SUSTAINABLE DEVELOPMENT PRACTICES IN COCOA PRODUCING COUNTRIES

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Abstract: Fair trade is a crucial action determined to promote sustainable and ethical trading manners, ensuring that the people engaged in manufacturing, around the globe, receive fair payments and work under safe surroundings. In particular, the chocolate industry has been facing great challenges related to unfair labor conditions, especially illegal child labor, since its existence.

The purpose of this paper is to examine the inequitable executions of the cocoa industry in African cocoa-producing countries, while giving examples of each aspect of these applications, followed by their consequences. Special attention has been paid to a leader in this industry's fair practices, Tony's Chocolonely, with the explanation of their strategies to overcome and remove the injustices whilst working together with other enterprises.

The research concentrates on secondary sources of investigation concerning this particular business industry. Agreeing with the already carefully collected and examined information in the specific area, assumptions and key insights are provided. The readings chosen for this paper were sourced from qualitative case studies, company annual Fairtrade reports, UN Department of Economic and Social Affairs, and Fairtrade International: Public Systems Report. Hence, auxiliary data is collected to give a better understanding, to create consumer awareness and trust in fair trade.

Keywords: Fair Trade, chocolate industry, cocoa beans supply chain

JEL: F6, Q1, L2

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Introduction

Since the 1980s, sustainable production and consumption have slowly become a powerful trend rather than the exception. Changes in international trade, technology and societal needs are causing a profound restructuring of agri-food supply chains from conventional agricultural practices of the 20th century towards an ecological transition and food systems that bring together economic and social stakeholders in all stages of the food value chains - from primary production, through final consumption and recycling. The intensifying number of extreme weather events, the increasing demands for quality, safety and identity are just a few examples of the challenges facing companies in the agricultural sector (Petrov, I, 2023).

The purpose of this paper is to examine the cocoa industry in African cocoaproducing countries with emphasis on the sustainable practices. The current state of trade reflects a system where small-scale farmers struggle to compete and sustain their livelihoods, despite their essential role in the worldwide supply chain. The chocolate industry as a whole has been facing great challenges related to unfair labour conditions, especially illegal child labour, since its existence.

While there are stakeholders in the cocoa sector promoting better price policies, enforcing fair labour standards, and applying trade tools such as tariffs, quotas and sanctions to deter unfair practices, these efforts have shown positive results only in some regions. *The main objective* of this study is to show what specific actions from international stakeholders are significant to ensure equitable outcomes for all parties involved in cocoa production and trade.

The first part of the paper provides information about the current state of trade and key stakeholders in the cocoa production in Africa. The second part shows some of the strategies used to support sustainable and fair consumption. In the third part, special attention has been paid to a leader in this industry's fair practices, Tony's Chocolonely, with the explanation of its strategies to overcome and remove the injustices whilst working together with other enterprises.

The research is based on secondary sources of investigation concerning this particular business industry. The readings chosen for this paper were sourced from qualitative case studies, United Nations agencies, Fairtrade International. Hence, auxiliary data is collected to give a better understanding, to create consumer awareness and trust in fair trade.

1. The importance of cocoa production for Africa

Cocoa serves as a vital cash crop in West Africa, sustaining the livelihoods of approximately 20 million individuals and significantly contributing to export revenues. The continent accounts for about 74% of the global supply, with Côte d'Ivoire and Ghana representing 62% of total production. During the 2019/2020 season, Africa produced 3,556 tonnes out of a worldwide total of 4,697 tonnes (Industry Report: West Africa Cocoa Landscape,2021). The cocoa industry is crucial to the economies of these nations, contributing between 14% and 40% to their GDP, depending on the country. In Ghana, the sector supports around 800,000 farming families and generates \$2 billion each year, while Côte d'Ivoire stands as the largest export crop, yielding \$5 billion and involving approximately 600,000 farmers and 6 million individuals within the value chain.

The cocoa value chain is organised into five levels, beginning with cocoa farmers who, despite being the foundation of the industry, receive the lowest earnings. Next are local and international traders tasked with sourcing and marketing, followed by processors, which include grinders and manufacturers, then distributors and retailers, and finally, consumers. Over the years, the share of value retained by farmers has drastically declined, falling from around 50% of a chocolate bar's price in the 1970s to less than 6% today. In 2019, Ghana and Côte d'Ivoire introduced a \$400 per tonne Living Income Differential to protect farmers from poverty. Nevertheless, many cocoa farmers in West Africa earn less than \$1 per day (African Cocoa Production Market Analysis, 2022).

