

# Driving inclusive growth through specialty cacao

## PHAMA Plus Performance Story

Over the past decade, Vanuatu's cacao industry has undergone a significant transformation. What was once a largely bulk commodity sector, held back by smoke-tainted beans, inconsistent quality and limited processing capacity, is now emerging as a credible origin for high-value specialty cacao. Most of Vanuatu's cacao is grown by smallholders on Malekula, Santo and Epi, and across the wider Malampa, Sanma and Penama provinces, communities are now at the centre of the country's specialty cacao story.

Global demand for single-origin, ethically produced chocolate is growing, and Vanuatu's unique flavour profile and agroforestry systems are attracting interest from premium buyers. Export volumes have risen, premiums are increasing, and international markets are opening, signalling early momentum across the value chain. Impact assessments now show that as a result of the PHAMA Plus program, 568 cacao-farming households (1,901 people) have already benefited from higher prices, improved market access and increased sales, generating an estimated AUD133,555 in attributable income increases.

Since 2018, there is strong evidence that the Australian and New Zealand governments have accelerated this shift through PHAMA Plus, working closely with the Government of Vanuatu, exporters and farmer groups to improve bean quality, strengthen standards and build enabling systems needed for Vanuatu to compete in premium markets.

PHAMA Plus has contributed to major improvements in:

- Cacao quality, through modular solar dryers, centralised fermentation infrastructure and processes, and training
- Standards and certification, including HACCP and B Corp<sup>1</sup> for niche market exporters
- Sector governance, including establishment of the Vanuatu Cacao Industry Product Group (VCIPG)
- Market access, with Vanuatu now supplying specialty buyers in Australia, New Zealand, Japan, Europe and the USA.

These efforts, alongside investments by the Government of Vanuatu and industry, have underpinned the sector's early transition and helped position cacao as a growing contributor to rural livelihoods, women's economic empowerment and export diversification. At the household level, farmers report using increased cacao income to pay school fees, improve housing, purchase transport, and reinvest in cacao plantations—early indicators of improved livelihoods in remote communities. Impact surveys indicate that 64–73% of respondents report women's active involvement and decision-making in chocolate production, pricing and sales under shared processing and value-adding models.

Across PHAMA and PHAMA Plus, program interventions have supported more than 378 smallholder farmers to supply premium markets. Exporters such as Gaston Chocolat and Spencer Cocoa have expanded collection networks, strengthened traceability, and increased processing capacity. Specialty cacao export volumes increased from 3 tonnes in 2022 to over 60 tonnes by 2024–25, reflecting rapid scale-up from a low base. Premium prices are now reaching rural communities, with impact surveys confirming that these price differentials are a key driver of quality improvements and sustained farmer participation.

Furthermore, the introduction of modular solar dryers and centralised fermentation infrastructure and processes has delivered substantial economic and social benefits for farmers and exporters. These innovations reduce labour needs, protect beans from weather, eliminate smoke taint, and improve income reliability. Ninety-four per cent of the Vanuatu Primary Producers Authority (VPPA)-supported farmers report a preference for solar drying, citing improved bean quality (no smoke taint), reduced labour requirements, faster drying times (typically four days), and improved protection from weather variability.

<sup>1</sup> HACCP stands for Hazard Analysis and Critical Control Points and is a management system for food safety. B Corp Certification is a designation that a business is meeting high standards of verified performance, accountability, and transparency on factors from employee benefits and charitable giving to supply chain practices and input materials.

## What should happen next?

### 1. Update the National Cacao Strategy (2026–2030)

Provide technical support to the Ministry of Agriculture, Livestock, Forestry and Biosecurity (MALFB) to finalise an updated national cacao strategy within the year. This will help maintain coordination across government, industry and donor investments.

### 2. Expand nursery capacity and access to planting material

Support MALFB's commitment to plant 2 million cacao trees by 2030 through the expansion of grafted seedling supply via public and private partnerships. Promote community-managed nursery models to decentralise access to planting material.

### 3. Promote the rollout of scalable drying and fermentation models

Continue to encourage expanded adoption of modular, centralised fermentation and drying systems tailored to different production scales and contexts. These models should support both commercial exporters and key farmers.

### 4. Provide support through key farmers and premium exporters

Offer technical and financial support through established key farmers and premium exporters to build a critical mass of quality-focused production. Ensure sufficient price incentives reach farmers to sustain engagement in a competitive supply environment.

### 5. Strengthen coordination with VPPA and MALFB

Support ongoing coordination between industry and government, especially through the VPPA and MALFB's Department of Agriculture and Rural Development. Facilitate institutional learning and shared investment planning. Future programming may also support the institutionalisation of market intelligence and traceability systems to differentiate Vanuatu cacao in a crowded global specialty market.

## The business case for specialty cacao

### What is specialty cacao?

Specialty cacao refers to beans produced, fermented and dried to premium standards that emphasise flavour, traceability, sustainability and ethical sourcing. These beans command significantly higher prices than bulk cacao.

### Why is it important?

When exporters buy specialty-grade cacao, they gain better control over fermentation and drying, ensuring consistent quality for premium markets. When farmers sell into specialty channels, they earn higher prices, reduce risk, and strengthen their livelihoods. Specialty cacao also reinforces Vanuatu's reputation as a producer of high-quality, climate-resilient agricultural products.



“ Before, I was just growing cacao. Now I'm running a business. There's pride in what we produce now. You can taste Vanuatu in the chocolate. ”

Norah, Malekula  
Key cacao farmer and local semi-processor

## What did PHAMA Plus do?

- Co-invested with government and industry partners to lift cacao quality and market readiness.
- Introduced solar drying and centralised fermentation systems to improve consistency and reduce smoke taint.
- Supported HACCP and B Corp certification to strengthen food safety, standards and ethical positioning.
- Worked with the Vanuatu Bureau of Standards to improve quality assurance frameworks.
- Facilitated trade missions and premium buyer linkages to expand access to high-value markets.
- Helped establish and operationalise the National Cacao Strategy (2020–25), and supported the development of an advisory paper to inform the next National Cacao Strategy 2026-2030.

- Supported the formation of the Vanuatu Cacao Industry Association (now Vanuatu Cacao Industry Product Group) to strengthen industry leadership and coordination.

These interventions have been closely monitored, and the results show a strong business case for scaling the model. Farmers supplying specialty chains are now earning premium prices in bulk markets, with more than 378 growers participating. Exporter volumes have increased sharply, from 3 tonnes in 2022 to 65 tonnes in 2024, while adoption of new technologies has been overwhelmingly positive, with 94% of Vanuatu Primary Producers Authority-supported farmers preferring solar drying. The benefits are also evident at the household level, with 136 families increasing their income by an average of AUD89,689 through the Alternative Communities Trade In Vanuatu (ACTIV) shared-factory model and a further 154 households supplying Gaston earning an estimated AUD20,582 in additional income.

**“ We used to use smoke dryers, which now sit idle. I have grown cacao for 40 years. But then, Luke (from Spencer Cocoa) asked for premium beans. Now we have new solar dryers and quality equipment. We couldn’t have done this without Australia and New Zealand support. ”**

Aisen, Brenwei