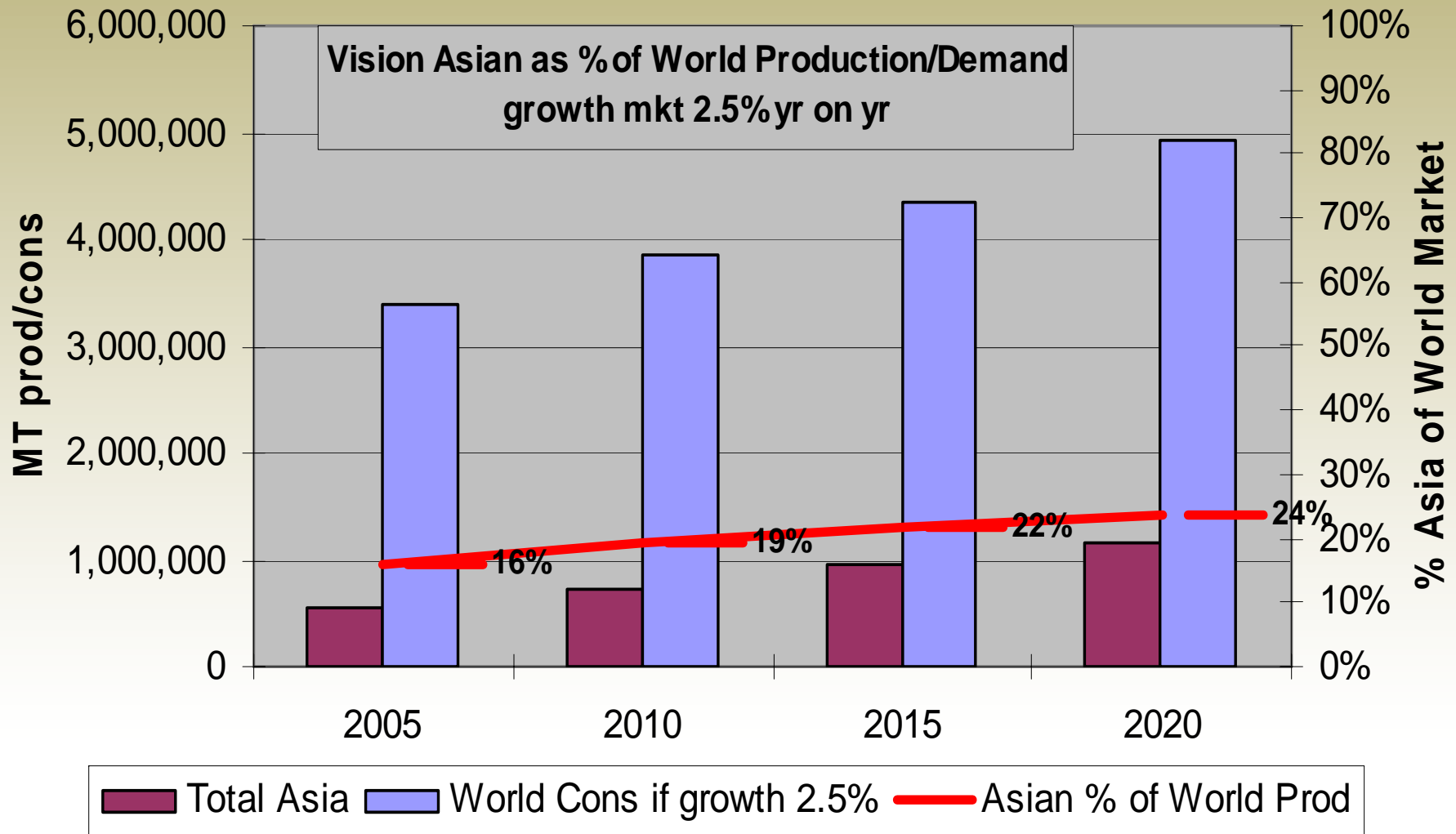


### Global Cocoa Production and Grind Average Growth Rates last 15 yrs





# Asian Cocoa & Cocoa Products as % of World Market





# Cocoa in Asia - Comparative Advantage by Country



Asian Cocoa Industry - Competitiveness	Production 2005 (mt)	Production 2020 (mt) naïve forecast	'Speciality'	Competitiveness
Indonesia	560,000	900,000	good quality 'bulk' beans and products	efficient, large supplier of beans and products to World Market
PNG	55,000	100,000	unique flavour beans	unique flavour beans
Philippines			Well fermented beans from	Supply good quality beans to processors
Malaysia	30,000	50,000	Processing industry	Industry
Vietnam	3,000	50,000	supply of good quality beans, tailor-made?	tailor made quality of beans, efficiency through high yields
World Market needs	3,400,000	5,000,000		
Asian % of WM	16%	24%		
Other regions' growth		650,000		