The report is concentrated on Ghana and Côte d'Ivoire because they are the all-time largest producers, as shown in Figure 1, and exporters of raw cocoa beans to the world. The diagram chosen reflects the years from 2020 to 2024; the quantities are measured in 1000 metric tonnes. As we can see, Côte d'Ivoire exported 1,800 tonnes and Ghana 580 tonnes of cocoa beans (Shahbandeh, M., 2024).

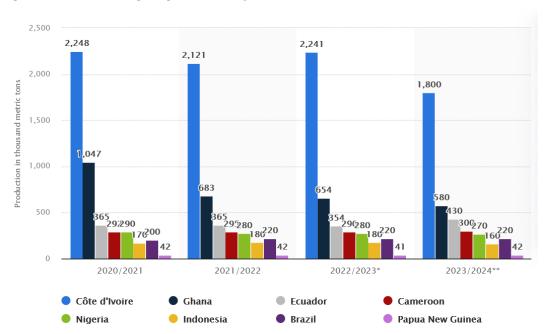


Figure 1. World's largest producers of cocoa beans, 2020-2024

Source: (Shahbandeh, M., 2024).

2. Sustainable practices in cocoa production in Africa

The Fairtrade Africa (FTA) is an independent non-profit organisation representing 697 Fairtrade-certified producers in 29 countries in Africa and the Middle East. This

organisation is working with other associations, namely the Fair Trade Advocacy Office and Fairtrade International. It has influenced the acceptance of trade policies by the EU in favour of smallholder farmers and agricultural workers, having a partnership with 2 million farmers and workers. The owners are the producer organisations producing coffee, cocoa, cotton, tea, wine, honey, etc. Fairtrade International, an NGO, creates internationally agreed Fairtrade Standards and coordinates Fairtrade throughout the world. Its headquarters are in Bonn, Germany. It consists of 3 Regional Producer Networks, representing producers in Africa and the Middle East, Asia, the Pacific, Latin America and the Caribbean. Some of the strategies are Training country & product networks in 14 countries: Burkina Faso, Ghana, Côte d'Ivoire, Morocco, Ethiopia, Tanzania, Uganda, Kenya, Rwanda, Malawi, Mauritius, South Africa, Eswatini, Madagascar. Some examples of the strategies imposed are shown in Figure 2.

FARMERS & WORKERS
1,324,435 120,830

1,445,265

POLY
GERTIFIED IN G97 POS
SIGN SPOS MAN 128 MLSS MLSS
19 COUNTRIES
19 COUNTRIES
19 COCOA, COFFEe,
Herbs & Spices,
Fruits (Fresh/Dried)
FINANCES IN
fruits,
bananas

10 COFFEe
COCOA
HLOS

REALE WORKERS
11 COCOA
HOWERS
121.2% FEMALE
FARMERS

PREMIUM
FEMALE WORKERS
121.2% FEMALE
FARMERS

FOWERS,
Herbs & Spices,
Fruits (Fresh/Dried)
Flowers,
Wine,
Bananas

Coffee
Cocoa
Tea

PREMIUM
FEMIUM
FEMALE
FARMERS

FOWERS IN
Fruits,
Bananas

Premium projects Production, Social
Invastraents, Financial services, Business
development, Farmers & Workers
Inpowerment

SPOS

Flowers,
Wine,
Bananas

Coffee
Cocoa
Tea

PREMIUM
FEMIUM
FEMIUM
FEMIUM
FEMIUM
FEMIUM
FARMERS IN
SPOS

FOWERS IN
Fruits,
Bananas

Coffee
Cocoa
Tea

SPOS
FOWERS IN
FINANCIAL SERVICES
FOR SPOS

FOWERS IN
FINANCIAL SERVICES
FOWERS
TOWN FINANCIAL SERVICES
FOR SPOS

Figure 2. Fairtrade Africa at a glance

Source: (Fairtrade Africa, 2024).

One of the best results, as shown in Figure 2, is the distributed gender equality in each country. Almost 45 % of the total farmer workers are comprised of female labourers. Giving this perfect example of even gender distribution, this organisation is showing the other business entities that females can also put in effort in every aspect of the workforce. This is one of the main differences in this fair trade business because, in the world, the male population of workers are always higher than the female one. The Waterloo

Foundation, CAMFED and Fairtrade identified opportunities for the female labour force in Northern Ghana for shea-producing companies (Fairtrade Africa, 2024).

