Agroforestry partnerships in cocoa and coffee sectors: an opportunity for sustainable value chains?

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New programs promoting agroforestry have emerged since the 2000s claiming a contribution to farmers’ resilience. The objective of this study is to analyse the evolution of the value chain governance and its implications in terms of farmers’ vulnerability reduction. The results are based on a detailed analysis of some thirty programs implemented by the firms holding the majority of market shares in cocoa and coffee sectors, a dozen of semi-structured interviews conducted with these firms, and farm level field surveys in Peru and Nicaragua. Our results show that cocoa and coffee sectors are facing new challenges on both the demand and supply sides: (1) there is an increasing demand for better quality products; (2) the security of supply is threatened. This changing context is redefining the governance of cocoa and coffee value chains: industries downstream are developing partnerships with actors upstream to increase their control over their supply leading to an increased vertical coordination. Firm’s position on the market determines the choice of coordination and agroforestry model to implement. The more the firms are positioned in niche markets, the more the link with the producer is essential and the more agroforestry is a central element of the partnership developed. Two key results emerged: (1) traders are becoming a key factor for the success of sustainable partnerships and (2) contract farming is creating an opportunity for more created shared value at farmers’ scale.

Keywords: Coffee & cocoa, Agroforestry, Vertical coordination, Risk aversion, Contract farming.

References: