



2024

Cocoa Sector Strategy

PHASE III

ACRONYMS

APAC	Asia-Pacific
CEMA	Commodities Export Marketing Authority
COVID-19	Coronavirus disease 2019
EOIO	End of Investment Outcome
EU	European Union
EUDR	EU Deforestation Regulation
GDP	Gross Domestic Product
GEDSI	Gender Equality, Disability, and Social Inclusion
SBD	Solomon Islands Dollar
SCALE	Strengthening Competitiveness Agriculture and Livelihoods (SCALE) project
SIG	Solomon Islands Government
USAID	United States Agency for International Development
USD	United States Dollar



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A photograph of an elderly woman with a joyful expression, wearing a wide-brimmed straw hat and a blue dress with white polka dots. She is surrounded by dense, vibrant green leaves, some of which are slightly out of focus in the foreground. The lighting is bright and natural, suggesting an outdoor setting. In the top left corner, there is a small graphic element consisting of a blue square above an orange square.

SECTION 1:

Introduction

Section 1: Introduction

1.1 Introduction

Cocoa exports hold the potential to become a major economic driver, contributing around 5.4% to GDP and generating approximately SBD \$85 million (USD \$10.5 million) in foreign exchange earnings annually.¹ While the Solomon Islands produce 4,000 Mts of cocoa just over 0.1% of the global supply cocoa remains a valuable commodity in a global market of 4.6 million tonnes traded annually, valued at roughly USD \$10.5 billion.²

The Solomon Islands cocoa sector serves two distinct markets: bulk and boutique. The bulk market, which deals in undifferentiated cocoa, dominates with over 98% of the country's production. The boutique or fine cocoa segment represents a smaller but growing niche, accounting 1-2% of total output.³

1.2 Learnings from previous phases

Strongim Bisnis has contributed to the Solomon Islands' cocoa sector through targeted interventions to improve quality and market access. During phases I and II, efforts focused on enhancing production, primary processing, and product diversification. This work included training farmers in cultivation and drying techniques to increase production. As a household cash crop, cocoa supply is elastic and highly sensitive to market prices, with farmer interest increasing during price peaks. While buyers seek quality control and consistent supply, cocoa remains a suppliers market.

Strongim Bisnis also identified potential areas of local value addition, enabling domestic players to capture more value. Program support also sought to decentralize processing and develop products like drinking chocolate and cocoa butter, both of which showed demand domestically and abroad.

Phase II also aimed to improve product quality to meet boutique market standards, in which producers can command premium prices. The boutique market, however, remains small and has rigorous quality and sustainability standards that necessitate traceable supply chains and advanced storage and processing capabilities. These requirements pose barriers to scaling.

Initiatives focused on financial inclusion, fintech and transparency through use of blockchain technology were phased-out due to limited relevance. Logistics and transport services on the other hand, emerged as critical functions to enable market growth. Addressing these challenges is key to meeting demand and unlocking the sectors untapped supply potential.

1.3. Phase III strategy

With the recent rise in bulk market prices, farmers and exporters are increasingly prioritising bulk production to capture immediate gains. However, as supply from West Africa is expected to recover in the medium-term, bulk market prices are likely to stabilize, narrowing the price gap between the bulk and boutique markets. Regardless of prices, the boutique market is a niche and high barrier segment.

Given these complexities Strongim Bisnis' Phase III strategy will concentrate on scaling production and logistics for the bulk market to capitalize on current demand while preserving the boutique market as a premium opportunity. This approach allows the Solomon Islands cocoa sector to strengthen its production capacity and retain flexibility to meet shifting market demands. The three main focus areas for interventions will be to 1)

¹ Strongim Bisnis. (2020). Phase 2 MSA.

² Government of Solomon Islands. (n.d.). Huge potential for coconut and cocoa here.

³ Solomon Islands Chamber of Commerce and Industry. (2024, April). Good news for local cocoa farmers.

increase production and supply, 2) enhance aggregation and export readiness, and 3) support the development of value-added products.

1.4. Contribution to the logframe

The table below outlines expected contributions of Phase III interventions to Strongim Bisnis End of Investment Outcomes.