Another example is the Small-scale Producer Organisations (SPOS) that apply to organised small-scale farming groups. The goal is to drive sustainable social and economic development of their members and their families. As presented, it is deduced that 82% of the crops like cocoa, coffee, herbs & spices, and fruits(fresh/dried) are exactly harvested within the sustainable development framework of the organisation. Cocoa remains the most significant commodity for FTA, contributing 64% of all Fairtrade premiums to FTA (Fairtrade Africa, 2024).

In 2023, FTA fulfilled capacity-strengthening training programmes for 9 products and Country Networks across the African continent. They consist of Ghana, Côte d'Ivoire and Burkina Faso Country networks. Our focus point is on 2 countries from Western Africa: Ghana and Côte d'Ivoire. Across these 2 states, there have been made:

⊞ Ghana:

- ★ Advocacy for the introduction of farm inputs at a 10% subsidised rate in Ghana by 2025;
- ★ Lobby for the passage and implementation of the Occupational Health & Safety Bill.

- ★ Lobby increase of the cooperative margin by at least 25%;
- ★ Lobby the Government to reduce input costs by 20%.

In Ghana, the Climate Change and Organisational Strengthening Programme (CCOSP) helps to increase income levels and improve the well-being of the producers and workers in the face of building an increase in climatic variability and shocks. CCOSP is a partnership between Mondelez and Fairtrade, and they create projects for:

- ✓ The usage of climate-smart agricultural practices such as hybrid maize seeds, sweet potato, cassava, etc., is critical for improving a resilient household.
- ✓ Access to reliable water forecast information and market information to improve their enterprise decision-making.
- ✓ Giving know-how to the individual farmers so they can implement the same policies and practices on their farms.

In Côte d'Ivoire, the LEAP Project (Livelihoods Ecosystem Advancement Programme) evaluate incomes and livelihoods of Ivorian cocoa farming households towards the North Star objective of Living Incomes. This programme helps to:

- ✓ Secure the long-term stability of cocoa production and sourcing;
- ✓ Empower and resource co-operatives to lead and drive change in their communities.
- ✓ Create a comprehensive and farmer-owned development journey towards living incomes, enabling farmer households to develop and grow their livelihoods (Tony's Chocolonely, 2024).

With an emphasis on gender equality, climatic resilience, and the advancement of fair trade, the methods employed by Fairtrade Africa (FTA) seem to form a comprehensive plan intended to enhance the welfare of cocoa producers. Even if they tackle important issues like labor rights, income improvement, and sustainable agriculture, their effectiveness could be constrained by how well they are implemented and how much money is available. This emphasises the necessity for further studies and funding to encourage more farmers and ensure a lasting impact. In conclusion, even if the projects are commendable, they would benefit from more funding and a wider reach in order to bring about long-lasting change in the sector.

3. Case study Tony's Chocolonely

3.1. Brief history

Tony's Chocolonely was founded in 2005 by a group of Dutch journalists, led by Teun van Keuken, after uncovering the widespread use of illegal child labour in the cocoa industry. The shocking revelations were aired in 2003 on the TV show "Keuringsdienst van Waarde", sparking the launch of the company and its first red chocolate bar in the Netherlands - a symbol of protest and change. In 2006, the company introduced unevenly divided bars to visually represent the inequality in the chocolate industry. Over the years, Tony's took concrete steps toward ethical sourcing, including paying farmers in Ghana and Côte d'Ivoire a living income premium in 2014 and ensuring 100% traceable cocoa butter by 2016.

In 2019, Tony's launched its collaborative sourcing model, Tony's Open Chain, and welcomed Albert Heijn as its first Mission Ally. This marked a key step in expanding their impact, to increase their share of West African cocoa sourcing from 0.5% to 5% within ten

years. By 2022, the movement had grown to include major partners like Ben & Jerry's, helping Tony's achieve its highest-ever B Crop score of 125%, a testament to the strength of its five sourcing principles. This timeline reflects Tony's continuous push for regular change in one of the world's most exploitative industries.

3.2 An in-depth look at the Tony's Chocolonely's fair-trade movement

In Ghana and Côte d'Ivoire, approximately 2.5 million farms produce over 60% of the world's cocoa. However, this production is often associated with severe human rights violations. An estimated 1.56 million children in these countries are victims of illegal child labour, working long hours without pay because their parents are unable to earn a living. These conditions reflect systemic exploitation within the cocoa industry.

