

Cocoa Disrupted



New blueprints for a sustainable industry

March 2025



Cacao Hunters, Colombia. Photo: Juanita Escobar

Contents

Foreword

Executive Summary

Introduction

Cocoa: Traditionally a poverty crop

New blueprints for the cocoa value chain

A climate resilient and equitable value chain

Challenges and potential solutions ahead

Actionable Recommendations

Conclusion

Acknowledgments



Cacao Hunters, Colombia. Photo: Juanita Escobar

This report was authored by Coco Lim, Dan Waldron, Chris Wayne, and Amrita Bhandari. We would like to thank Acumen's portfolio staff, past and present, as well as the various cocoa experts, including the VOICE Network and IDH, who took the time to speak with us. We are especially grateful to the entrepreneurs, whose social enterprises are featured here, for their contributions to this report and for their efforts to create a more sustainable cocoa industry: Emily Stone, Carlos Velasco, Daniel Scholler, Kwabena Assan Mends, Gustavo Mindineros, and Tim McCollum.

Foreword

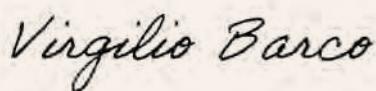
At Acumen, we invest in businesses that solve problems of poverty. As of 2023 across our philanthropic and returnable vehicles, we have invested \$260 million into 215 companies across India, Pakistan, Africa, Latin America, and the U.S., impacting nearly 650 million lives. In 2013, Acumen opened its office in Latin America, investing in businesses that would generate livelihoods in local communities and provide vital products and services for people living in poverty. We've learned that agriculture has the potential to impact millions and lift them out of poverty. Agricultural value chains are extraordinarily inequitable. Despite the fact that we depend on the work of farmers to feed our societies, farmers gain the smallest percentages of the production value while bearing the majority of risks associated with food production, including commodity price volatility, and climate change. As a result, an estimated 500 million smallholder farmers worldwide live in poverty.¹ At Acumen, we believe we can do better than this.

No agricultural value chain is more broken than cocoa. Despite producing the main ingredient for one of the most cherished products in affluent societies – chocolate – most cocoa farmers live in poverty. For decades, the global cocoa industry has been structured to give traders, manufacturers, and retailers the lion's share of value, leaving farmers with a mere 8% of the retail price. Unfair prices and stagnantly low incomes have prevented cocoa farmers from making the investments necessary to improve the yields and quality of their cocoa, or take measures to become more climate resilient. This situation is unsustainable, and has come to a head in the past year. Chronic underinvestment in cocoa farming has affected global cocoa supply, resulting in a price spike of more than 4

times the historic average. While this has allowed some cocoa farmers to earn better incomes in the short term, current prices have made it challenging for ethical cocoa traders to manage the massive shifts in cash requirements. We need a cocoa value chain that remunerates all actors fairly, particularly farmers, by allowing them to make a fair profit so that they can reinvest in their families and farms.

This change is already within our reach. Over the past 10 years, Acumen has invested in six social enterprises making cocoa farming a more sustainable source of livelihood for smallholder farmers. These enterprises are improving agricultural practices, making cocoa trading more predictable and transparent, and shifting more value back to the farmer. We've taken a systems approach to these investments – both to understand the impact each company is having on their beneficiaries, and to glean insights on how to create a more equitable cocoa supply chain.

This report presents the lessons learned from nearly a decade of investment in cocoa, with actionable recommendations for how social enterprises, impact investors, philanthropists and funders, and retailers can contribute to building a more equitable and climate resilient cocoa. We hope you join us, the entrepreneurs, and the companies featured in this report, as we build a cocoa value chain with the well-being of the planet and its people at the center.



Virgilio Barco
Director, Acumen Latin America

Executive Summary

Over the last 30 years, as the variety and quality of chocolate available on store shelves has boomed, the price paid to farmers has stagnated. During this time, the world market price of cocoa had sat steadily at around \$2,300 per metric ton.² But in 2024, long-simmering trends in the industry came to a boil. Climate change and underinvestment in farms decimated cocoa supply, leading to a surge in global prices. As a result of years of low prices, farmers were unable to properly care for their farms or make the right investments, such as planting climate resilient trees or adopting water management infrastructure, that could improve the quality and quantity of their cocoa. While the surge in prices has benefitted some farmers in the short run, it has done nothing to address the structural inequities in the cocoa market. Further, the commodity cycle dictates that what goes up must come down.

The cocoa supply chain is ripe for change. There are many organizations working to address its numerous challenges. This report shows a specific type of intervention: how social enterprises are playing a crucial role in creating change, by building a more equitable and climate resilient supply chain that centers smallholder farmers every step of the way.

To date, across our Angels program, philanthropic-backed investing, and returnable funds, Acumen has provided capital to six cocoa companies that are making cocoa farming a sustainable livelihood for cocoa smallholder farmers. The companies featured in this report are paying farmers fairer prices in three key ways: higher-quality cocoa, transparent trading, and more direct links with the consumer.

Through better agronomy practices, companies like CortePaz and EMFED Farms improve cocoa yields and quality for farmers in Colombia and Ghana, respectively.³ With higher-quality cocoa, companies can fetch a higher price for farmers. Since improved agronomy alone cannot improve farmer incomes, companies like Lizard Earth in Sierra Leone offer cocoa farmers direct market access and pay them premium prices compared to competitors. Uncommon Cacao, which is an aggregator and trader of cocoa, and one of our investee companies, publishes its Annual Transparency Report which serves as a best-in-class example of how a more transparent and equitable supply chain should function.⁴ Two companies, Beyond Good in Madagascar and Cacao Hunters in Colombia, also source cocoa directly from farmers and process cocoa beans into high-quality chocolate bars in the respective country of origin. Through direct trade relationships with cocoa farmers, Beyond Good and Cacao Hunters capture more of the value of the supply chain and share those premiums with the farmers they work with.

The solutions offered by the social enterprises featured in this report are an important part of solving larger, structural value chain challenges within the cocoa industry. The successes and impact of these companies are only possible because of the years of work, rigor, and commitment to smallholder farmers put forth by the dedicated social entrepreneurs that run them. Thanks to these social entrepreneurs, as well as aligned investors and strategic funders, we have hope that not only will there be chocolate in the future, but that cocoa farmers' livelihoods will become more sustainable and dignified.

Introduction

In 2024, long-simmering trends in the cocoa industry came to a boil. Starting in September 2023, the price of cocoa began to break from its historic band. For years, the price in the cocoa futures market (which sets a global benchmark for the price of cocoa), had been steady at between \$2,000 and \$2,500 per metric ton. In April 2024, the International Cocoa Organization (ICCO) reported prices reaching \$11,000 per ton, more than four times higher than recent historical norms.

Prices came down for a few months, but in December 2024, prices again hit an all-time high at \$11,984, with extremely low

supply driving the surge in prices. For the fourth year in a row, the cocoa market failed to meet demand, with an average deficit of 6%.⁵ Ghana, one of the two historically dominant countries supplying cocoa, had a harvest 45% below its recent averages. Drought conditions decimated crops throughout Latin America, including Ecuador and the Dominican Republic. This undersupply dug the worldwide deficit hole even deeper, as inventories reached historic lows.