End of Investment Outcome	Phase III contribution to EOIO
EOIO-1: Businesses in target sectors have increased sales and profits, providing increased employment and household incomes	<ul style="list-style-type: none"> Supporting nurseries and rehabilitating aging plantations will boost cocoa production capacity by ensuring access to high-quality seedlings, leading to improved yields and increased farmer incomes. Streamlining aggregation and logistics will enhance efficiency, enabling aggregators to achieve higher sales and profits. This will create more jobs across the value chain and incentivize producers to increase production and supply, generating additional income opportunities. Prioritizing the bulk markets will enhance export opportunities for aggregators and large-scale buyers. Partnerships with boutique market players will drive increased sales for boutique market businesses, creating additional income opportunities for producers and aggregators by supplying to these premium markets.
EOIO-2: Women, youth, and people with disabilities have increased economic empowerment.	<ul style="list-style-type: none"> Cocoa production in the Solomon Islands occurs at the household level, involving women and youth throughout the value chain. Investment in sector growth will lead to increased income for households. Boosting family-level activity will secure women's roles in the cocoa sector, and support for value addition will benefit women-owned business.
EOIO-3: SIG has increased opportunities to support the private sector through partnerships or reforms to improve the enabling environment.	<ul style="list-style-type: none"> Strengthening aggregation and transport aligns with the Commodities Export Marketing Authority (CEMA) Revitalization Strategy 2021-2027 on investing in logistical infrastructure, including inter-island shipping and the ports.⁴ Strongim Bisnis will collaborate with the Solomon Islands Government (SIG) on its goal to boost cocoa exports and improve farming systems (Program 4 of Agriculture Sector Investment Programs).⁵

⁴ Revitalization Strategy 2021-2027 shared by CEMA during Key Informant Interview 2024

⁵ Ministry of Agriculture and Livestock. (2021). Solomon Islands Agriculture Sector Growth Strategy and Investment Plan (ASGSIP) 2021-2030. Solomon Islands Government.

https://solomons.gov.sb/wp-content/uploads/2021/10/Solomon-Islands-Agriculture-Sector-Growth-Strategy-and-Investment-Plan-ASGSIP-2021-2030_Final.pdf

SECTION 2:

Sector Overview



Section 2: Sector Overview

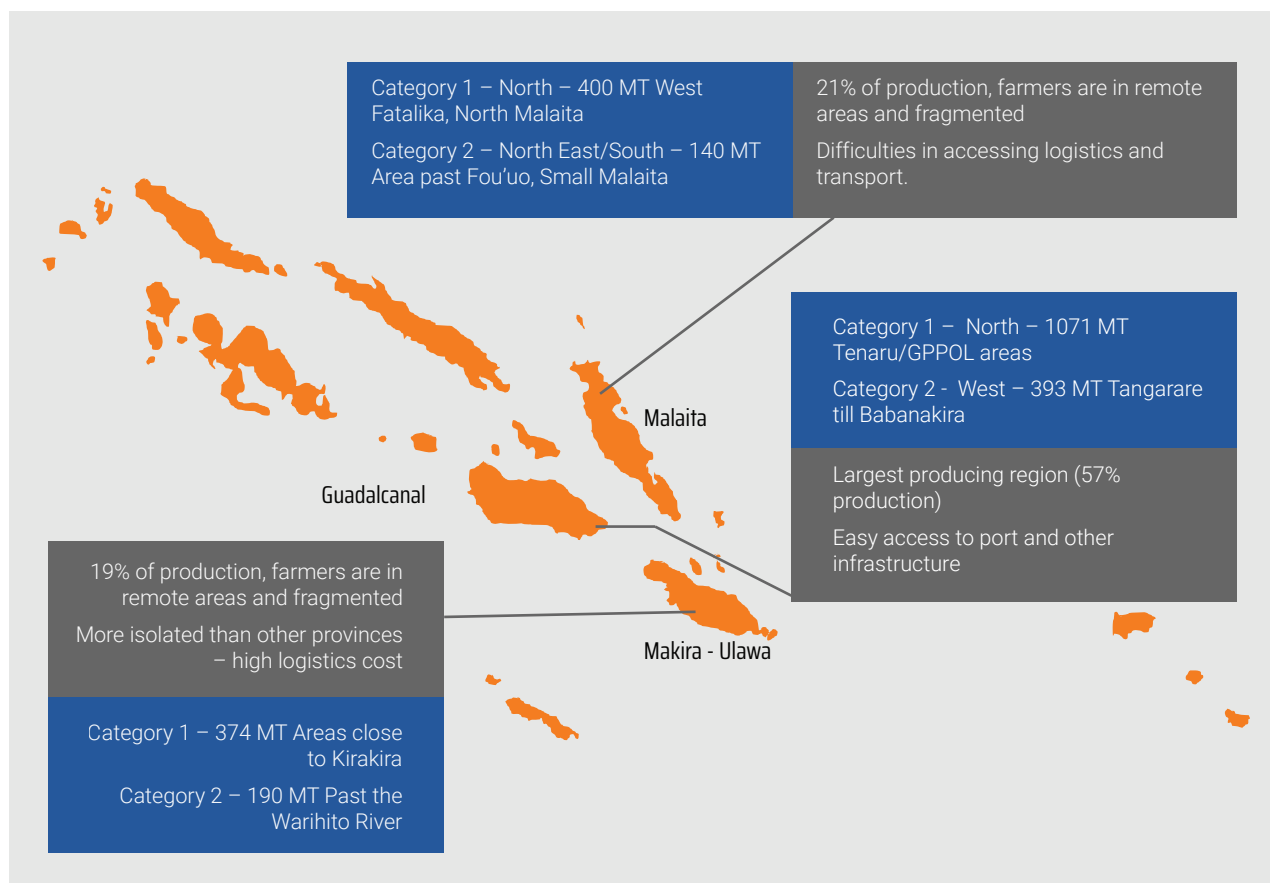
2.1. Geographic focus

Strongim Bisnis undertook a geographical assessment to identify and evaluate production sites for their supply potential. The assessment categorizes production areas into two main types:

Category 1 includes areas that are relatively accessible and where buyer competition is strong, enabling farmers to capture a higher portion of export prices. This group represents an estimated two-thirds of total production volume. The focus for Category 1 areas will be on increasing production and supply. The strategy is to work with aggregators/buyers to improve production practices through the provision of tools, inputs and advice.

Category 2 includes remote areas with limited buyer presence throughout Makira, Malaita, and Guadalcanal. With limited port and wharf access, these areas rely on road systems for connectivity as well as ships using inefficient systems of small banana boats to unload and reload cargo as they travel along the coast. Farmers in these locations typically aggregate commodities locally before shipment. Category 2 areas represent just one-third of cocoa volumes but hold significant potential if logistical barriers are overcome. Efforts in Category 2 areas will aim to create more efficient aggregation and transport solutions to connect remote farmers with the broader market, enhancing their market access and incomes.

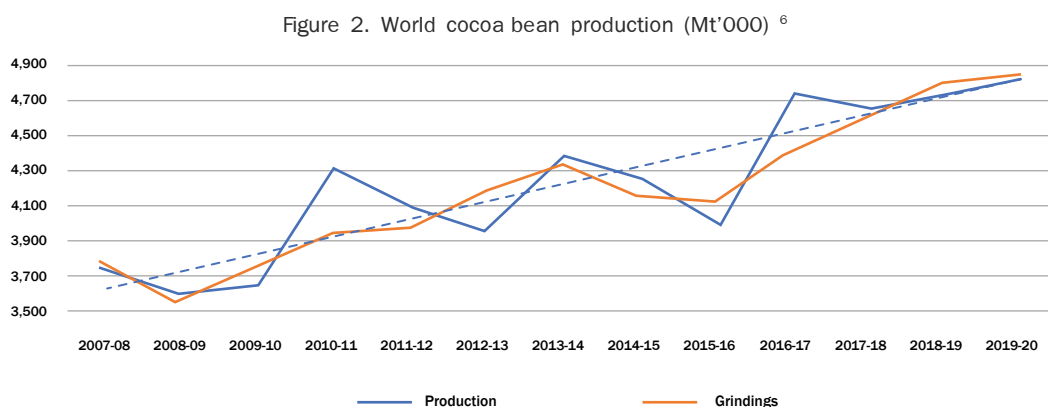
Figure 1. Cocoa across geographies of the Solomon Islands



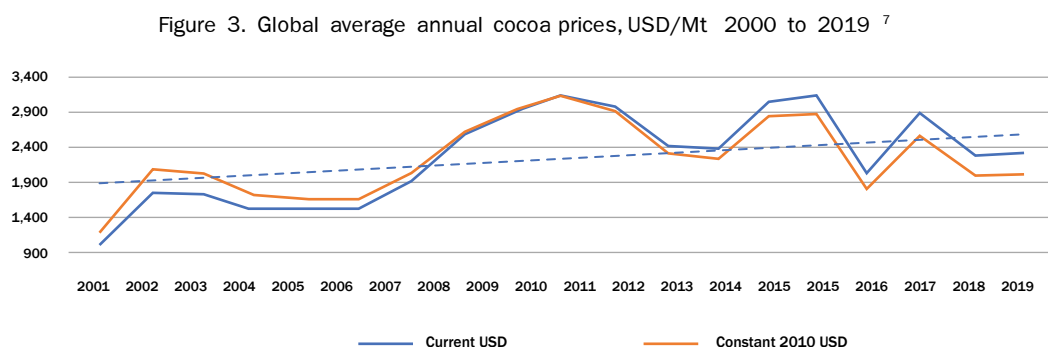
2.1. Market Dynamics

Out of the 4.6 million tonnes of cocoa traded globally, West Africa (Ivory Coast and Ghana) accounts for nearly 2.9 million tonnes, or 62% of total production. Indonesia produces approximately 240,000 tonnes, while Papua New Guinea contributes 35,000 to 40,000 tonnes. In comparison, the Solomon Islands 5,000 tonnes represent less than 0.1% of the global supply.

Global cocoa production has been trending upwards. As shown in Figure 1.2, annual production and grindings have risen by over one million Mt per annum over the last decade. Despite the overall trend, there were significant year-to-year fluctuations during this period.



