

Factsheet: Sustainable Cocoa Business in Ethiopia

August 2023

OPPORTUNITY FOR ETHIOPIAN COCOA

Cocoa is a new crop for Ethiopia which presents significant business opportunities and impact potential. The Tepi Agricultural Research Center (TARC), part of the Ethiopian Institute of Agricultural Research (EIAR), has been the first to establish cocoa trail sites in the South West Region of the country. TRAIDE has partnered with TARC to help the sector grow. By showcasing the potential of Ethiopian cocoa, establishing Ethio-Dutch partnerships, and helping to set up private sector development initiatives we hope to create a new cocoa value chain. Because cocoa is still new, we see the opportunity to leapfrog into a sustainable model and set an example for the sector.



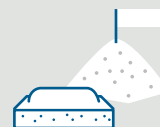
Ethiopia as a
new cocoa origin



Opportunity to leapfrog
into a sustainable model



Show leadership and spur
innovation in the cocoa sector



New flavours and
storytelling

QUICK FACTS ABOUT COCOA IN ETHIOPIA

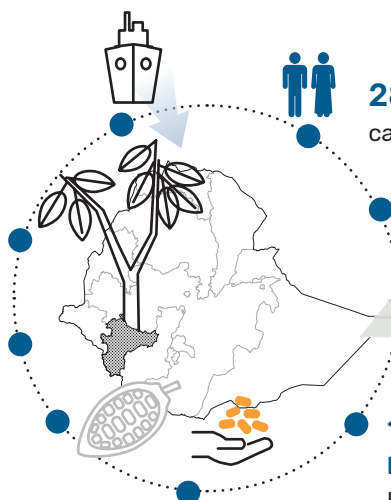
Import of \$5 million of cocoa-derived products into Ethiopia¹

Cocoa is **unknown in Ethiopia**, it is not produced commercially

South West Region is suitable for cultivation

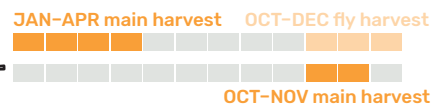
Cocoa is ready to grow and go, a **Forastero variety** has been formally registered with the government