Two main factors have contributed to the decline of cocoa yields worldwide. First, climate change has led to hotter temperatures, more damaging storms

\$ per metric ton

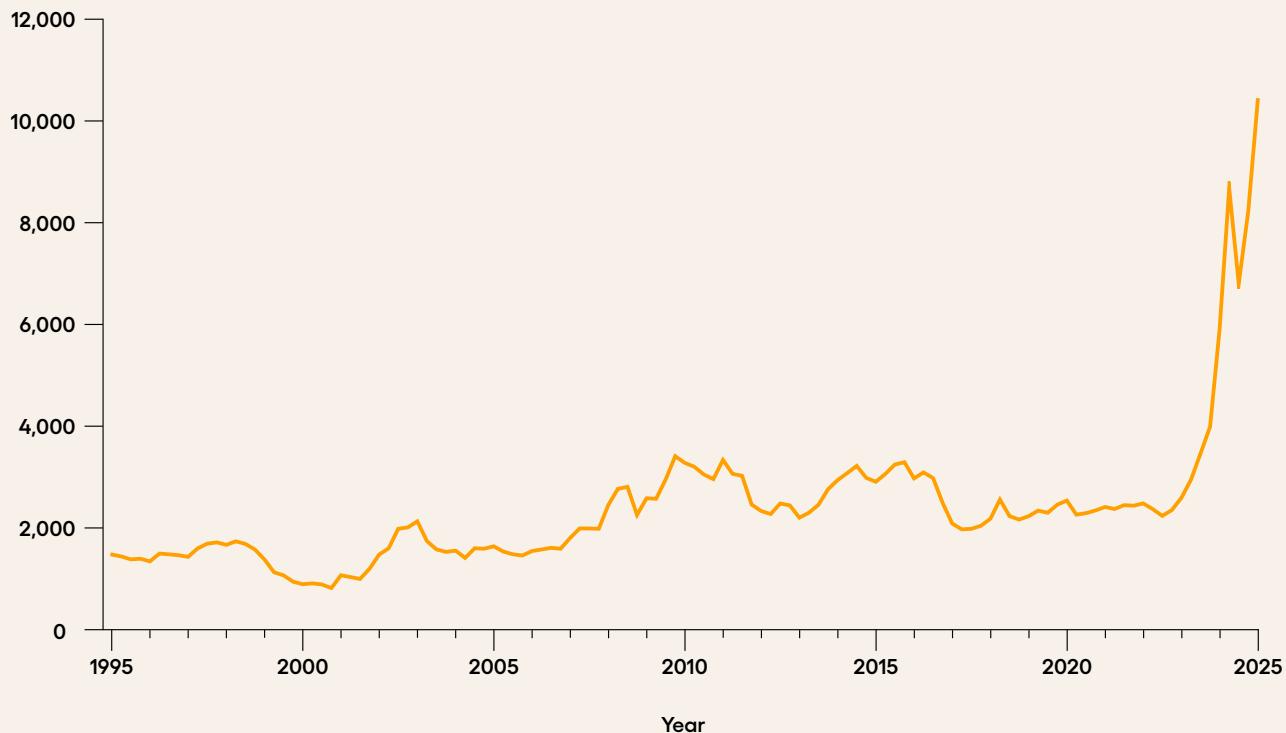


Chart 1:

Cocoa futures market prices (*Note: Values are based on quarterly averages.)

Source: International Cocoa Organization (ICCO)

in some regions, and prolonged drought in others. These wetter, hotter climates are making cocoa farms more susceptible to disease, such as black pod disease and swollen shoot virus. Second, the historically low prices of cocoa (approximately \$2,300 per metric ton), and a lack of financial returns, have disincentivized smallholder farmers from investing in their farms or generating long-term yields. This chronic underinvestment has kept per-farm output low, and without the infrastructure or proper techniques to become more climate resilient, farmers have become even more vulnerable to climate change. Production costs alone can reach prohibitive levels between \$350 to over \$400 per hectare for a smallholder farmer in Ghana and Cote D'Ivoire.⁶

If it was not already evident, 2024 was the year that proved the way that the sector currently operates is unsustainable. Years of underinvestment in farmers meant they and their cocoa crops were unable to adapt to and absorb the shocks of climate change. The surge in prices might have temporarily benefitted some farmers, but it has done nothing to address the structural inequities of the value chain. And in the commodity cycle, what goes up, must come down. Farmers need steadier harvests and more reliable incomes if we want to be able to consume chocolate in 20 years.

A new way forward

There are a number of organizations also dedicated to improving cocoa farmer livelihoods and ensuring the value chain protects the environment, including the VOICE Network, Sustainable Food Lab, and the Solidaridad Network, among others. Organizations such as these collaborate with governments and large corporations on different strategies and interventions

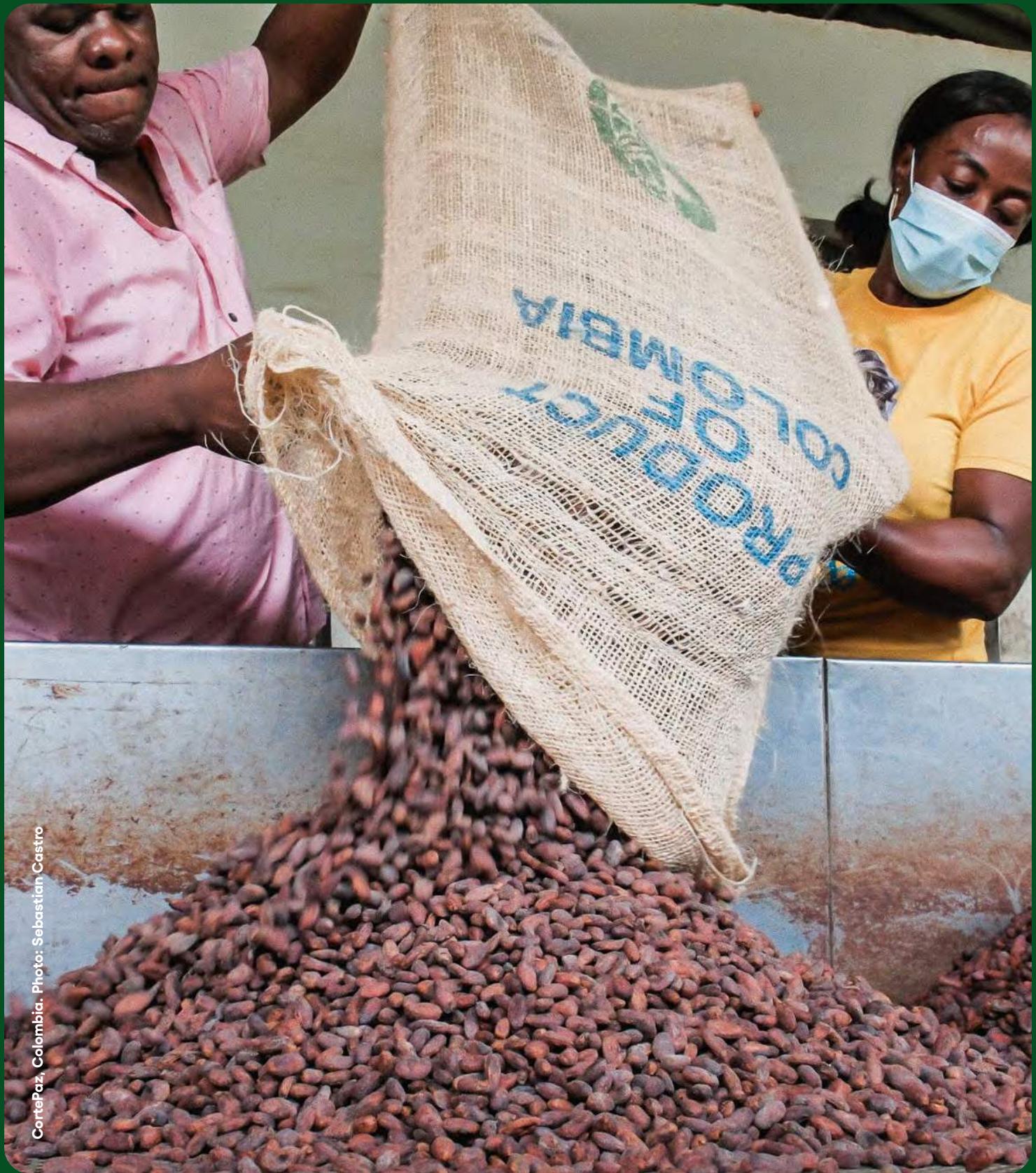
to support smallholder farmers, including providing cash transfers to cocoa farming households, offering income diversification for cocoa farmers, and developing dedicated agroforestry projects.

Our aim is for this report to complement those efforts by offering an investor's perspective on how the approaches social enterprises implement are providing sustainable livelihoods for cocoa smallholder farmers. The approaches of the social enterprises featured here are increasing farmer revenue by stabilizing the quantity of cocoa, improving its quality, and offering farmers a better price to improve their livelihoods.