Global cocoa prices are based on three factors: cocoa supply, demand for grindings, and stock levels. When production exceeds grindings, stock levels increase, causing prices to decline, and vice versa. As shown in Figure 1.3 over the last twenty years global prices (USD denominated) generally trended upward for the first half of that period, but have shown a modest downtrend since then, with considerable year-to-year fluctuations.



A recent spike in prices has been observed, primarily due to supply shortages from West Africa, where droughts and adverse weather conditions have negatively impacted production levels. West Africa, the world's largest cocoa-producing region (60%), has struggled to maintain output, causing ripple effects in the market. As a result, the bulk price has surged to SBD \$60 per kilogram, nearly double boutique prices. This spike is expected to be temporary, with prices predicted to normalize at around SBD \$30 \$40 per kilogram.⁸

Meanwhile, regulatory changes in the European Union (EU), particularly the new deforestation laws, are beginning to shape global cocoa trade. These regulations mandate that any operator or trader dealing with

⁶ International Coffee Organization. (n.d.). ICO statistics. Retrieved January 19, 2025, from <http://www.ico.org>

⁷ World Bank. (n.d.). Commodity markets. Retrieved January 19, 2025, from <https://www.worldbank.org/en/research/commodity-markets>

⁸ Key Informant Interviews 2024 Holland, Cocoa Aggregators

⁹ Strongim Bisnis Cocoa Sector MSA 2017, MSA 2020

commodities like cocoa must ensure their products are not sourced from recently deforested land or contribute to forest degradation. As EU buyers impose stricter compliance standards, producers will need to adjust to meet these new requirements, particularly for entry into high-value markets.

2.2.1. Demand landscape

The Solomon Islands cocoa bulk export market is dominated by Holland Commodities, which buys nearly 80% of the cocoa through a network of exclusive agents. C-Corp, under the Solomon Gold brand, buys the remaining 20%, focusing on quality incentives for sun-dried cocoa. Most bulk cocoa is sold to large grinders in Malaysia, like Barry Callebaut and JB Malaysia, who blend it with other origins to reduce defects like smoke taint.

In the boutique market, Cathliro, Makira Gold, DKFC, and KPSI stand out as the main players. These companies work closely with smallholder farmers to source premium, organic, and single-origin cocoa beans. The niche appeal of their products allows them to access higher-value markets in Australia, New Zealand, and parts of Europe.⁹

These players adapt their sourcing and sales according to shifting demand. For instance, Cathliro exports cocoa to both bulk and boutique markets but diverts boutique-quality beans to bulk markets when demand for boutique cocoa is low or less profitable. Conversely, when Cathliro cannot fulfil a boutique order on time, it collaborates with smaller entities, such as Makira-based Lukasco. Similarly, KPSI partners with Lukasco and TCP, based in West Guadalcanal, to meet its sourcing requirements. Although boutique buyers are willing to pay premium prices, they face ongoing challenges in ensuring consistent quality to satisfy stringent international standards.

2.2.2. Supply landscape

Cocoa production in the Solomon Islands has been relatively stable over the past decade. Annual output has stayed around 4,500 to 5,500 Mts of dry beans, with a peak at 6,136 Mts in 2011. The overall trend shows no significant growth. Average yields stand at approximately 250 kg per hectare, far below global averages.

Approximately 20,000 smallholder farmers produce most of the cocoa in the Solomon Islands, primarily in Guadalcanal, Malaita, and Makira provinces. Farming practices are largely uniform with slight regional variations. Accessibility differs considerably by region, influencing farmers' ability to access markets and secure favourable pricing.¹⁰

Exporters may venture into untapped areas to increase volumes, relying on their personal connections and network. There hasn't been a systematic approach to scoping strategic or high potential locations. Similarly, farmers access exporters based on proximity and word-of-mouth.

¹⁰ Strongim Bisnis Cocoa Sector MSA 2020, substantiated by Key Informant Interview 2024