Trial sites with ~100 trees and succesful first cocoa harvest²



287.000 farming households active in cash crops and subsistence farming

Main **harvest** season coffee and cocoa are **complementary**



1 large Ethiopian chocolate manufacturer with bean-to-bar equipment

4 smaller chocolate makers



POTENTIAL FOR IMPACT



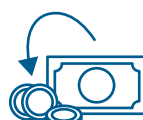
CONTRIBUTION TO THE AGRICULTURAL GDP



FARMER RESILIENCE & INCOME DIVERSIFICATION



IMPORT SUBSTITUTION



EXPORT REVENUES & FOREIGN CURRENCY

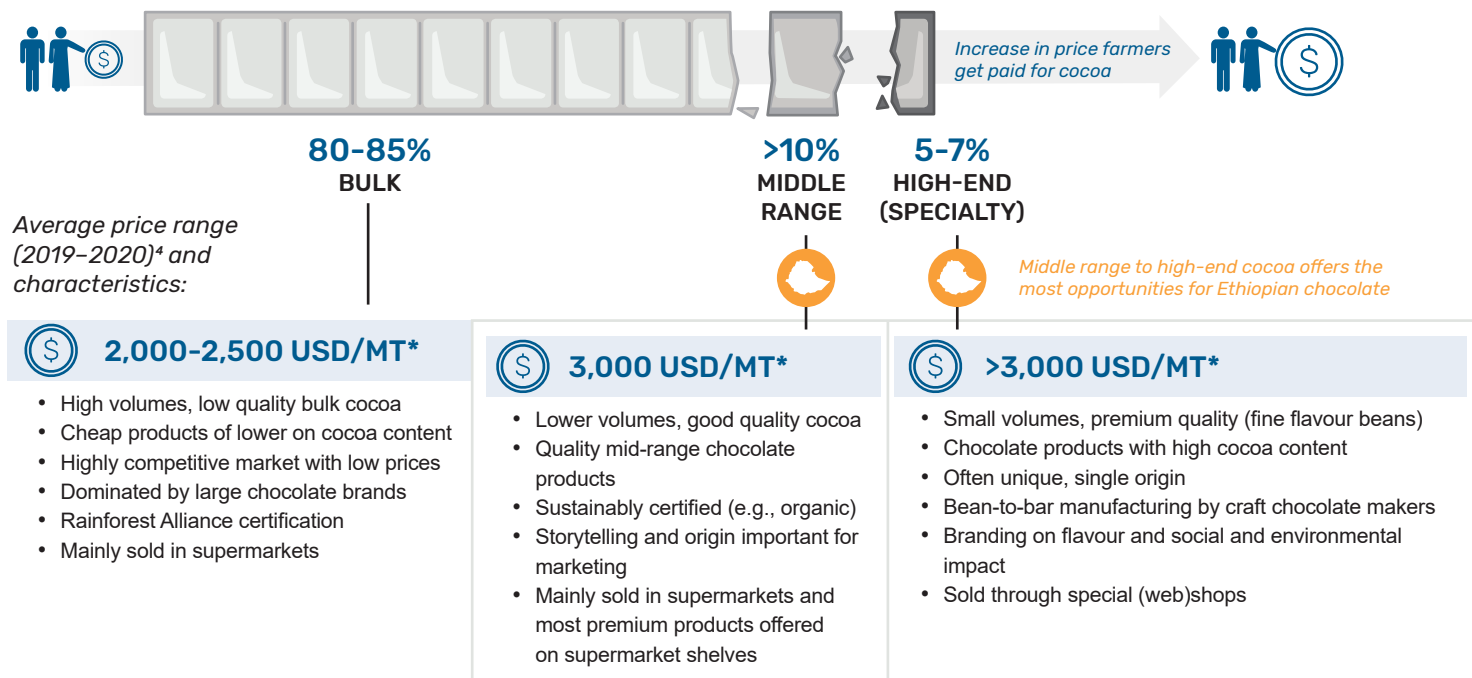


FOREST PROTECTION & SOIL REGENERATION



VALUE ADDITION FROM LOCAL PROCESSING & MANUFACTURING

EUROPEAN COCOA MARKET³



* These prices are only indicative. Cocoa prices are highly volatile and fluctuate year-on-year.

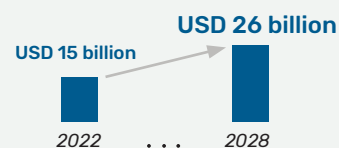
Estimated market potential:



6.8% annual growth of **global organic chocolate market** (2021–2028)⁵



8.1% annual growth of **European specialty market** (2022–2027)⁶

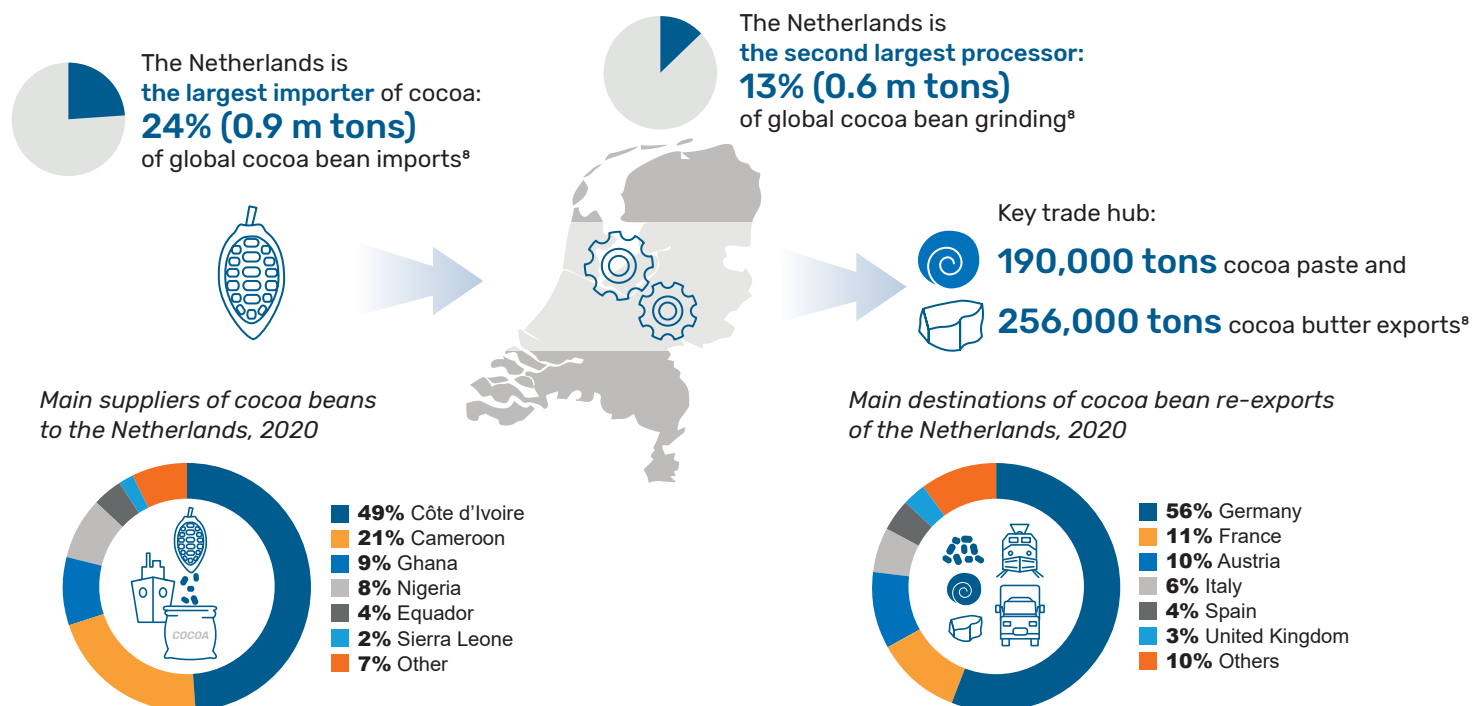


Estimated growth of **global bean-to-bar market** (2022–2028)⁷



Shiferaw Temteme, Head of Cocoa Research at TARC








THE NETHERLANDS COCOA MARKET



CHALLENGES AND POSSIBLE SOLUTIONS

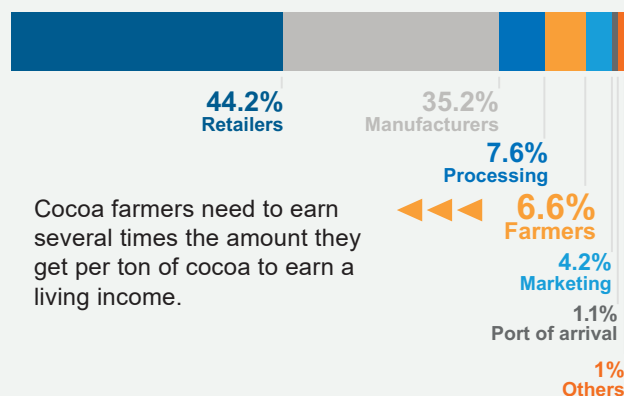
COMMON SUSTAINABILITY CHALLENGES⁹

POSSIBLE SOLUTIONS

	Low prices and farmer poverty	<ul style="list-style-type: none"> Cocoa premiums through high quality, certification, and branding of Ethiopian chocolate products
	Low farmer productivity	<ul style="list-style-type: none"> Tailored farmer service delivery (e.g., training, inputs, finance) Farm investment fund financed by cocoa revenues
	Limited value addition	<ul style="list-style-type: none"> Local processing and manufacturing
	Volatile prices	<ul style="list-style-type: none"> Setting up an Ethiopian cocoa board
	Child and forced labour	<ul style="list-style-type: none"> Certification and traceability
	Deforestation and unsustainable cultivation	<ul style="list-style-type: none"> Certification and traceability Agroforestry and intercropping Carbon sequestration and financing
	Waste from cocoa production	<ul style="list-style-type: none"> Circular business models (e.g., products made from leftover cocoa pods)

WHO GETS WHAT?

Share of value from sale of one ton of cocoa¹⁰



Abukiya Getu, Cocoa Researcher at TARC

FORESEEN BUSINESS OPPORTUNITIES

SUSTAINABLE COCOA CULTIVATION:

Opportunity to become the first to grow Ethiopian cocoa using sustainable methods. Receive premiums from organic certification, traceability to farm, carbon credits, and storytelling.

TRADE AND LOGISTICS:

Need for traders who collect cocoa, check quality, and sell to local and international buyers. The right storage and transport infrastructure has to be set up. Ethio-Dutch business can capitalize on Ethiopia as a new origin, interesting flavour profile, and unique storytelling.

LOCAL PROCESSING AND CHOCOLATE MANUFACTURING:

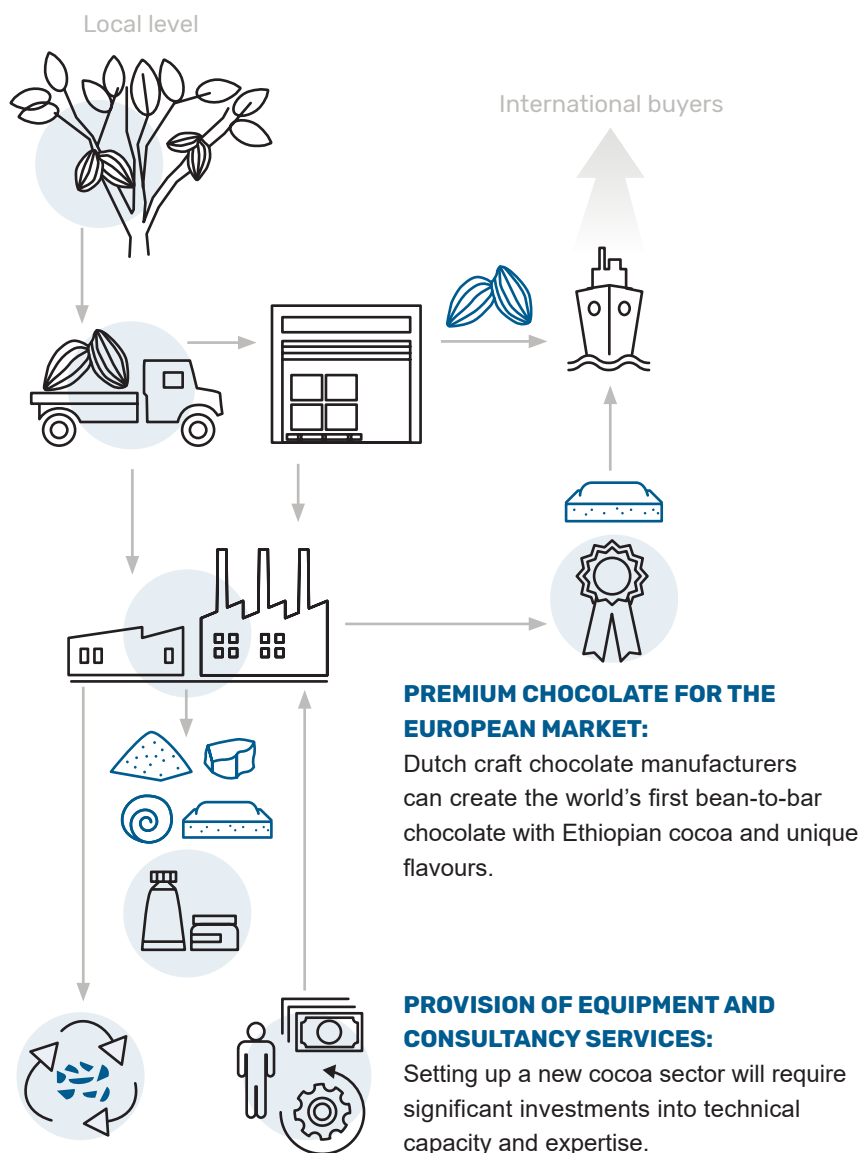
Ethiopian chocolate manufacturers can use small-scale equipment to create bean-to-bar chocolate, or produce semi-finished cocoa products (liquor, butter, and powder) to sell to other chocolate makers.

ALTERNATIVE COCOA PRODUCTS:

Cocoa can be used to produce other products than only chocolate. For example, cocoa butter can be used to create cosmetics such as body butter, cocoa beans can be turned into juice, and cocoa husks can be used to make tea.

CIRCULAR BUSINESS MODELS:

Opportunity for waste valorization by using cocoa pods to create organic fertilizer, food additives, animal feed, soap, biofuel, and more.



References

¹ Trading Economics. Ethiopia Imports of Cocoa and cocoa preparations. <https://tradingeconomics.com/ethiopia/imports/cocoa-cocoa-preparations>

² Information provided by the Tepi Agricultural Research Center.

³ CBI. Entering the European market for organic cocoa. (2022). <https://www.cbi.eu/market-information/cocoa-cocoa-products/organic-cocoa/market-entry>

⁴ Steffany Bermúdez, Vivek Voora, Cristina Larrea, Erika Luna. *Global Market Report: Cocoa prices and sustainability*. (2022). <https://www.iisd.org/system/files/2022-11/2022-global-market-report-cocoa.pdf>

⁵ CBI. The European market potential for organic cocoa. (2022). <https://www.cbi.eu/market-information/cocoa-cocoa-products/organic-cocoa/market-potential>

⁶ CBI. The European market potential for speciality cocoa. (2020). <https://www.cbi.eu/market-information/cocoa-cocoa-products/speciality-cocoa/market-potential>

⁷ Market Watch. 2030, Bean-to-bar Chocolate Market Size | Industry Report 2023. (June, 2023). <https://www.marketwatch.com/press-release/2030-bean-to-bar-chocolate-market-size-industry-report-2023-2023-06-14>

⁸ CBI. The Dutch market potential for cocoa. (2021). <https://www.cbi.eu/market-information/cocoa-cocoa-products/netherlands/market-potential>

⁹ Antonie C. Fountain and Friedel Huetz-Adams. *Cocoa Barometer 2022*. (2022). <https://cocoabarometer.org/wp-content/uploads/2022/12/Cocoa-Barometer-2022.pdf>

¹⁰ Visual Capitalist. Cocoa: A Bittersweet Supply Chain. (2020). <https://www.visualcapitalist.com/cocoa-a-bittersweet-supply-chain/>

ARE YOU INTERESTED IN THE ETHIOPIAN COCOA SECTOR AND WOULD YOU LIKE MORE INFORMATION?
Contact us via Ethiopia@traide.org and follow us on [LinkedIn](#).