In 2015, Acumen made its first investment in a company operating in the cocoa value chain. Since then, we have provided capital to five other companies across our Angels program, philanthropic-backed investing, and returnable funds. While these companies operate in various countries and at different stages of the cocoa value chain, they all have a similar mission: *to provide sustainable livelihoods to cocoa smallholder farmers.*

This report shares how – by centering the smallholder farmer at every step of the value chain – these companies are enabling and incentivizing farmers to invest more in their farms. In doing so, these companies are demonstrating how to build a more sustainable and equitable cocoa value chain, offering proven solutions to funders and investors alike.

Cocoa: Traditionally a poverty crop



Cocoa: Traditionally a poverty crop

Consumers throughout the United States and Europe associate chocolate with childhood memories, birthday celebrations, festivals, and holidays. But this sweet treat comes with a bitter history. For the better part of at least the last century, chocolate has been produced at the expense of one group in particular: cocoa smallholder farmers.

Chocolate, as we know it today, first reached the average European consumer in the 19th century. Cocoa or cacao, the main ingredient in chocolate, is a yellow, orange, or red pod with white, pulpy fruit encasing the cocoa beans.⁷ Between 1900 and 1930, cocoa production in Africa began to boom. Around the same period, the companies we know today, like Cadbury, Hershey, and Nestlé began to take off. Yet while demand

for the product and the industry grew, the prices that farmers received stagnated.

Since the market's inception, the chocolate industry has boomed. Today, it is estimated to be a nearly \$135 billion industry, with major companies in the industry valued at between \$45 billion to over \$230 billion, depending on the variety of their product lines.⁸ Yet over the last 30 years, the world market price of cocoa has sat at around only \$2,300 per metric ton, with farmers typically earning just \$1,500 per metric ton. According to two studies based in Côte D'Ivoire and Ghana, the typical cocoa farmer makes less than \$2 per day.^{9,10} That is not nearly enough money to put food on the table, provide children with an education, or pay for other household expenses.

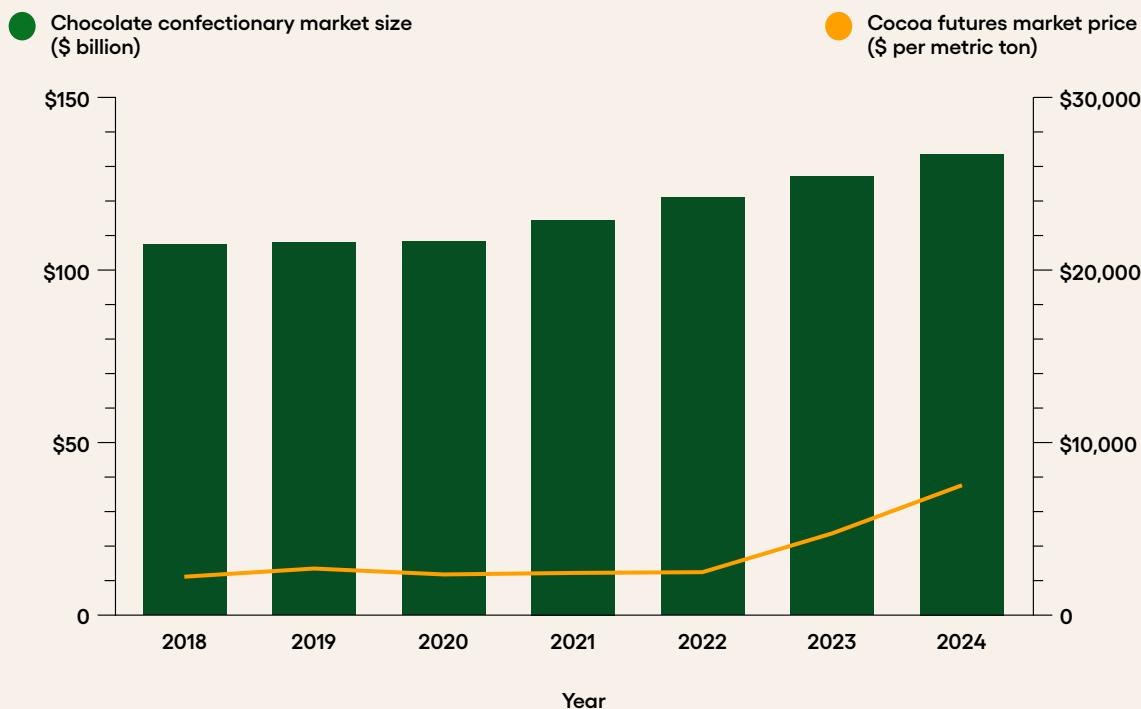


Chart 2:

Chocolate confectionery market size vs. Cocoa futures prices

Source: Statista Market Forecast - Global Chocolate Confectionery

An industry that does not value and invest in the people who grow its main ingredient is a house built on sand.

Without sufficient income, farmers have been unable to adequately invest in their farms. An industry that does not value and invest in the people who grow its main ingredient is a house built on sand. We are already seeing the implications of deep-seated issues within the supply chain, such as declining productivity, an aging farming population, and inadequate supply to meet demand. On the demand side, the chocolate market is still expected to grow at an annual rate of 4.74% over the next four years.¹¹ The industry that our favorite products come from is unsustainable and cannot continue to exist in its current form.

An imbalanced, inequitable value chain

Here is how the chocolate value chain has traditionally operated. It starts with millions of smallholder farmers who plant, grow, and harvest the cocoa trees, which takes about five years from planting through to harvest. More than 90% of cocoa is produced by smallholder farmers.¹² Cocoa is a sensitive crop and requires particular temperatures, planting density, rainfall, humidity, and shade in order to thrive, making it unfit for large, industrial production.¹³ After picking the cacao, the farmer usually ferments the beans, then dries them in the sun.

From there, the farmer typically sells to a local buyer. The local buyer then sells to

an exporter, who ships the cocoa to large traders in Europe or the U.S. These large traders do the primary processing – which includes grinding the cocoa beans into nibs, or processing them into cocoa liquor or cocoa butter. These products then get sold – usually to a small group of major confectioneries – who process and manufacture them into the easily recognizable chocolate brands and ingredients we consume. These traders also sell to other brands and retailers, who sell a variety of different cocoa-based products to consumers, such as chocolate ice cream, hot cocoa, and cookies.



Lizard Earth, Sierra Leone. Photo: Juergen Sauer, Munich

Visual 1: The traditional cocoa supply chain



Millions of smallholder farmers plant, grow, and harvest the cocoa tree, then ferment and dry the wet cacao beans.



Exporters sell to large traders, who also do primary processing.



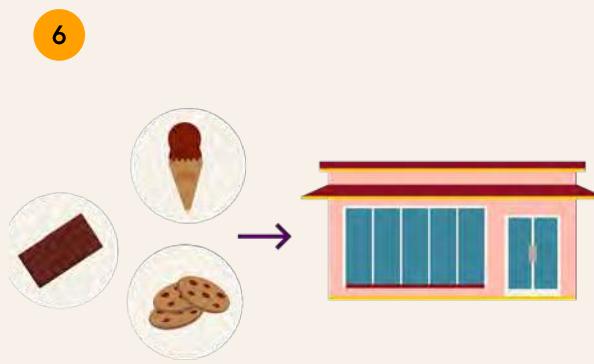
Farmers sell fermented and dried cocoa beans to local buyers.



Traders sell to the major confectionaries, other brands, and retailers for manufacturing final products that get sold to consumers.



Local buyers sell to exporters who have access to traders, usually based in Europe or the U.S.



Those final products get sold to consumers through retailers.

