Greener chocolate: Why building a more resilient cocoa industry is crucial for Cadbury

All UK Cadbury products will carry the Cocoa Life sustainability mark by the end of 2018 as part of owner Mondelez International's efforts to boost supply chain resilience.

Over the coming months, chocolate lovers may notice a change to their beloved Cadbury Freddos. No, don’t panic, the small frog-emblazoned treat has not been given another retail price hike - a regular source of ire among consumers nostalgic for their childhoods - but a new mark on the label will for the first time denote that Freddos are produced through the brand’s Cocoa Life sustainability programme.

The move could look to some like a mere marketing ploy, but its planned rollout across all Cadbury chocolate packaging by the end of 2018 has been years in the making, and is just the latest step in ongoing efforts by parent company Mondelez International to improve its environmental footprint and the future resilience of the cocoa industry.
In the early 1990s, few consumers knew where their chocolate came from. Meanwhile, cocoa farmers in developing countries in West Africa and Latin America were often paid very little for their efforts, which in turn led to a poor farming practices, increased fertiliser use, child labour and poor living conditions. Many of these problems persist widely across the industry.

Consumer and business attitudes have since moved on, and recognising the future of its industry was at stake, Cadbury partnered with Fairtrade to establish its sustainability programme in 2008, later rebranded as Cocoa Life after the company was snapped by US food giant Kraft.

The Fairtrade logo was first emblazoned on Dairy Milk bars in 2009, but the company has since gone further. After spinning out its snacks empire as Mondelez International in 2012, it announced a $400m, 10-year investment in the Cocoa Life programme across its six cocoa producing markets, with the eventual aim of ensuring all of its chocolate is 100 per cent sustainably produced.

"From our perspective, the business need for the Cocoa Life programme couldn't be more obvious," Mondelez's external communications manager for Europe, Steve Mann, tells BusinessGreen. "Without cocoa there is no chocolate, and without a thriving farming industry, there is not going to be cocoa. And with chocolate being a major part of what this company sells, it is important that this is addressed."

With the impacts of climate change - including droughts, floods and habitat destruction - set to hit hardest developing countries that supply much of the world's food, drink and other commodities, it is an issue businesses across more and more global industries are recognising the need to swiftly address.
"There are a lot of challenges in the industry standing in the way of a more profitable and secure future supply chain," adds Mann, highlighting in particular climate change resilience, logistics and understanding within farming communities over the impact of their practices on the environment. "But if we don't commit to doing something and throw our resources behind solving the issues as best we can, then from a business perspective we are going to face much bigger challenges down the line.

"So the major challenge is: where do you start?" he continues. "As a company, the big thing you need to do is really commit yourself, investment-wise, to improving your supply chain. Because it's challenging, it takes time, and there's really no way around that."

As one of the world's biggest cocoa producers, Ghana alone will see $100m of investment from Mondelēz up to 2022 through Cocoa Life, and five years of evidence on the ground suggests the initiative is already bearing fruit for the country's farmers. But it has certainly not been an easy ride, and only halfway through the initial investment period there is much work ahead to ensure lasting improvements in the cocoa supply chain.

The Cocoa Life programme is based upon five pillars - farming, livelihoods, community, youth and environment - and while only one of these explicitly references greener issues, all are closely and necessarily intertwined, which makes tackling environmental problems very complex indeed.

"A widespread problem needs a widespread solution," says Mann. "You can't address climate change specifically without giving farmers the training to improve their farming practices, without giving their families better access to health and education, without empowering women and inspiring the next generation of cocoa farmers; or without ensuring farms are profitable enough to invest in the future. If farmers are thinking about day-to-day issues, they aren't worried about what happens to their farm 20 years from now."