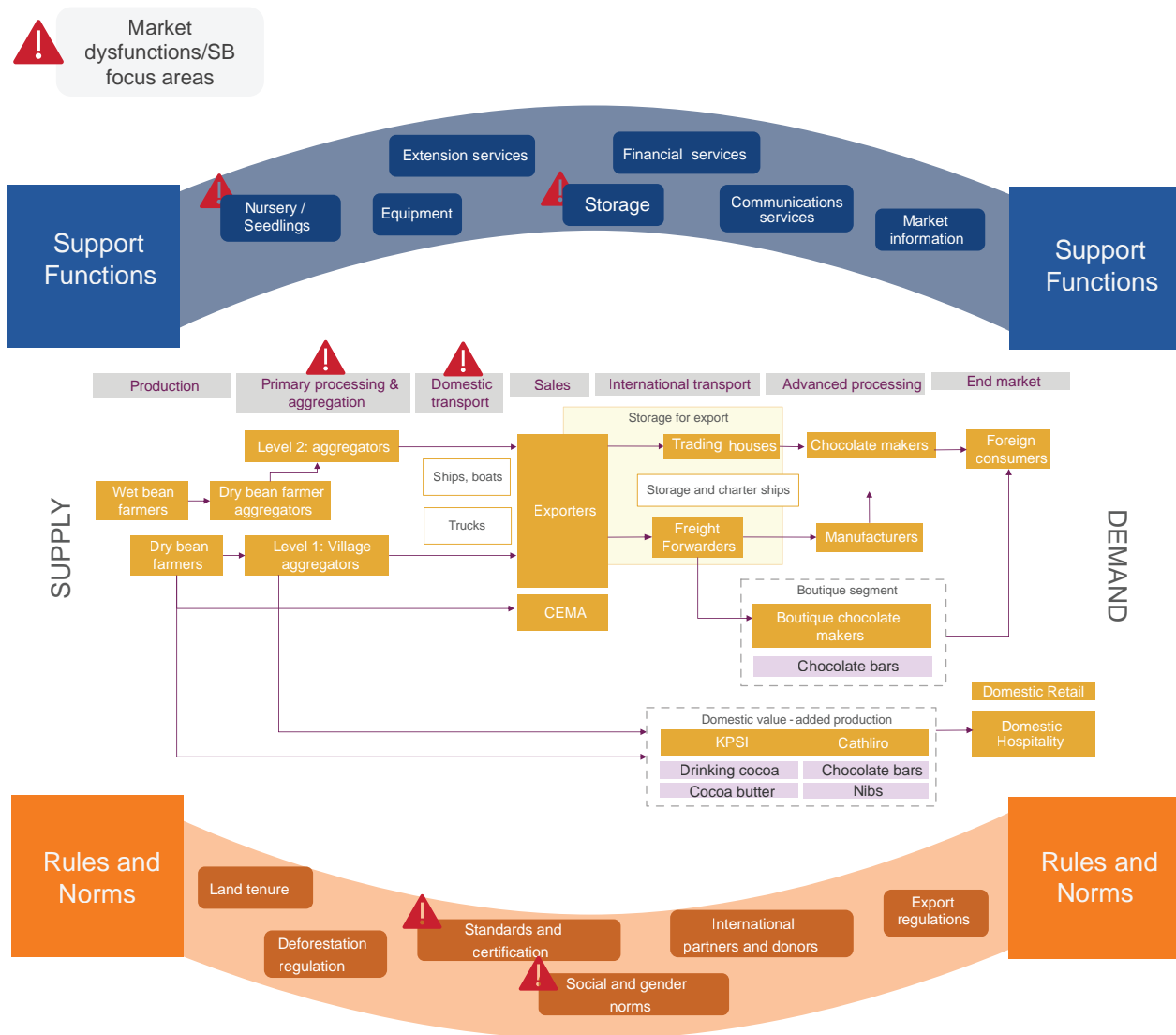
SECTION 3:

Market System Overview: Key Constraints and Opportunities



Section 3: Market System Overview: Key Constraints and Opportunities

3.1. Market System Map



3.2. Market Failures and Opportunities

The table below provides a brief overview of the critical core functions, supporting functions, rules and norms, as well as key market dysfunctions hindering the sector's growth.

Function	Background	Market Dysfunction	Relevance to Phase III strategy
Production	<p>The main cocoa harvest season typically begins in May and runs through August, with a smaller mid-crop occurring around November to January. Components such as crop management, tree health, plantation age, and fertility determine the quantity of cocoa that can be harvested.</p> <p>Trees are usually planted using seeds or grafted saplings. While the productivity cycle depends on the variety, cocoa trees typically have the following lifespan cycle: At 3-5 years trees begin producing fruit, with peak productivity occurring between 10 and 18 years. After 20 to 30 years, yields often decline significantly.</p> <p>Many cocoa and coconut plantations were established 20–30 years ago, often following timber extraction routes where infrastructure was developed for logging activities.</p> <p>Younger plantations may not be able to maximize yield without pruning and shade clearing.</p> <p>These factors contribute to low yields, small bean sizes, and reduced fat content.</p> <p>Both private sector (Holland) and development programs (USAID SCALE) have provided seedlings from nurseries to farmers in recent years, but no market-driven business model for commercial nurseries has been explored.</p>	<p>Low production volume and productivity:</p> <ol style="list-style-type: none"> 1. Lack of financial incentive: Until recently, cocoa prices have not been high enough to incentivize farmers/aggregators to invest in replanting and rehabilitation. 2. Constrained crop management practices: Farmers lack financial incentives or instrument such as loans to purchase and use advanced equipment for modern agronomic practices such as chainsaws, secateurs, and pruning saws. This poses challenges to moving away from traditional cultivation practices using basic bush knives. 3. Lack of large-scale nurseries and quality seedlings: The absence of a reliable seedling supply limits farmers' ability to plant new trees in the plantation. Limited technical expertise and financial resources among nursery operators result in uneven quality, reducing the reliability of the seedlings supplied. 	<p>Strongim Bisnis has previously focused on improving cultivation practices, however the uptake of these practices is closely tied to financial incentives, and cocoa prices have only increased recently.</p> <p>Phase III will prioritize access to inputs and tools for rehabilitation or replanting, depending on plantation need.</p> <p>Expanding and professionalising nursery operations can also address a gap in the market by ensuring a steady supply of high-quality seedlings.</p>