Box 1:

Women cocoa farmers

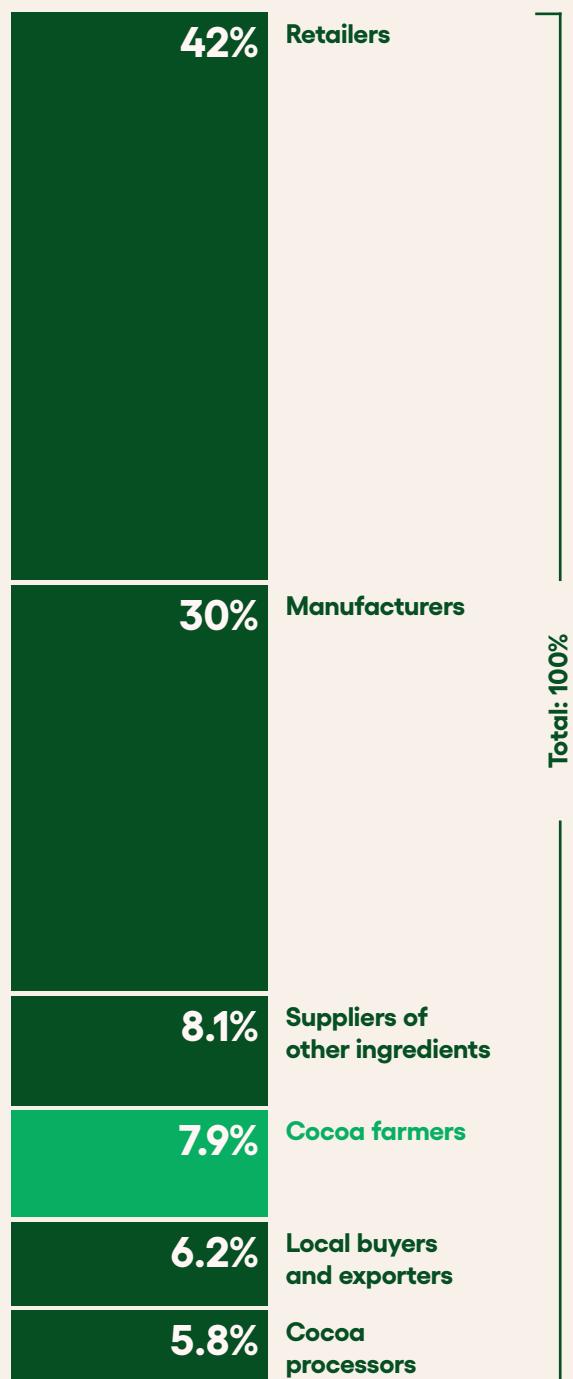
As is the case in other agricultural value chains, women cocoa farmers are disproportionately affected by challenges in the sector. For example, one study found that with less access to education, training, and land, among other resources, women cocoa farmers earned over \$500 less than their counterparts in a given year. Additionally, women farmers wield less decision-making power within their households. When cocoa production falls or fails, women are more likely to suffer the negative impacts.

With this many actors operating in a supply chain, the value distribution of the final product is bound to get diluted and opaque. In this scenario, the farmers are the ones losing. They take the majority of the risk and are the least diversified in case of climate shocks, but receive less than 8% of the price of a milk chocolate bar.¹⁴ Meanwhile, retailers receive the largest share, 42% of the value, followed by manufacturers at 30%. When cocoa crops fail, like they did these past few years, some farmers risk losing over half of their income.¹⁵ Between 2020 and 2022, as a result of falling production and stagnant prices, Ghanaian cocoa farmers saw their incomes drop on average by 16%, with women's incomes falling by 22%.^{16;17}

Chart 3:

Value distribution of a chocolate product, by stakeholder (%)

Source: BASIC Value Chain Observatory



Farmers take the majority of the risk and are the least-diversified in case of climate shocks, but receive less than 8% of the price of a milk chocolate bar.

Pricing cocoa: Market structure matters

The price that farmers get paid for their cocoa depends heavily on the country where they operate. The six companies we feature in this report operate in different countries and markets, including Colombia, Sierra Leone, Madagascar, Ghana, and Uganda. The most regulated of these countries when it comes to cocoa is Ghana, where the government is the sole exporter of all cocoa and fixes prices received by farmers at the start of the season, similar to Cote D'Ivoire's cocoa market. Cocoa constitutes about 2% of Ghana's GDP, exports over \$2 billion worth of cocoa beans and products worth up to 25% of their export revenue, and supports the livelihoods of 30% of the population, making it a key pillar of the country's economy.^{18;19;20}

On the other hand, countries like Colombia, Sierra Leone, and Madagascar operate in a free market, where prices are not fixed or regulated by the government. However, free markets are not necessarily better for cocoa farmers than regulated markets: When cocoa prices are down in the futures market, Ghanaian cocoa farmers are protected as long as the government has set higher prices than the futures market. That said, some farmers in Ghana believe that Cocobod – the country's state

agency responsible for the management and development of the cocoa industry – takes substantial cuts from cocoa prices to fund projects of questionable value to farmers. Free markets also allow buyers and exporters to pay farmers higher prices.

There is also a large gap between solutions for the bulk and commodity cocoa market and the specialty and fine flavor cocoa market. One of the companies we feature in this report operates in the bulk cocoa market, while the other five operate in the specialty market. Fine flavor cocoa, known for its rich, strong, and distinct profile, is grown by our companies in Colombia, Sierra Leone, and Madagascar and usually sells for a higher price.²¹ It is typically used in artisan chocolate, while commodity cocoa is used for a wider variety of products including milk chocolate bars, cookies, and simple ingredients. The chocolate industry is currently dominated by commodity cocoa, with 85% of cocoa sold through the bulk market.²² Challenges around distinguishing commodity cocoa from fine flavor cocoa mean that fine flavor cocoa is sometimes sold through the bulk market, driving down the price of fine flavor cocoa. However, this past year has demonstrated that bulk cocoa's traditional business model might not be able to withstand future climate shocks.

LizardEarth, Sierra Leone. Photo: Juergen Sauer, Munich



Bulk cocoa has historically been traded through the traditional value chain illustrated in Visual 1. Large corporations are several degrees disconnected from farmers, making it difficult for them to know about how farmers are doing and what they need. Value in the supply chain gets diluted, and farmers do not earn enough to invest in their crops and farms. The specialty cocoa market and the companies we invest in, on the other hand, tend to have more direct relationships with farmers, making it easier to invest directly in farmers, their livelihoods, and their cocoa farms.

Furthermore, the specialty market is growing. According to the National Confectioners Association (NCA), cacao sourcing is starting to have a greater influence on chocolate purchases.²³ In 2018, 16% of consumers said cacao sourcing influenced their purchasing decisions. Today, that number is up to 28%.²⁴

Context matters, and one intervention that works in Colombia may not work in Ghana. But the bigger lesson is around how companies are designing business models and building an industry with the smallholder farmer at the center, because the sustainability of cocoa depends on it.

New blueprints for the cocoa value chain



Lizard Earth, Sierra Leone. Photo: Juergen Sauer, Munich

New blueprints for the cocoa value chain

Acumen and cocoa

We began investing in the cocoa sector in 2015, with a focus on Latin America. As we opened our Colombia office in 2013, we targeted value chains that had the potential to provide sustainable livelihoods to smallholder farmers, while helping them to transition away from illicit crops. The cocoa sector fit the bill, but Colombian cocoa had historically been dominated by an entrenched duopoly that drove down prices. We saw the opportunity to invest in social enterprises that knew smallholder

livelihoods were core to the long-term sustainability of the sector.

We made our first investment in **Cacao Hunters** in 2015. Today, they work with over 800 cacao farmers in Colombia, providing them with growing assistance and environmental training, then offering a premium market price for their crop and ensuring purchase volumes. Cacao Hunters is the first Colombian company to locally source and produce premium chocolate in the region.



Visual 2:

Cacao Hunters operates a bean-to-bar business model

**Visual 3:****Uncommon Cacao ensures price transparency in cocoa trading**

A year later we invested in **Uncommon Cacao**, a company based in the United States, and a specialty cacao trader that sources from more than 10,000 smallholder producers across more than 15 countries and supplies ultra-premium cacao to hundreds of chocolate makers globally.

In 2019, we published *Cocoa Interrupted: The Role of Social Enterprise in Cocoa Sustainability*, which focused on how social enterprises and corporations are partnering together to improve cocoa farmer livelihoods in West Africa.²⁵

More recently, based on the success and promise of our first two investments in the cocoa sector, we expanded our cocoa investments in both Colombia and sub-Saharan Africa and began making investments through different capital pools based on the size and scope of the companies.