International frameworks such as the 2011 UN Guiding Principles for Business and Human Rights (United Nations, 2011) and the OECD Guidelines for Multinational Enterprises (OECD, 2023) call for businesses to identify, prevent, and mitigate their human rights impacts. Tony's Chocolonely aligns its business strategy with multiple SDGS (Figure 3), illustrating how ethical commerce can address global challenges:

Figure 3. UN Sustainable Development Goals



Source: (United Nations, 2025)

- ❖ 1 SDG: No Poverty- Ensuring living wages for farmers
- ❖ 2 SDG: Zero Hunger- Supporting food security for farming families
- ❖ 8 SDG: Decent Work And Economic Growth- Preventing child forced labour
- ❖ 10 SDG: Reduced Inequalities- Promoting income equality
- ❖ 12 SDG: Responsible Consumption And Production- Raising awareness among consumers and companies
- ❖ 13 SDG: Climate Action- Linking Social Justice with Climate Justice
- ❖ 17 SDG: Partnerships For The Goal- Demonstrating change through collaboration

In response to the SDGs, Tony's Chocolonely has adopted a human-rights-based approach aimed at systematic change, particularly through its "Tony's Open Chain" model (Tony's Chocolonely, 2024). The company's strategy centres on *five sourcing principles* designed to disrupt the root causes of exploitation and establish a new form of cocoa sourcing. These principles are not only interrelated but also present a replicable model for ethical trade.

Principle 1: Traceable cocoa beans

The beans used in making the chocolate bars are purchased directly from the cooperative partners in Côte d'Ivoire and Ghana. They keep records of their cocoa stock in BeanTracker. This transparency ensures accountability throughout the supply chain.

Chocolate bars are intentionally uneven in shape to reflect the inequality in the cocoa industry. The chunks represent West African countries and regions central to cocoa production, such as Côte d'Ivoire, Ghana, and the Gulf of Guinea. The bar itself becomes a statement of the brand's mission (Tony's Chocolonely, 2025).

Principle 2: Higher price

The company pays farmers a premium higher than the Fairtrade price, including a Living Income Reference. These premiums comprise 2 parts: the Fairtrade premium and the additional living income premium. This helps close the income gap that contributes to child labour and unsustainable farming practices.

Principle 3: Strong Farmers

By investing in farmer training, professionalisation, and cooperative strengthening, the company empowers producers with better tools, knowledge, and bargaining power. Annual meetings reinforce collaboration and local leadership.

Principle 4: The long-term

The minimum duration of collaboration with its partners is 5 years. This enables the farmers to buy new cocoa plants, invest in farming equipment, and receive training. The company implements projects addressing issues such as awareness of child labour and farmers' rights. One example of such an initiative is the Child Labour Monitoring and Remediation System (CLMRS).

Principle 5: Quality and productivity

Increasing crop quality and yield is vital to a farmer's income. Investments are made in improved cocoa plants, pruning bridges, and agricultural training, creating a more resilient farming environment.

3.3. Results and key findings

Tony's Chocolonely has seen significant success, particularly in the Netherlands (16.5% market share), followed by the USA, UK, and Germany. Its expanding presence in Europe and the U.S. highlights growing consumer demand for ethical chocolate, further validating the effectiveness of its model (Tony's Chocolonely, 2024).

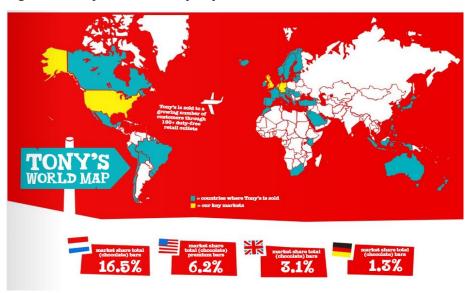


Figure 4. Tony's Chocolonely key markets

Source: (Tony's Chocolonely, 2024)

Tony's Chocolonely has significantly advanced the cocoa industry by demonstrating that ethical sourcing can effectively tackle systemic challenges such as child labour and exploitation, while simultaneously catering to consumer preferences for sustainable and fair products. In order to guarantee that farmers in Ghana and Côte d'Ivoire receive a premium over Fairtrade prices, the company has implemented transparency, traceability, and equity into the cocoa supply chain through its "Tony's Open Chain" program. These initiatives have made a direct impact on several key UN Sustainable Development Goals (SDGS), including poverty reduction, the eradication of

child labour, and the promotion of climate action, demonstrating the possibility of business-driven change in international supply networks. However, in order to achieve long-lasting, industry-wide change, Tony's Chocolonely must continue to grow its programs.