Function	Background	Market Dysfunction	Relevance to Phase III strategy
Primary processing	<p>After harvest, cocoa pods are split open to remove the wet beans, which must be fermented for 6-7 days to develop flavour. Following fermentation, the beans are sun-dried to reduce moisture, a critical step in preserving the cocoa and ensuring quality.</p> <p>During this process, farmers may sell beans without processing (wet beans) or dry beans (export-ready), depending on whether they have access to equipment and on the price incentive for selling a finished product.</p> <p>For farmers who do not conduct the primary processing themselves, they sell the wet beans to other farmers or aggregators or buyers in their community.</p> <p>Dry beans can be sold for two or three times the price of wet beans, and the higher the price difference the more incentive the farmers have to dry their own beans, and vice versa.</p>	<p>Inconsistent and poor-quality control:</p> <ol style="list-style-type: none"> 1. Limitations of traditional solar drying: Solar drying is inconsistent during rainy weather, leading to a variation in drying time and overall quality. Interviews with local producers reveal that unpredictable weather often results in unevenly dried beans, impacting flavour and shelf life. 2. Lack of standardized fermentation practices: The absence of uniform fermentation methods results in a wide variability in flavour profiles. 3. During peak seasons with higher demand and prices for cocoa, wet beans command higher prices. This leads to more consolidation and possibly more standardization as processors will aggregate and process a larger portion of the beans in circulation.. 	<p>Interventions to improve drying and fermentation processes will have a positive impact on production quality, which can improve attractiveness to buyers who seek consistent supply of quality beans. This can stabilize the value chain by supporting long-term, trust-based relationships between buyers and suppliers</p>
Aggregation & Transport	<p>At the grassroots level, smallholder farmers, sell their wet beans to local aggregators or larger farming intermediaries. These local aggregators, often situated in villages, purchase and process the beans before passing them on to provincial aggregators stationed at centralized production hubs.</p> <p>After harvest, aggregation determines the quantity of cocoa available at a sales point. Transport, logistics, fuel cost, road conditions all affect how much cocoa can reach the market at a standard quality.</p> <p>Market incentives are shaped by a combination of</p>	<p>Difficulties in accessing production pockets and high logistical costs:</p> <ol style="list-style-type: none"> 1. Poor road conditions: Roads are unpaved, often deteriorated, and inaccessible during the rainy season. 2. Distance from main roads: Farms are located far from main roads, requiring farmers to use small-scale or manual transport methods like carts to move cocoa to more accessible locations. This adds significant labour and delay to the supply chain. 3. Insufficient capacity relative to production potential: Storage 	<p>Inefficient supply chains and costly, inadequate logistics are critical constraints hindering the sector's growth. The Solomon Islands cannot fully capitalize on current global market opportunities, in which bulk cocoa commands higher prices, unless these issues are addressed. While transforming the entire transport sector may not be feasible, targeted interventions in strategic locations—such as installing appropriate storage facilities and aggregation points—can significantly reduce the transport challenges faced by smallholder farmers and exporters.</p>

Function	Background	Market Dysfunction	Relevance to Phase III strategy
	<p>factors, including the price of cocoa relative to alternative crops farmers might cultivate and the cost of fuel compared to the price farmers can secure from available aggregators.</p> <p>Storage facilities in the Solomon Islands' cocoa sector serve to protect beans from moisture and other environmental factors that could lead to quality degradation during aggregation. These facilities are owned by aggregators or exporters. Exporter-owned facilities must be certified by CEMA, which sets storage conditions and inspects facilities to ensure compliance.</p>	<ol style="list-style-type: none"> 1. shortfalls become acute during peak harvest, creating bottlenecks that delay shipments and heighten the risk of quality losses. 2. Inconsistent inter-island shipping schedules: Shipping is unpredictable and often unreliable, as well as expensive, particularly when moving goods between remote islands. Delays in shipping can result in prolonged storage of beans in suboptimal conditions, leading to mould, flavour contamination, or other quality issues. 3. Poor port infrastructure: Many smaller islands lack port infrastructure, requiring farmers to manually load cocoa onto boats, a labour-intensive process that increases the risk of contamination and quality loss, especially in rainy conditions. 	<p>Inadequate storage capacity is a significant contributor to inefficiencies in the logistics chain, as it can lead to quality degradation, spoilage, and quantity losses during aggregation. These issues are particularly acute across primary, provincial, and inter-island storage points (leading up to reaching Honiara), highlighting the need for improved infrastructure to support a more reliable and high-quality supply chain.</p>