Through our Acumen Angels program, we provided a grant to **EMFED**, which is unlocking opportunities for smallholder farmers in Ghana by allowing them to lease their farms and earn additional income off greater productivity. EMFED's founder and CEO also participated in the West Africa Acumen Fellowship program, allowing him to build community and connect with other entrepreneurs.

We invested more Patient Capital into **Lizard Earth**.²⁶ As one of the major cocoa operating companies in Sierra Leone, the company provides training to farmers, then buys and processes wet cacao in centralized processing centers at the community level. The company then sells to premium international buyers and craft chocolate makers, who sell in both local and export markets.

Through our work with Cacao Hunters, we became familiar with **CortePaz**, a corporation of cacao producers on the Pacific Coast of Colombia that provides technical assistance to smallholder farmers. By helping farmers raise their yields and improve the quality of their harvests, CortePaz enables them to maximize their income from cocoa.

And the Acumen Resilient Agriculture Fund (ARAF) made a growth-stage equity investment into **Beyond Good**, the first company that is processing,

manufacturing, and packaging chocolate on the African continent for sale into the U.S.

Each company operates at different stages of the supply chain. Some companies start at the production level and end with a product for consumers, while other companies focus primarily on production. While there is no singular way to describe their approaches, these companies have one goal in common: providing sustainable livelihoods to smallholder farmers.



Visual 4:

CortePaz improves farm yields and quality

By investing in companies that operate across different segments of the value chain, and at different stages of growth, we have played an active role in shaping the future of the cocoa industry. Our investees and the farmers they source from have done hard, impactful work to build an alternative to the traditional cocoa sector. What follows are the lessons we've learned from them.

	CortePaz	Cacao Hunters	Uncommon Cacao	Lizard Earth	Beyond Good	EMFED
Producing						
Buying and aggregating						
Exporting						
Trading and primary processing						
Manufacturing						
Distributing to consumer						

Table 1:
Acumen social enterprises in the cocoa value chain

A climate resilient and equitable value chain



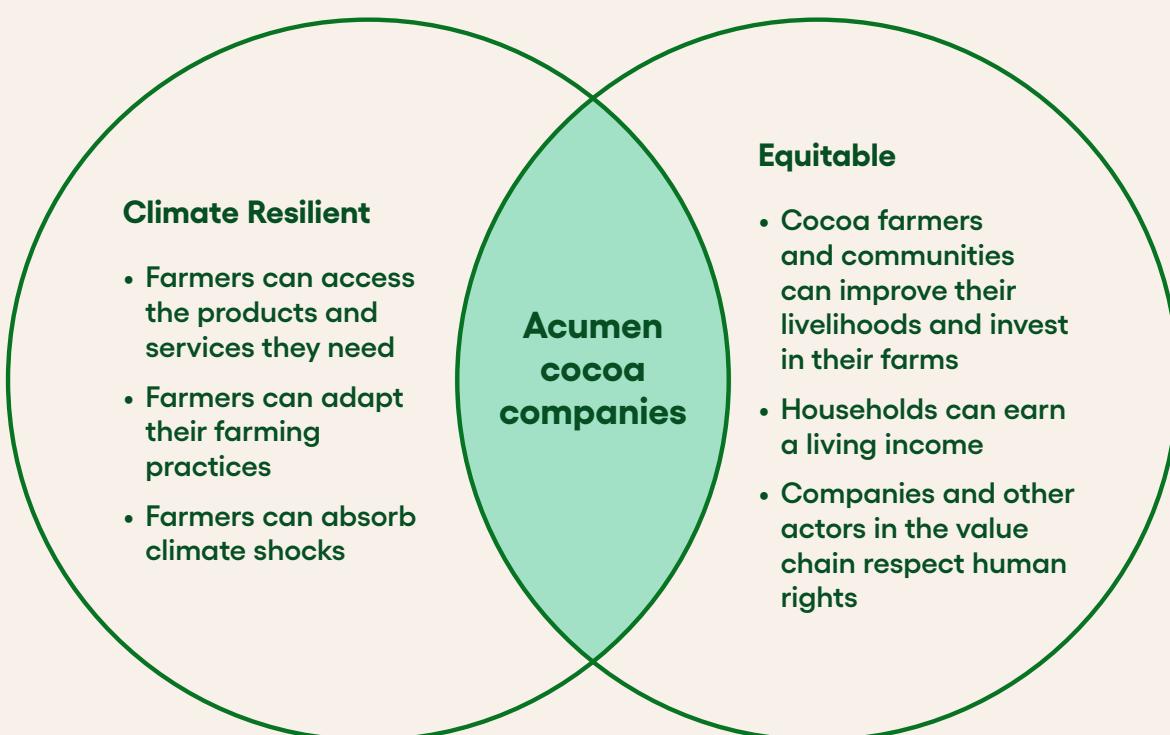
EMFED, Ghana. Image courtesy of EMFED

A climate resilient and equitable value chain

The two main challenges facing the cocoa value chain are climate change and farmer poverty. In order to confront these challenges, the sector needs a more climate resilient and equitable value chain. A *climate resilient* value chain is one that can survive the shocks of climate change and can adapt to assure continuity. An *equitable* value chain is one where the players are fairly rewarded for their role in the value chain, based on the amount of risk they take on, and one that can continue to support farmers' livelihoods. We invest in companies that work at this intersection.

By improving farmer livelihoods through the levers of price, quality, and quantity, social enterprises are building a more equitable value chain and strengthening farmers' climate resilience. Through services like those provided by CortePaz, EMFED, Lizard Earth, Cacao Hunters, and Beyond Good, farmers are better able to access the products and services they need, adapt their farming practices, and absorb climate shocks.

Here is how these companies are building a cocoa value chain that centers smallholder farmers every step of the way.



Visual 5:

Investing in a climate resilient and equitable value chain

“Before, the crop was much more difficult. Now, the pruning is different. We have the resources so that the tree does not get sick so much, and there is more production.”

Cocoa farmer and CortePaz supplier

1. Production: Stabilize the quantity and improve the quality of cocoa

The cocoa value chain starts at the farm, so it's no surprise that several of our companies work alongside farmers. Lizard Earth, CortePaz, and EMFED work with smallholder farmers in Sierra Leone, Colombia, and Ghana (respectively) to help them improve the quality and quantities of cocoa they produce. Through agronomy training and farm management services, cocoa farmers have been able to improve cocoa quality and see better yields, which help drive higher incomes.

Improved agronomy

Proper farming techniques can improve the yield and quality of cocoa, and each company provides technical assistance to ensure those strategies are employed. For example, CortePaz trains farmers to cut weeds, rehabilitate and prune trees, and remove diseases from the tree (such as *monilia* and *escoba de bruja*) to prevent harvest loss and ensure that trees do not spread the disease and deteriorate. The company creates a tailored work plan for each farm and provides the necessary labor and inputs. As a result of the company's training, 85% of farmers reported improvements in their farming

techniques, citing improved quality of their yield. One customer stated, “Before, the crop was much more difficult. Now, the pruning is different. We have the resources so that the tree does not get sick so much, and there is more production.”

Based in Sierra Leone, Lizard Earth also provides training to farmers. According to a recent study by 60 Decibels, over half of farmers said they value Lizard Earth's training and education, with a quarter of them also reporting improved farming techniques, such as brushing and pruning cacao trees.²⁷ Seventy-nine percent of farmers reported changes in their cacao farm, with most farmers citing increased fruit production and healthy leaf growth. Higher quality raw cacao is the first step to ensuring that farmers can secure better prices.

Professionalization

For a social enterprise based in Ghana, like EMFED, price is not a lever within their control. EMFED can, however, improve the productivity of cocoa farms, offer a route to professionalization and commercialization, and increase the share of revenue for cocoa farmers. Rather than leave farmers to manage the land on their own without support, EMFED provides professionalization by offering farmers trained individuals to apply proper care to the crops and land.

Building on traditional Ghanaian leasing practices, EMFED leases the land from cocoa farmers who might be sick or too old to care for their cocoa farms.²⁸

By employing young people from local communities and paying them a living wage, EMFED manages the farm, deploys improved farming practices, and through better quality cocoa, is able to secure higher prices for those cocoa farmers. Two-thirds of the revenue goes towards investment in the farm and EMFED's operations, with the remaining one-third

given to the cocoa farmers. Over the course of three years working with EMFED, the average cocoa farmer can expect to earn an additional \$8 per hectare in the first year, \$12 in the second year, and up to \$15 in the third year. With less time managing the farm, some farmers are able to pursue other jobs and earn additional income. In a market where yield and productivity are the main drivers of income for farmers, EMFED is helping cocoa farmers increase yields and generate more income.