**But there is a Common Problem..**



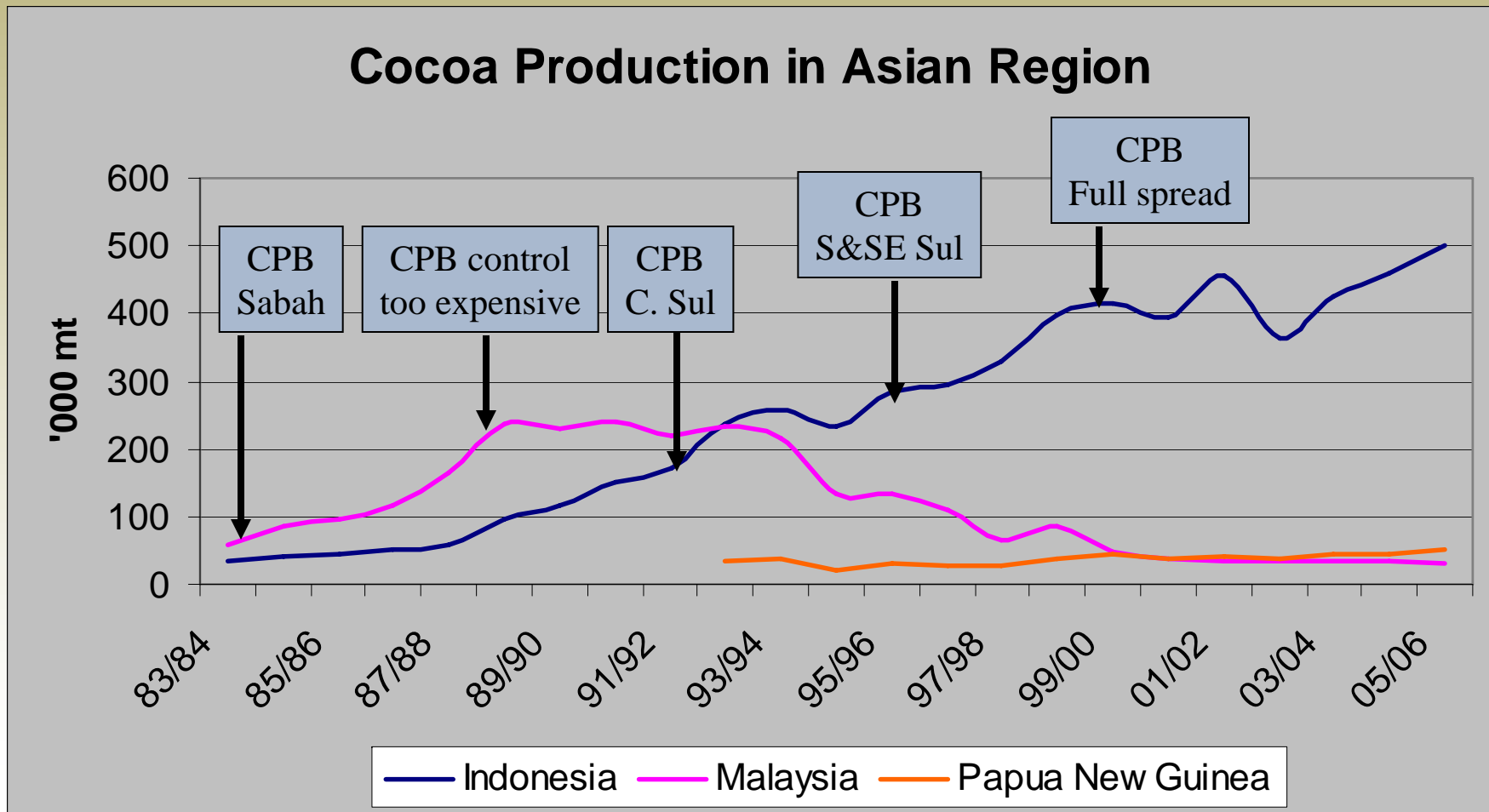
# Effects of Cocoa Pod Borer Infestation on Bean Quality