Standards, Certifications & Regulations	<p>There are several widely recognized certifications for cocoa, each addressing different aspects of production and sustainability. Organic and Fair Trade stand out as the key certifications popular in the market.</p> <p>Certifications such as Fair Trade and Rainforest can provide financial security to farmers, as certified product commands premium prices. However, the costs of certification and compliance, such as implementing fair labour standards, is often borne by the exporters.</p> <p>Where supply chain</p>	<p>High cost of certification and compliance:</p> <ol style="list-style-type: none"> 1. Economic viability at scale: Certifications are typically only economically viable for larger operators, as costs can be prohibitive for smaller exporters who struggle to achieve the necessary economies of scale. 2. Uncertain impact of international compliance measures: The extent to which new international regulations, like the EUDR, will affect Solomon Islands cocoa remains unclear. 	<p>ertified cocoa products are primarily relevant in niche and boutique markets. Therefore, focusing on certifications is more suitable during a phase of Strongim Bisnis in which the boutique market shows greater potential than the bulk market, and where market gaps or failures exist—such as boutique brands struggling to scale their operations or farmers being unable to meet the requirements of the boutique market. Whether an intervention is necessary in terms of compliance requires further investigation. The sector's current focus is on Asian markets, where advanced</p>
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Function	Background	Market Dysfunction	Relevance to Phase III strategy
	<p>transparency, stringent quality control and compliance are required, boutique brands manage their sourcing directly from production, harvest, to primary processing.</p> <p>The most recent development has been EU Deforestation Regulation (EUDR), which aims to limit forest degradation.</p>		<p>processing occurs. Key points to explore include: whether grinders and manufacturers in APAC importing from Solomon Islands are ultimately exporting final products to the EU; whether the European market holds significant importance in terms of quantity and pricing; and whether they will require compliance and transparency from Solomon Islands producers to meet these requirements. If so, understanding the specific requirements—such as geolocation tracking—will be essential.</p>

3.3. Gender equality, disability, and social inclusion (GEDSI)

Overall, women and youth do not have the same access to opportunities and decision-making power in the cocoa sector. Both women and youth are active throughout the value chain, from planting, harvesting, primary processing, and value-addition. Work performed by women and youth is largely informal (both paid and unpaid), and often considered part of the family business. This informality is a barrier to accessing paid work and owning capital. Communal land ownership structures can also limit women's control over land, and thus their ability to make decisions around land use, access credit, and benefit financially from agricultural activities.

In some cases, land is allocated to individual youth and woman for cocoa production, where they control the income generated from harvesting and selling cocoa beans.¹² For example, in Makira, youth may be allotted land for their livelihood if they are unable to continue formal education. In Guadalcanal, land may be allocated to youth to help them generate income to pay school fees.

In the aggregation and transporting stage, gender disparities are observed in specific occupations. Men are more visible in roles that involve organization, travel, and networking.¹³ Examples of these roles would be in sales, marketing, aggregation (especially at the inter-province or inter-island level), and export. While women and men are equally active in cocoa sales locally in their communities, transporting cocoa via ship to main economic centres or selling to international buyers as exporters involve more.^{14 15}

This can potentially be attributed to gender specific advantages and traditional division of labour. For example, women may have restricted access to the appropriate personal connections they can leverage to enter the exporting business, where networks play a vital role in navigating sourcing and brokering. Women also may face challenges in undertaking roles as aggregators and exporters due to the amount of travel required for the work, which may be difficult if they are responsible for childcare and household management.

¹² 2017 MSA

¹³ Internal discussion

¹⁴ 2017 MSA 2020 MSA

¹⁵ Key Informant Interviews with cocoa exporter in 2024 Assessment and updates from field visitations since 2020.

Currently, most opportunities for women are found in further value-added processing, such as in production of chocolate, cocoa nibs, and cocoa tea. The majority of Strongim Bisnis partners in processing are women-led and women-owned enterprises that employ women, including Amazing Grace, TCP, Cathliro, and Lukasco. We have also observed a positive downstream effect wherein women-led businesses and buyers source from, and provide training to, women-led farms and suppliers. A potential future intervention is replicating this positive feedback loop.

Multiple interviews indicated that existing perceptions around gender position women advantageously in cocoa processing. It is unclear whether this positive view of women in value-addition deters women from entering male-dominated roles like aggregation and export. Interventions can aim to create pathways for women to participate in these roles through training, mentorship and networking, as well as support for access to finance.