2. Buying: “Price is the best fertilizer.”

According to the VOICE Network’s 2022 Cocoa Barometer report, better agronomy practices are a piece of the puzzle to improve farmer livelihoods, but cannot be the only approach.²⁹ Farmers also need assured market access and fair prices. There is a saying in agriculture: “Price is the best fertilizer” – and it’s true.

Better prices are critical to improving farmer livelihoods.³⁰ With higher prices, farmers can hire additional labor, pay for their children’s education, save for future needs, and invest more in their farms. The companies we invest in, like Lizard Earth, work closely with farmers and are embedded in the community to provide a consistent and accessible buyer for their product.

Wet vs. dry cocoa

One of the ways our companies have increased the price paid to farmers is by integrating farmers into some of the first steps required to produce chocolate: the fermentation and drying process. Cocoa farmers have traditionally fermented and dried cocoa beans themselves, but often not at a consistent quality necessary to fetch an adequate price.

Companies like Cacao Hunters and Lizard Earth buy wet cacao from farmers to provide them immediate income and move the burden of fermentation and drying away from the farmers. When farmers do the fermentation and drying processes themselves – without adequate facilities – prices tend to be lower, beans get discarded, or different types of cocoa get combined, resulting in lower-quality products. According to company data, through their local fermentation and drying centers, Lizard Earth is able to conserve up to 10% more of the cocoa beans.

Box 2:

Applicable lessons for the coffee value chain

Cocoa is not the only value chain striving to improve its sustainability. Coffee industry producers, suppliers, and investors, among other actors, are also grappling with the impact of climate change and the repercussions of underinvested farms. Azahar Coffee, an Acumen investee, solves this challenge by cutting out middlemen and establishing direct relationships with rural coffee farmers and roasters, in order to ensure farmer profitability. The company created the Sustainable Coffee Buyer’s Guide to make coffee buyers more aware of the price at which they purchase coffee and the impact of that price on coffee farmers’ livelihoods.

When farmers are able to ferment and dry cocoa properly, they can earn three times more than they would from selling it wet.³¹ Beyond Good provides technical training to farmers, and builds awareness among farmers around how proper fermentation and drying ensures better tasting, higher-quality chocolate. The company trains farmers to ferment and dry cocoa, allowing farmers to sell their cocoa at higher prices. Although this means higher costs for Beyond Good, these higher prices are critical for farmers to see the value of working with the company. It took five years to build trust with the farming community and train the farmers on how to effectively conduct these post-harvest processes of fermentation and drying.

“Farmers feel connected to the industry for the first time. When they see the final product, they see the financial incentive, and they feel connected to the finished product.”

Tim McCollum, CEO, Beyond Good

Beyond Good operates their chocolate factory in Madagascar, which was instrumental in helping the company build trust with farmers and maintain quality cocoa. According to Beyond Good's CEO, Tim McCollum, the company's proximity to the farmers helped convince farmers to work with the company and adopt the post-harvest practices that would improve the quality and quantity of their cocoa. “Farmers and their communities have seen someone from Beyond Good everyday in their village for the past 12 years because of the factory. Farmers are able to see the factory, and our factory employees get to see the farm. Farmers feel connected to the industry for the first time. When they see the final product, they see the financial

incentive, and they feel connected to the finished product.”

While these are two different approaches, both drive more value to smallholder farmers, each with its own tradeoff. When companies centralize and control the fermentation and drying process, they can better control cocoa quality and volumes, but farmers may not capture as much value. When these processes are decentralized and done by the farmers, this may shift more value to farmers, but getting the process right requires significant time and investment from the company, and a clear return on investment for the farmer.



Cacao Hunters, Colombia. Photo: Juanita Escobar

3. Exporting and trading: Buyers who will pay for chocolate to be poverty-free

After paying farmers a fair price for their cocoa, companies also need buyers who are willing to pay for their product. But partners and buyers can only know how the cocoa was procured if companies are transparent about their sourcing practices.

Transparent pricing

Uncommon Cacao is an aggregator, exporter, importer, and distributor of cocoa, and has been a critical voice in promoting price transparency in the chocolate industry. The company sources from over 15 countries including Colombia, Guatemala, and the Philippines. At the center of Uncommon Cacao's purchasing and selling principles is price transparency. Price transparency – when a company publicly discloses a verifiable amount that is paid to cocoa farmers – is more than a marketing ploy. It's a tool for traceability and accountability.

In a highly fragmented and opaque value chain like chocolate, trusted and transparent reporting on how much farmers earn serves as a benchmark for the industry to determine whether it is reaching its goals of paying farmers higher, fairer prices. Following exposures of child labor and farmer poverty in the chocolate value chain, the industry needs more transparency to rebuild trust with both consumers and farmers.

In 2013, Uncommon Cacao began publishing its Annual Transparency Report, which lists the price the company paid farmers over the previous season, as well as what was paid to subsequent exporters and retailers. Uncommon Cacao's farmgate price (the price paid to farmers), is based on annual negotiations between

Box 3:

What is decommoditization?

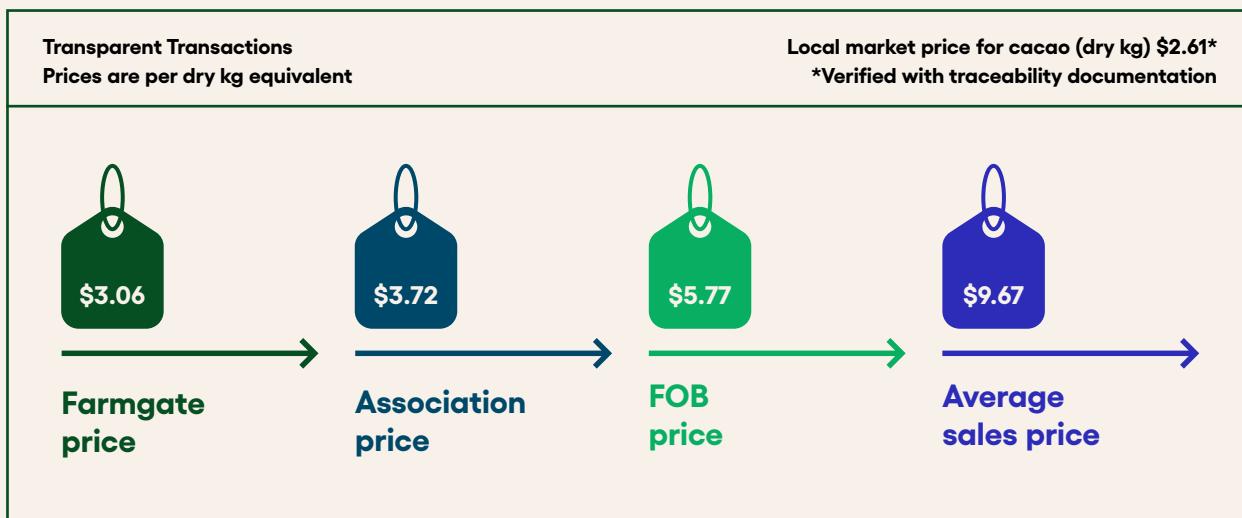
The traditional chocolate industry may lead a consumer to believe that all cocoa is the same. Large multinationals may point to different manufacturing processes and ingredients that result in different chocolate tastes. But there is a growing movement that recognizes that the main ingredient in chocolate, cocoa, is where the differences in flavor and quality begin. Cocoa from Sierra Leone is distinct from cocoa from Madagascar and Colombia. To decommodeitize cocoa would mean recognizing the different attributes and flavor profiles of cocoa from different parts of the world. In order to decommodeitize cocoa, consumers must recognize and be willing to pay higher prices because of unique and distinct cocoa attributes.

the company and farmer groups, or associations. These negotiations help the company better understand the costs farmers incur to maintain their cocoa farms, the costs that account for country differentials, and the right prices that help farmers achieve an improved quality of life. For instance, Uncommon Cacao and farmers can integrate "farmgate forward" pricing in their negotiations, which takes into account how much farmers spend on their farms. Country differentials give both parties a better understanding of the unique characteristics of the cocoa from the origin country.