- **PRODUCTION:** Regional Loss in production of 550 mio US\$/yr
- **QUALITY:** Regional Loss in market discount of 100 mio US\$/yr
  - Cocoa Processors have difficulty working with poor quality beans



# Cocoa Pod Borer impact in Asian countries

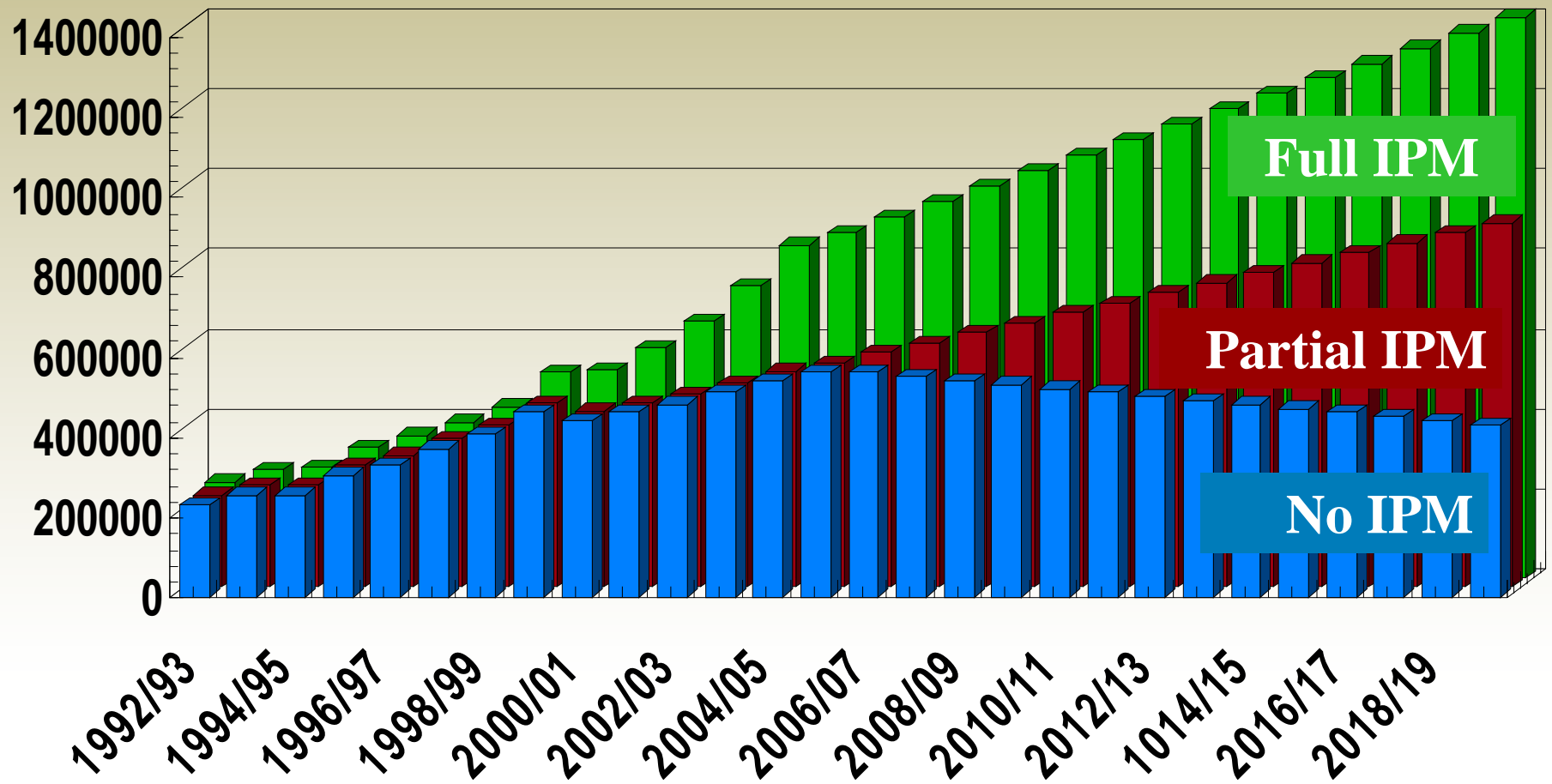




# Production Scenario's at various Levels of CPB Control



Indonesia





# Technical Solutions to control Cocoa Pod Borer



- **Best Practice**
  - Good Agricultural Practices (i.e. PsPSP)
  - With Additional interventions i.e. pod sleeving, rational use of pesticides etc.
- **More research needed on:**
  - CPB control, Breeding, Farm economics, Integrated Pest Management Systems, Adapted GAP
- **Innovative methodologies to increase adoption rates of interventions under evaluation**

(see presentation Jessica Perdeu this afternoon)



# a Vibrant Cocoa Industry & Investments: Case of Indonesia



1996: Processing industry fragmented and small, with 100,000 mt installed capacity

2006: the big three (*Davomas, General Foods & Bumi Tangerang*) together now have stated installed capacity of 200,000 mt... and Indonesia has total installed capacity at 350,000 mt

- economy of scale, professionalism...