3.4. Climate

Over the past 20 years, cocoa production has been significantly impacted by climate change. Key regions, particularly in West Africa (Ivory Coast and Ghana), have experienced fluctuating production rates due to the influence of El Niño and La Niña cycles, which have affected rainfall and weather patterns, leading to variable yields. Increasing pressure for sustainable farming practices has both positively and negatively influenced short-term output. More recently, rising input costs, such as fertilizers and transportation, coupled with supply-chain disruptions like those caused by COVID-19, have led to higher prices.

The global cocoa market is currently facing a supply deficit estimated at between 374,000 to 462,000 metric tons, marking the highest shortfall in 45 years. The tight supply has been exacerbated by aging plantations, weather-related issues, and pest diseases in West Africa.¹⁶ End-of-season stocks are also expected to reach their lowest levels since 1979, with inventories falling below 1.4 million Mt.¹⁷

Projections of increasing temperature and rainfall pose significant risks for cocoa production in the Solomon Islands, a country highly vulnerable due to limited adaptive capacity. More frequent and intense rainfall exacerbates challenges in cocoa processing, particularly drying. Traditional solar drying methods struggle during the rainy season, resulting in inconsistent moisture content and a higher risk of mould and contamination. Phase III introduced improved drying infrastructure, such as solar dryers and centralized drying facilities, to mitigate quality losses and maintain the marketability of Solomon Islands cocoa.

Cocoa thrives in warm tropical climates, but rising temperatures beyond optimal levels (21-32°C) can stress cocoa trees, reduce yields, and increase susceptibility to pests and diseases. Heat stress may also accelerate soil degradation, further diminishing productivity in aging plantations. In response, Phase III emphasizes the introduction of new, resilient seedlings and training in soil and pest management.

Higher rainfall could benefit regions with limited water availability, potentially expanding suitable areas for cocoa cultivation. With effective management, Solomon Islands has the potential to establish itself as a source of climate-resilient, sustainably produced cocoa, meeting the growing global demand for environmentally responsible products.

¹⁶ International Cocoa Organization. (2023). ICCO forecasts 547,000MT deficit in 2023-24 cocoa output. The Cocoa Post. Retrieved from <https://thecocoapost.com/icco-forecasts-547000mt-deficit-in-2023-24-cocoa-output/>

International Cocoa Organization. (2024). August 2024 Quarterly Bulletin of Cocoa Statistics. International Cocoa Organization. Retrieved from <https://www.icco.org/august-2024-quarterly-bulletin-of-cocoa-statistics/>

¹⁷ European Supermarket Magazine. (2023). ICCO sees rising global cocoa deficit in 2023-24 season. European Supermarket Magazine. Retrieved from <https://www.esmmagazine.com/supply-chain/icco-sees-rising-global-cocoa-deficit-in-2023-24-season-260790>



SECTION 4:

Phase III Strategy and Focus Area for Intervention



Section 4: Phase III Strategy and Focus Area for Intervention

Phase III marks a shift toward expanding overall production and improving supply chain efficiency to meet the demands of a growing global market.



IF targeted investments are made in expanding production capacity on farm level through increasing productivity at the farm level, improving logistical infrastructure, and supporting value-added processing, AND these efforts are coupled with partnerships between private sector actors, development agencies, and smallholder farmers, THEN the Solomon Islands' cocoa sector can scale its supply chain, improve farmer incomes, and position itself for both bulk and boutique markets, LEADING TO a more resilient, inclusive, and competitive industry that adapts to shifting global market demands and regulatory requirements.

The goal is to bolster production capacity to cater to both high-volume and specialized markets, to maintain a flexible strategy that supports the portfolio as a whole. This approach ensures readiness for future shifts in market dynamics while capitalising on current opportunities.

The first focus area involves establishing commercial nurseries operated by local aggregators and entrepreneurs to ensure a steady supply of high-quality seedlings. This initiative is coupled with efforts to rehabilitate aging plantations, through technical assistance on good agronomic practices, aimed at revitalizing production and improving yields. As described in the geographic focus section, these interventions will be primarily focused on category one areas that are accessible to buyers and where the competition to secure beans is high.

The second focus area emphasizes streamlining aggregation and logistics, with improvements in processing practices (training in drying and fermenting techniques, promote solar dryers), investments in storage facilities, and co-designed supply chain financing schemes with buyers and farmers to enhance aggregator capacity. As outlined in the geographic focus section, these interventions will primarily target category two areas relatively remote regions that buyers typically overlook but possess significant production and supply potential.

The third focus area continues support for value-added products, with targeted business development services for marketing, scoping new opportunities, and fostering product innovation.



Solomon Islands Australia Partnership

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