Take for example, the Ademayach association in Guatemala: 18 producers with an average farm size of 1.2 hectares sold to Uncommon Cacao in 2023. While the local market price for dry cocoa was \$2.61, Uncommon Cacao paid a farmgate price for wet cocoa of \$3.06 (dried kilogram equivalent). Members of the association ferment and dry their cocoa collectively to achieve a higher quality, enabling them to sell that cocoa for an additional 56 cents per kilogram. By aggregating products across individual cocoa farmers, they have higher volumes to sell and more bargaining power with their buyers. In their transparency report, Uncommon Cacao discloses their Free on Board (FOB) price, which is the price paid to the exporter, and their average sales price, which is the price at which they sell to global chocolate manufacturers. Higher prices, however slight, and price transparency, are the first steps towards creating a fairer chocolate industry.

Influencing others to be transparent

Aside from publishing its own prices paid to farmers, Uncommon Cacao has influenced other companies in the industry to do the same. The VOICE Network, which is a global network of NGOs and trade unions working on sustainability in cocoa, cited Uncommon Cacao as a “best-in-class example of farmgate pricing transparency” in their 2023 paper on good purchasing practices.³² While procurement practices rarely change overnight – or as a direct result of one social enterprise – Uncommon Cacao and similar companies show how a more sustainable and equitable value chain is possible. Over time, this accumulation of efforts has the potential to reshape the cocoa supply chain from opaque and unfair, to transparent and equitable.



Visual 6:

Uncommon Cacao's transparent pricing

Source: Uncommon Cacao Transparency Report 2023

4. Manufacturing and distribution to consumer: Bean-to-bar models

The processing and manufacturing stages of the cocoa supply chain can generate up to 42% of the final value of the end product. These value-addition steps transform raw material into consumable products, allowing companies to command a higher price. Companies with bean-to-bar models, meaning they source directly from farmers and take on the chocolate manufacturing process themselves, capture more of the value of the final product. Two of Acumen's investee companies, Cacao Hunters and Beyond Good, operate with a bean-to-bar model.

Valuing the cocoa origin

Cacao Hunters sources from over 800 farmers across Colombia, including the Tumaco, Arauca, and Sierra Nevada regions. The company processes cocoa into chocolate bars, dried cocoa beans, and other chocolate ingredients in its factory in Popayán, Colombia. Cacao Hunters works with farmers who produce fine flavor cocoa and pays them a premium to incentivize high-quality cocoa production. By providing guaranteed offtake and a price premium, Cacao Hunters de-risks the added investment required of cocoa farmers for fine flavor cocoa. With higher-quality ingredients and chocolate, Cacao Hunters is able to secure buyers in the U.S. and Japan who are willing to pay more for higher-quality chocolate. Through value-add processing and buyers who will pay for quality, Cacao Hunters can pay farmers two to three times more than the company's competitors. According to a recent 60 Decibels study, 100% of farmers working with the company reported an increase in income. One farmer stated, "I only live from cocoa so the money helps to maintain

the farm and continue producing." By sourcing, processing, and paying farmers fairly, Cacao Hunters is supporting more sustainable livelihoods for cocoa farmers across the country.

Driving down the cost of production

Beyond Good has also been able to capture more value while driving down the cost of sourcing and manufacturing. As one of the first chocolate manufacturers in sub-Saharan Africa, Beyond Good sources directly from 229 farmers across Madagascar and Uganda. By removing other intermediaries from the value chain, Beyond Good can pay farmers directly, without the price getting split between brokers and intermediaries. With its factory in Madagascar, the company is also able to save and earn revenue, generating greater value than it would if it simply sourced the cocoa and exported it as raw material to Europe and the U.S. for processing. With the money saved by trading directly with cocoa farmers, and the revenue earned by manufacturing the cocoa themselves, Beyond Good passes more value onto the smallholder farmers they work with. Working with Beyond Good can help cocoa farmers earn five to six times more than the average cocoa farmer.³³

Another way a bean-to-bar company can help give value back to farmers is by taking on the cost and time constraints associated with certification processes. For example, Beyond Good takes on the organic certification process for its farmers: a process which can cost up to \$300, with an additional \$200 yearly fee, and take up to six months or more to complete.³⁴ Beyond Good can remove this burden from farmers, and earn an additional \$300 per metric ton of cocoa with the organic certification.³⁵

Challenges and potential solutions ahead



Lizard Earth, Sierra Leone. Photo: Juergen Sauer, Munich

Challenges and potential solutions ahead

1. Commodity price swings

Over the past year, the surge in cocoa prices meant it was significantly more difficult for social enterprises to compete and withstand price shocks than for large multinational corporations. Nearly all of our companies saw their cash needs significantly increase in a short period of time. Prior to the price spike, Uncommon Cacao paid an average of \$4,240 per metric ton to the exporters in their network. By the end of 2024, that number more than doubled to over \$10,000 per metric ton. Similarly, with global supply shortages and increases in futures market prices, Beyond Good saw their cash needs quadruple. By contrast, large multinationals saw the same price shifts, but have much larger working capital buffers to buy cocoa, with free cash flows between \$1.5 to nearly \$4 billion annually.^{36;37} A UN Trade and Development report found that even in poor cocoa seasons, large firms still make record profits through futures trading and speculation.³⁸ Meanwhile, one bad season can lead a social enterprise into collapse.

2. Consumer demand

Consumers have a role to play in helping scale more bean-to-bar companies like Beyond Good and Cacao Hunters. In some cases, higher prices for farmers could mean higher prices for consumers. Chocolate is a luxury item that consumers may be willing to forgo purchasing if the price gets too high. According to a survey by the National Confectioners Association, respondents stated that, while the cost of chocolate is a common reason for reducing consumption, “the cost of life in general” is also driving down chocolate consumption.³⁹ Chocolate might not be an item for which consumers are able and willing to pay more for.

To address this challenge, social enterprises need to drive their costs down and compete on price (like Beyond Good), or build sufficient consumer awareness and demand. To accomplish the latter, we can look at the growth of the specialty coffee industry as an example. According to the Specialty Coffee Association, the coffee sector has built demand for coffee and value for consumers through “innovation, creativity, and community.”⁴⁰ Similarly, if we want to see a more sustainable cocoa industry, consumers need to see the value of paying more for higher-quality, more ethically produced chocolate. In order to communicate the value to consumers, actors across the supply chain need to work together, including retailers. Currently, retailers capture a majority of the value, which leaves room to explore more opportunities for future collaboration.

Actionable Recommendations

Social enterprises

- **Practice “farmgate forward” pricing:** While the cocoa futures market provides a reference point for global cocoa prices, social enterprises should ensure that the price paid to farmers also covers the farmers’ cost of production. Through direct relationships with farmers, social enterprises are better suited to have visibility into the needs of smallholder cocoa farmers, compared to large multinationals.
- **Identify opportunities for professionalization:** For cocoa farmers who are not part of associations or producer organizations, social enterprises can act as intermediaries and even operators. Ensuring that farms are run efficiently can result in improved yields and revenues for farmers.
- **Be transparent about prices paid to farmers:** Social enterprises can continue to put pressure on the industry to improve procurement practices by publishing the prices they pay to farmers. Additionally, identifying the right partners and buyers and negotiating offtake agreements is key to scaling sustainable and ethical sourcing models.
- **Take over costs of organic certification:** Organic certification can command higher prices for cocoa, but it is often inaccessible to individual farmers because of the cost. Companies that take on these costs can pass the value onto farmers and remove the time and money costs associated with pursuing organic certification for farmers.