## Issues?

- But installed capacity (350 kmt) vs actual grind (150 kmt) does not match - is there a (supply) problem?
- Is the import of beans from West Africa an Issue?
  - Market driven processing for the future?
  - 30,000 mt import of West African beans replacement?



# Key Messages so far...

- There is a role for the Asian cocoa production and manufacturing industry in the global cocoa industry
- And within the Asian Industry, there are individual comparative and competitive advantages
- The Asian Industry suffers a common problem - Cocoa Pod Borer - that may halt future development
- There are workable but incomplete solutions to control Cocoa Pod Borer

**There are opportunities for Regional Collaboration to work on key Challenges!**

# Partners in a Sustainable Cocoa Value Chain





# WCF Activities in Asia

- **Future of cocoa production and processing in Asia depends on availability of both volume and quality of raw materials**
  - What can WCF do to find a solution?
    - The same activities in each country?
    - Partial activities in each country without co-ordination?
  - In-country Value Chain Activities
    - **Philippines**
    - **Vietnam**
  - Regional, Thematic Activities
    - **Breeding**
    - **IPM**



# Vietnam - in country activities supported by WCF



- **WCF & Nong Lam University (funding: WCF)**
  - introduction of germplasm, breeding
  - demonstration plots on agro-eco systems
  - conduct research & technology transfer
- **SUCCESS Alliance: WCF & Mars Inc. (funding (funding: USDA, USAID) and implemented by ACDI/VOCA)**
  - Training on cocoa production through FFS
  - Seedling distribution, Nursery





# Philippines - in country activities supported by WCF



- **SUCCESS Alliance II (2006/09):**
  - WCF (advocacy & technical support)
  - funding USAID, USDA
  - Implementation: ACDI/VOCA, Cocoa Phil
- **Activities**
  - Farmer training through FFS
  - Nurseries and budwood production
  - Post Harvest practices and Quality enhancement





# Breeding: an Example of Regional Collaboration



- **2004: Asian Regional Cocoa Breeding group Established**
  - Countries: Indonesia, PNG, Malaysia, Philippines, India, Vietnam
  - Participating Institutes: NARS, Universities, Boards, and supporting institutes
- **Focus: breeding for high yield in the presence of Cocoa Pod Borer**
  - Approach: every country brings its own unique expertise and appropriate germ-plasm
  - Speeding up process of breeding
  - Building capacity of NARS
- **Supporting organisations:**
  - Funding, linkages to CacaoNet, collections, quarantine, IT, etc.
  - World Cocoa Foundation plays key-role in facilitation