Broadening the 'Tony's Open Chain' model to encompass additional producers and partners will be crucial for enhancing the company's market presence and nurturing a more inclusive cocoa sector. Furthermore, while the premiums and enduring partnerships with farmers have shown potential, ongoing investment in education, infrastructure, and climate resilience programs for farmers will be vital to ensure sustainable cocoa production amid climate challenges. The company should also push for more robust industry-wide policies that mandate living wages, transparency, and human rights protections, encouraging other industry stakeholders to adopt similar practices. In summary, Tony's Chocolonely has demonstrated that it is feasible to operate a successful business while upholding ethical standards and contributing positively to the cocoa sector. Nevertheless, for the movement to expand on a global scale, the company and its partners need to persist in setting a precedent, invest in transformative changes, and encourage enhanced cooperation throughout the supply chain. This approach is essential for realizing the full potential of equitable, sustainable cocoa production.

Tony's Chocolonely case study demonstrates a solution strategy that goes beyond certification. Thanks to its transparent sourcing model, commitment to human rights, and systematic standards for ethical business. Its increasing market success further illustrates the model's superiority and feasibility in managing persistent issues in the cocoa sector.

Conclusion

Tony's Chocolonely shows that fair trade and maximising profitability can go hand in hand. By implementing the five key sourcing principles, the company addresses serious issues like child labour and poverty in cocoa farming. If every business were as much considered and aware of the situation in which the cocoa industry is as Tony's Chocolonely, the illegal practices would be forced to be eliminated, and there would be fairer labour and higher incomes for the people in the developing countries. In the report, only two of the developing countries in Africa were mentioned, but outside of the continent, many agricultural industry-based countries need appropriate and adequate measures for promoting equal labour. The challenge now is to extend these practices

industry-wide and build a future where no child works in crop fields, and every farmer earns a living income.

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Списание "Глобални и регионални измерения на международните икономически отношения" (съкратено ГРИМИО) е правоприемник на изданията с научните резултати от ежегодната студентска научно-практическа конференция, организирана от катедра "Международни икономически отношения" при Стопанска академия "Димитър А. Ценов" – Свищов. До 2020 година изданията са сборници със самостоятелни ISBN номера, а от 2021 до 2023 година са периодичен сборник с постоянен ISSN номер – достъпни във Виртуалната библиотека на Стопанската академия на адрес dlib.uni-svishtov.bg.

Първата конференция е проведена през 1996 година по идея на проф. д-р ик. н. Иван Стойков и на гл. ас. д-р Симеон Момчев, преподаватели към катедрата. Участници са студентите от трети курс на специалност МИО към Стопанската академия, а тематичният фокус е върху международните инвестиции.

От 2014 година към събитието се присъединяват преподаватели и студенти от катедра "Международни икономически отношения" при Икономически университет – Варна, а през 2015 година и от катедра "Икономика и международни отношения" при Русенски университет "Ангел Кънчев".

През годините конференцията се утвърди като форум за научна изява на студентите и докторантите извън учебната аудитория и създаде възможност за разчупване на формалните отношения лектор-обучаем, обмяна на опит в провеждането на мероприятия, свободно споделяне на творчески идеи. Постепенно тематиката се разшири и обхваща широк спектър от области, влизащи в сферата на международните икономически отношения и международния бизнес.

Пленарната сесия на *Двадесет и деветата конференция* се проведе на 10 май 2025 г. присъствено в Базата за обучение на Стопанска академия в с. Орешак и в дистанционен формат чрез платформата BigBlueButton.

Journal "Global and Regional Dimensions of International Economic Relations" (abbreviated **GRDIER**) is the legal successor of the publications with the scientific results of the annual *student scientific-practical conference*, organized by *the Department of International Economic Relations* at Dimitar A. Tsenov Academy of Economics - Svishtov. Until 2020, the editions are conference proceedings with independent ISBN numbers, and from 2021 to 2023 they are periodical collections with a permanent ISSN number - available in the Academy's Virtual Library at dlib.unisvishtov.bg.

The first conference was held in 1996 on the idea of Prof. Ivan Stoykov and Head Assistant Simeon Momchev, lecturers at the department. The first participants were the 3^{rd} year IER students at the Tsenov Academy of Economics, and the thematic focus was on international investments.

Since 2014, the event has been joined by professors and students from *the Department of International Economic Relations* at the University of Economics – Varna, and in 2015 from *the Department of Economics and International Relations* at the Angel Kanchev University of Ruse.

Over the years, the conference has established itself as a forum for the scientific expression of students and doctoral students outside the classroom and has created an opportunity to break the formal lecturer-student relationship, exchange experience in conducting events, and freely share creative ideas. Gradually, the topics have expanded and cover a wide range of areas, entering the sphere of international economic relations and international business.

The plenary session of *the Twenty-ninth conference* was held on May 10, 2025 at Dimitar Tsenov Academy's Training and Recreation Center in the village of Oreshak and online through the BigBlueButton platform.

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