Impact investors

- **Support proven approaches for scale:** The social enterprises featured in this report have demonstrated the power of centering smallholder farmers. In order for ethical and sustainable models like these to scale and become the norm, investors need to support their efforts to scale. Investors can explore ways to bring down the cost of capital, opportunities to underwrite, or where equity can help build market share.
- **Invest Patient Capital:** To build and iterate on business models that improve the status quo, social enterprises need committed investors who can offer expertise and guidance, in addition to capital and technical assistance.
- **Support social enterprises in accessing working capital:** As this report illustrates, social enterprises that purchase directly from cocoa farmers have high cash needs. In addition to equity, these companies also need working capital providers who can help support their operations as they scale.

Philanthropists and funders

- **Prioritize long-term interventions over one-off programs:** There are plenty of interventions from Corporate Social Responsibility (CSR) arms of corporations that aim to support smallholder cocoa farmers. But often, these programs are short-term or are restricted and limited to very specific interventions, such as farmer training or village savings and loan programs. Long-term interventions can build sustainable livelihoods for smallholder cocoa farmers by focusing on broader approaches, including farm services, value addition, and market access.
- **Fund more solutions that center the farmer and support profitable cocoa farming:** While diversification is good and important for cocoa farmers, we risk switching farmers from one poverty crop to another. Philanthropists and funders should encourage farmers to plant other crops, and at the same time, support farmers to get paid more for their cocoa.
- **Pay for non-revenue generating components:** Activities like regulation compliance and technical assistance may not result in revenue for social enterprises, but they are necessary to reach end-buyers and to support smallholder farmers. Philanthropy is the critical type of capital needed for these activities.
- **Fund consumer-focused campaigns:** Philanthropists and funders have access to wide audiences and are, therefore, well-positioned to reach chocolate consumers. Philanthropists and funders can help build the consumer awareness needed to make ethical chocolate the norm.

Retailers

- **Work with companies that source directly from farmers:** Retailers are the main bridge between companies and consumers. Retailers can support a more equitable and sustainable supply chain by working with companies who practice farmgate forward pricing or have direct relationships with smallholder cocoa farmers.
- **Encourage and incentivize consumers to buy ethically sourced chocolate:** Retailers can use shelf placement, pricing and promotions, and other strategies to more effectively market products to consumers. Retailers need to be a bigger part of the conversation around sustainable chocolate. While philanthropists and funders can help build awareness among consumers, retailers can help build the demand.

Conclusion

This report is a brief summary of all the work that has been done over the last 10 years by Acumen and even longer by the entrepreneurs we've invested in. It draws from the tireless efforts of incredible organizations and social entrepreneurs who have dedicated days and years to reimagining and rebuilding an industry that was built on poverty. Some of the lessons around farmer poverty and climate resilience could be applied to other agricultural value chains. The momentum that has grown across the cocoa industry gives us hope that if we can solve the challenges here, then we just might be able to solve them in other value chains.

We first wrote about cocoa and the role of social enterprises in cocoa sustainability in 2019. Over the last six years, the industry has seen increased movement for a fairer supply chain that supports the smallholder farmers who carry the billion-dollar industry on their shoulders. We are not just hoping for more progress in the next six years, but rather, we are committed to working towards a more sustainable and equitable future. We are proud to work alongside equally committed partners and brilliant entrepreneurs who also envision a future for cocoa with smallholder farmers at the center.

Endnotes

¹ World Bank Group. [A year in the lives of smallholder farmers](#). 2016.

² ICCO. [ICCO Statistics](#). 2025.

³ Agronomy is the science of soil management and crop production.

⁴ Uncommon Cacao. [What is transparent trade?](#) Uncommon Cacao Transparent Trade. 2025.

⁵ ICCO. [November 2024 quarterly bulletin of cocoa statistics](#). ICCO News. 2024.

⁶ Fountain, Antonie C. and Hütz-Adams, Friedel. [Necessary farm gate prices for a living income](#). The Cocoa Barometer Consortium, administered by the VOICE Network. 2020.

⁷ For this report, we use 'cacao' to refer specifically to the raw product prior to fermentation, drying, and other processes. We use 'cocoa' in all other cases, such as referring to the cocoa farm, the farmer, or the broader value chain.

⁸ Wunsch, Nils-Gerrit. [Chocolate confectionery market size worldwide 2018-2029](#). Statista. 2024.

⁹ Fairtrade International. [Cocoa farmer income: The household income of Fairtrade cocoa farmers in Cote D'Ivoire and strategies for improvement](#). 2021.

¹⁰ Oxfam. [Towards a living income for cocoa farmers in Ghana: Assessing companies' efforts to date](#). 2023.

¹¹ Statista. [Chocolate confectionery - worldwide](#). 2025.

¹² World Cocoa Foundation. [Improving farmer income through sustainable practices](#). 2025.

¹³ ICCO. [A global review of cocoa farming systems](#). 2022.

¹⁴ BASIC Value Chain Observatory. [Cocoa // Germany](#). 2020.

¹⁵ Fairtrade International. [Cocoa farmer income: The household income of Fairtrade cocoa farmers in Cote D'Ivoire and strategies for improvement](#). 2021.

¹⁶ Oxfam. [Towards a living income for cocoa farmers in Ghana: Assessing companies' efforts to date](#). 2023.

¹⁷ Kuhn, Michaela, Tennhardt, Lina, and Lazzarini, Gianna A. [Gender inequality in the cocoa supply chain: Evidence from smallholder production in Ecuador and Uganda](#). 2023.

¹⁸ Ghana Statistical Service. [National Accounts: Annual GDP by production approach](#). 2024.

¹⁹ Statista. [Export value of cocoa beans from Ghana from 2015 to 2023](#). 2023.

²⁰ Artavia Oreamuno, Marco Antonio and Croppenstedt, Andre. [Bottlenecks, stresses and risks in the cocoa supply chain in Ghana: Recommendations to increase its resilience](#). Food and Agriculture Organization of the United Nations. 2023.

²¹ ICCO. [Fine Flavour Cocoa](#). 2025.

²² CBI Ministry of Foreign Affairs. [The European market potential for specialty cocoa](#). 2024.

²³ The National Confectioners Association is an American trade organization that promotes chocolate, candy, gum, and mints, and the companies that make these treats.

²⁴ National Confectioners Association. [Getting to know chocolate consumers](#). 2024.

²⁵ Acumen. [Cocoa Interrupted: The role of social enterprise in cocoa sustainability](#). 2019.

²⁶ Patient Capital is donated funds that Acumen invests as debt or equity in companies that address issues plaguing low-income communities. It prioritizes impact over financial returns through longer-time horizons, greater risk appetite, and creative structures.

²⁷ 60 Decibels is an impact measurement company that conducts Lean Data studies to survey customers, employees, or beneficiaries of a social enterprise.

²⁸ Onumah, Justina. Review of existing land tenure arrangements in cocoa growing areas and their implications for the cocoa sector in Ghana. Academia. 2017.

²⁹ Fountain, Antonie C. and Hütz-Adams, Friedel. Cocoa Barometer. The Cocoa Barometer Consortium, administered by the VOICE Network. 2022.

³⁰ Azahar Coffee Company. A sustainable coffee buyer's guide. 2019.

³¹ Toth, Jerry. Transparency report: How much we pay cacao growers. To'ak. 2021.

³² Fountain, Antonie C. Good purchasing practices in cocoa, a barometer consultation paper. The Cocoa Barometer Consortium, administered by the VOICE Network. 2023.

³³ Thompson, Alyse. Breaking the mold: How Beyond Good is reinventing the chocolate business. Candy Industry. 2020.

³⁴ Saunders, John. What's the cost of Organic Certification? The Organic Council of Ontario. 2018.

³⁵ Fair Trade Certified. Fair Trade price and premium search. 2024.

³⁶ Macrotrends. Hershey free cash flow 2010-2024 | HSY. 2024.

³⁷ Stock Analysis. Mondelez International cash flow statement. 2025.

³⁸ Trade and Development Report 2023. Chapter III food commodities, corporate profiteering and crises: Revisiting the International Regulatory Agenda. 2023.

³⁹ National Confectioners Association. Getting to know chocolate consumers. 2024.

⁴⁰ Romano, Alexa. From passive to active: Expanding our understanding of specialty coffee consumerism | 25, Issue 21. Specialty Coffee Association. 2024.



Acumen

To learn more about
Acumen's work contact:

Coco Lim
Insights Manager
cclim@acumen.org

acumen.org