



# THE CACAO SUPPLY CHAIN *Following the bean to finished product*

## Inputs

- Plant materials
- Shade trees/plantains
- Tools
- Fertilizer, compost
- Chemical controls
- Irrigation
- Fermentation & drying structures
- Land

~ Ave. farm size is 13.9 ha with 3.1 ha planted in cacao.\*\*  
~ 165,006 ha of cacao (2016).\*

## Cacao producer

- **Activities:** Site preparation, planting, pruning, renovation, maintenance, on-farm fermentation and drying, and transporting cacao.
- **Certifications:** Rainforest Alliance, Organic, Fair Trade.
- **National production**  
~ 54,798 MT (2016)

## Commercialization

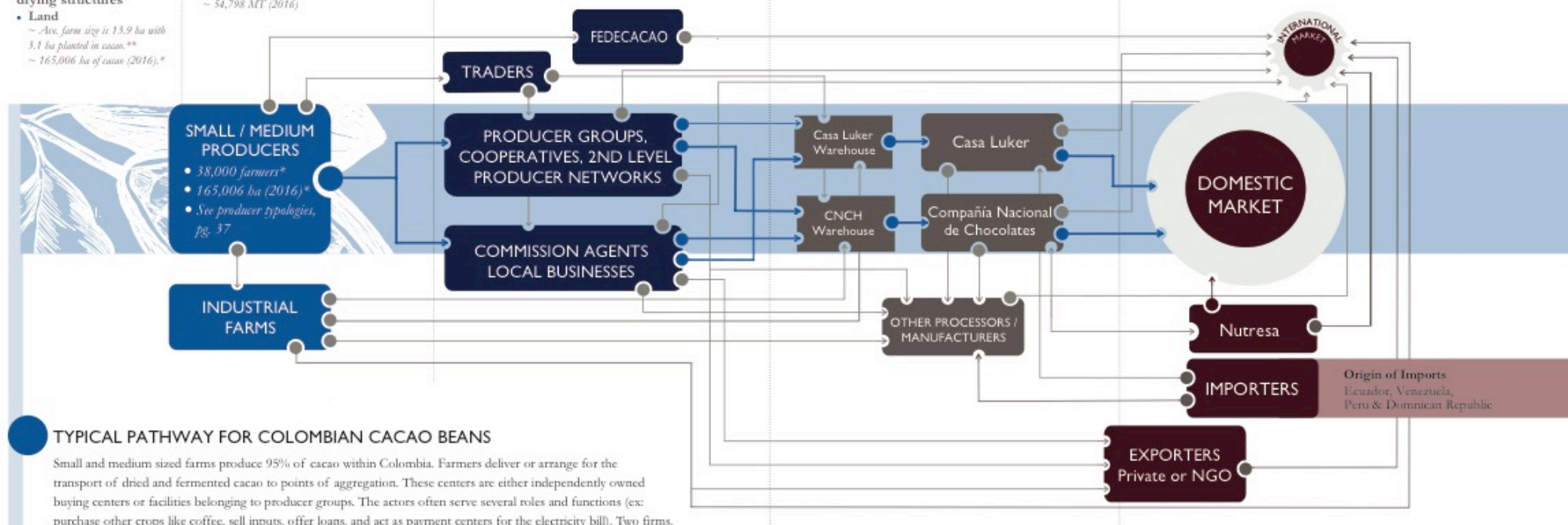
- Transportation
- Sifting impurities
- Quality control & testing
- Fermenting & drying
- **Differentiation** by quality, origin, flavor, certifications, or client specifications.

## Cacao Processing & Chocolate manufacture

- Cocoa butter, powder, paste, nibs, liquor, couverture, chocolate mass
- Chocolate confections

## Markets

- **Internal demand** for cacao reached 71,568 MT in 2016. 16,770 MT of cacao beans and cocoa products were **imported**. 24,300 MT were **exported**. **Internal consumption** was 47,268 MT.\*
- Fedecacao recently began buying and exporting cacao beans. Exports have increased from 125 MT in 2013 to 1,075 MT in 2016.\*
- **Export Destinations:** Europe (51.2%), North America (30.2%), Asia (16.6%), Central & South America (1.6%)\*\*\*.



### TYPICAL PATHWAY FOR COLOMBIAN CACAO BEANS

Small and medium sized farms produce 95% of cacao within Colombia. Farmers deliver or arrange for the transport of dried and fermented cacao to points of aggregation. These centers are either independently owned buying centers or facilities belonging to producer groups. The actors often serve several roles and functions (ex: purchase other crops like coffee, sell inputs, offer loans, and act as payment centers for the electricity bill). Two firms, Casa Luker and Nutresa, purchase between 80-90% of cacao production. Contracts are not used though agreements to purchase may be in place. The firms purchase between 30-55% of the cacao directly from farmers' organizations and the rest from independent buyers who are typically affiliated with one of the two firms. The cacao is transported via truck to regionally located company warehouses and transported to factories located in urban areas when needed. The companies process close to half of the cacao for drinking chocolate preparations for sale on the domestic market.

\* Source: Fedecacao, 2017

\*\* Source: Fedecacao survey (2016) of 5,397 farmers in seven departments (Antioquia, Arauca, Huila, Tolima, Nariño, N. de Santander, & Santander).

\*\*\* Source: COMTRADE, 2017; Note: Between 2012-2015, Africa and Oceania accounted for only 100MT of exports so they are excluded.

Note: This diagram only describes the functional aspects of the supply chain. The researchers utilized a wider vision of the market chain that included business organizations, supporting services, and the economic framework. This "follow the bean" pathway operates in this larger context.

### LOWER VOLUME PATHWAYS FOR COLOMBIAN CACAO BEANS

While increasing in number, large-scale plantations only produce a small percentage of the cacao. Some propose using the large farms as training, buying, and fermentation centers to support surrounding small cacao farmers. Some small producers, especially ones in remote areas, rely on agents to sell their cacao. Fedecacao has begun to purchase cacao from farmers and producer groups with the goal of exporting. Craft bean-to-bar clients require beans *en baba* to control the fermentation process to specific standards, and selling wet beans is seen as a way to support farmers with limited experience with cacao and equipment to properly ferment. Many alternative pathways exist to shorten the chain between producer and consumer and to enter higher-value domestic and international markets.