As a result, money has not just been invested in training farmers in how to improve the yield and resilience of their cocoa farms, but also in transport and infrastructure to boost school and medical access, and programmes to diversify income so that families and communities aren't reliant all-year-round on the seasonal cocoa industry.
"It is an industry where you've got a lot of little farms - there aren't any major players mass-producing cocoa - and you need to work with everyone as partners, rather than dictating to them," says Mann. "It is therefore hugely important that we empower the farmers as well as the community themselves. Ultimately, the stronger and more empowered they are, the better it is for everyone, because it builds a strong and robust supply chain."

The company has a target of reaching 200,000 of its farmers in Ghana through the Cocoa Life scheme by 2022, and is so far at around 47,000. Ultimately, Mondelez hopes its entire global chocolate empire - and the wider industry - will one day be 100 per cent sustainably sourced.

But it is a complicated puzzle to put together, and with Ghana's cocoa industry closely controlled by the government - which provides and distributes all seeds for cocoa plants to farmers - Mondelez has had to work closely with several state departments, such as the Ghana Cocoa Board, the Non-Formal Education Division and the National Board for Small-Scale Industries to manage the programme.

And, further highlighting the vast scale of social and logistical problems that need addressing to build a greener and more resilient supply chain, the company has also partnered with eight NGOs in Ghana, all of which have different areas of expertise. These include aid and development organisation World Vision Ghana; women's advocacy group ABANTU for Development; humanitarian agency Care International; and children's charities Right to Play and Child Rights International, among others.

Clearly, getting all these disparate groups to work closely together towards the same objective has been no mean feat, requiring a great deal of patience and flexibility from all parties. But despite inevitable early teething problems, monitoring and evaluation structures are now firmly in place.

Establishing the Cocoa Life programme within a cocoa farming community takes four years, with the first stage focused on good agri-practice (GAP) training for farmers, followed thereafter by distribution of farming materials and then the development of physical infrastructure in the community. By the end of that initial timeframe, the programme should be firmly embedded and the community beginning to reap the rewards of higher yields and income, according to Mondelez.
To ensure that happens and share best practice at a management level, the Mondelez Ghana team holds quarterly review meetings with NGO partners delivering the programme, as well as carrying out regular field monitoring and supervision of community work.

Then, with each NGO having to produce a progress report twice a year, all the work is independently assessed by third-party fair trade certification body FLOCERT to verify cocoa volumes, commercial transactions and premium payments made to farmers through the Cocoa Life programme.

Altogether, it is a huge undertaking, but little of the management structure was planned in detail from the outset. As Mondelez’s country lead for Cocoa Life, Yaa Peprah Agyeman Ameikudzi has been instrumental in the establishment and continued rollout of the programme across Ghana since 2009. Working closely with all parties - farmers, NGOs, government departments and Mondelez management - each with their own structures and priorities, she soon discovered that adopting a flexible listen-and-learn-as-you-go approach, rather than dictating from above, was the only way to ensure Cocoa Life delivered success for both farmers and the environment.

"We realised we had to be flexible and let it grow by itself," she explains. "The management structure has come in response to how Cocoa Life is growing."

Eight years since joining Cocoa Life, Ameikudzi is now keen to share Mondelez’s experience across the wider chocolate industry, arguing that closer co-operation between companies is crucial to ensuring long-term survival of the sector. "We would want to see more companies doing something similar to Cocoa Life so that they then take it up in other communities," she says.

Mann agrees. "As a company we've got a lot we've learned and now some of the main pieces are in place, which has put us in a great position where we are able to lead the way for many others," he explains.
For Mondelez, establishing Cocoa Life has certainly been a steep learning curve, as there is no instruction manual for companies attempting to better manage environmental practices across such vast supply chains. Yet it is still only one part of the puzzle, and as BusinessGreen will explore in more detail tomorrow, success is only truly measured by results on the ground.

*This is the latest in a series of insights from Michael Holder’s visit to Ghana, which was paid for by Mondelez International. The next part tomorrow will look at how the Cocoa Life scheme is working on the ground in Ghana’s rural farming communities.*