# Some Regional Competitive Advantages

Grafting



Farmer  
Nursery



Communal Grafting



Municipal Nursery



# From Pilot activities to National, Sector-wide Support



## Nationwide Investment

**Appropriate & Successful Pilots**  
Adopted and implemented by  
governments, large donors etc.  
i.e. AECF, LNV

**WCF and partners**  
i.e. SUCCESS, Nong Lam,  
AMARTA

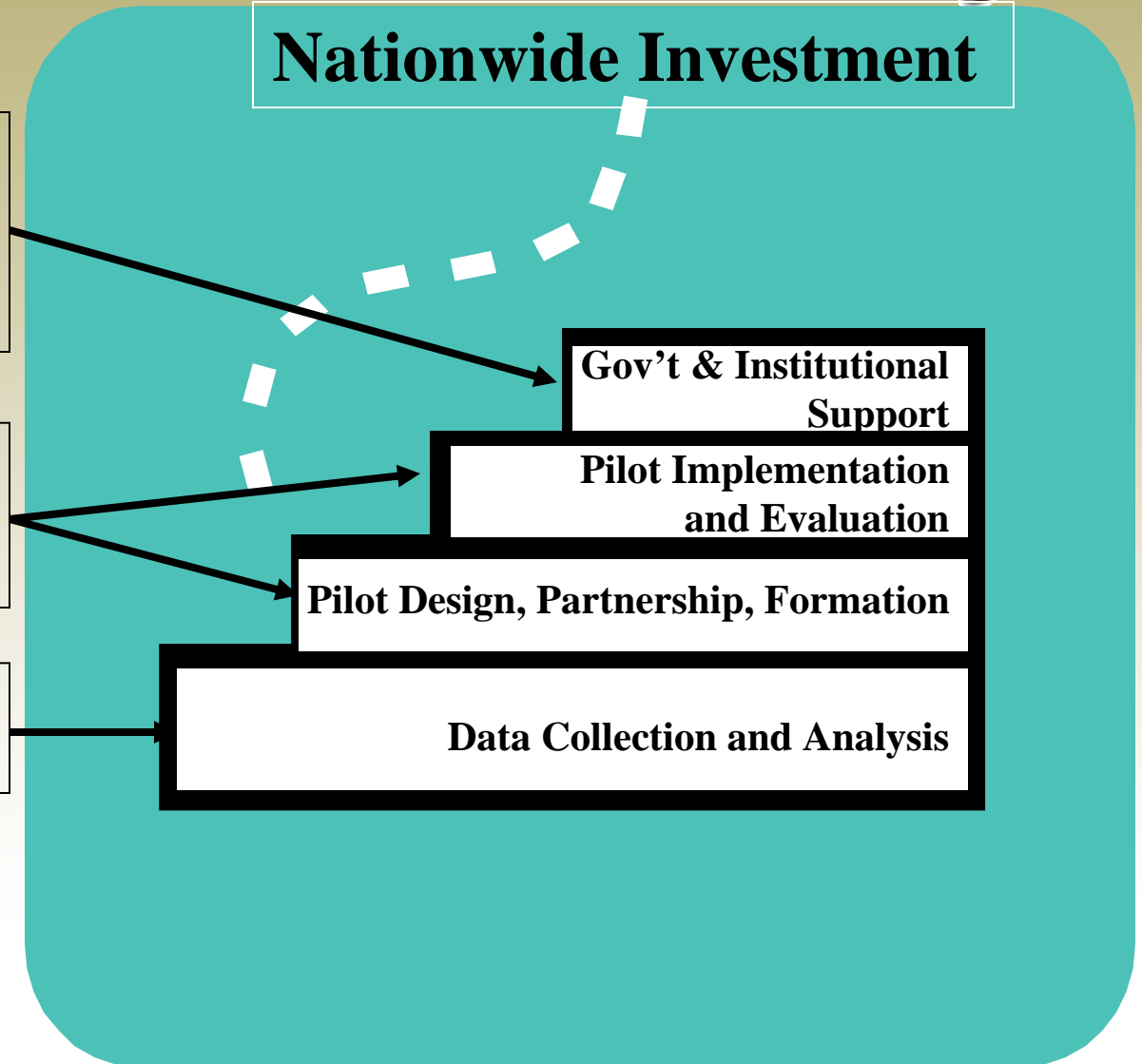
**Industry Sources and  
Economic Sector Work**

**Gov't & Institutional  
Support**

**Pilot Implementation  
and Evaluation**

**Pilot Design, Partnership, Formation**

**Data Collection and Analysis**





# **World Bank support : a Cocoa Public Private Partnership**



## **Agriculture Exports Competitiveness Project a 24 million \$ project**

- **Productivity improvement in Cocoa under Ministry of Agriculture**
- **Value chain improvements such as trade facilitation, standards development, export protocols for agriculture exports under Ministry of Trade**
- **Access to finance for lead farmers in industries with export potential, including warehouse receipting**
  
- **AACP is an in-country, Value-Chain National wide program**



# World Cocoa Foundation the Southeast Asia Strategy



- **FROM** National Partnerships and Networks
  - **Value Chain or Sector Driven approach**
    - Build support for cocoa development :Government, Donors , boards and trade organisations, research and extension services
- **To** Regional Partnerships and Networks
  - **Thematic Orientation**
    - IPM, Breeding,Asian Cocoa Club
    - MCB and ASKINDO international conferences



# Concluding Remarks



- **There are opportunities for Regional Collaboration to work on key Challenges!**
- **It is more efficient and cost-effective to find solutions to common problems in collaboration**
- **Build on strengths of individual (national) organisations, combine areas of strengths in the region.**
  - **The breeding platform, with a facilitating role of WCF, shows it can be done!**
- **We need a similar approach in IPM !**
- **Both Institutional and Technical aspects should be addressed**