



# CONSERVATION POLICY IN BRIEF

OCTOBER 2010 | N<sup>o</sup>.10  
conservation-strategy.org

**AUTHORS:**

ALFONSO MALKY<sup>1</sup>  
JUAN CARLOS LEDEZMA<sup>2</sup>  
ALEJANDRA CANDIA

**PHOTOS:**

LEONARDO C. FLECK  
LEUNG CHOPAN



CONSERVATION  
STRATEGY FUND

## WILD AMAZON CHOCOLATE IN THE BOLIVIAN MARKET

The idea of encouraging forest conservation by marketing its products is nothing new. But in the past, the nuts, oils and sights of the jungle have been aimed at foreign, luxury markets where thousands of other niche products compete. A recent study by Conservation Strategy Fund and Conservation International asked whether wild chocolate from the Bolivian rain forest could succeed in that country's domestic market.

The cacao beans from which chocolate is made come from an Amazon native tree but almost all production is now from plantations growing hybrid varieties. In the lowlands of Bolivia people still collect cacao from wild trees in the forest, supplementing income they get from other sources. In these same areas, around the Madidi and Pilon Lajas protected areas, deforestation pressures are on the rise, with 9,000 hectares (22,000 acres) lost between 2005 and 2008. Proposed roads, dams and an agro-industrial complex could accelerate the conversion of forest to pasture and cropland. Our research examined the potential for wild cacao harvesting and



production of high quality bars to provide an incremental conservation incentive.

In 2009, Conservation International Bolivia and the company Selva Cacao (Jungle Cacao) developed experimental dark chocolate bars from wild cacao, collected in the community of Carmen del Emero. What they didn't know was whether there was a promising market, whether production would be financially feasible and whether it could increase revenues to the local people making decisions about forest conservation.

CSF and CI's market research, including surveys, focus groups and tastings, revealed a demand for at least 29,400 Selva Cacao tablets per month, just in the city of La Paz. The study calculated a revenue-maximizing price of 18.5 bolivianos (US\$2.65) per tablet. Approximately 10% of the total estimated price represents the value assigned by the public to specific attributes that distinguish this chocolate from competitors: the protected natural forest in its region of origin, the wild cacao trees, and the Amazon communities involved.

As far as marketing goes, we found that consumers have weak brand loyalty, with 93% stating that they would opt for another brand if their favorite were unavailable. This flexibility suggests that a new brand, such as Selva Cacao, has a shot at breaking into the market, even though there are already over 100 labels competing for Bolivian

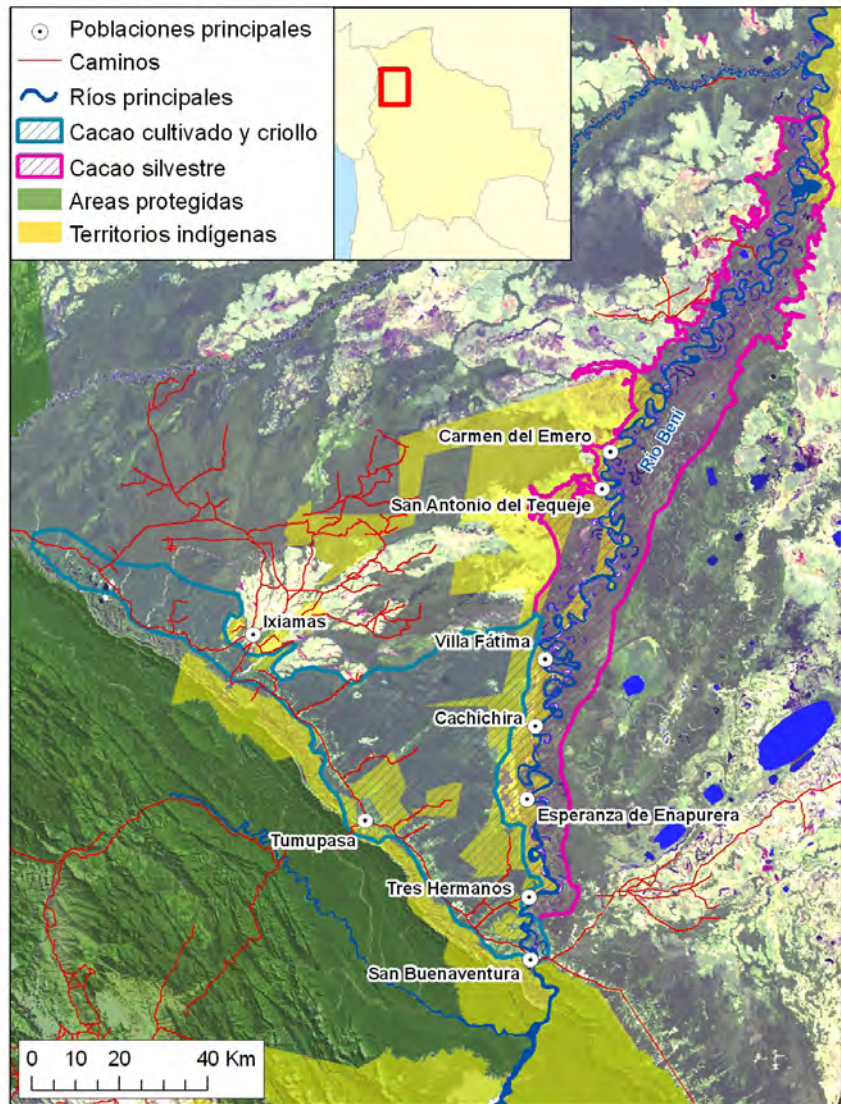
consumers. It also shows how much people love chocolate!

The feasibility analysis suggests that bar production is a profitable, if relatively small-scale opportunity (an average of US\$530,000 in annual gross revenues for the La Paz market, during the first 10 years). The financial net present value (NPV) would be 15 million bolivianos (US\$ 2.1 million) over 10 years.

Further, there are 288 families in the region with high potential to increase the income they currently receive (at present, 180 of these families receive income from cacao harvesting). We propose a revenue-sharing model in which entrepreneurs would give 10% of sales to households that gather wild cocoa, in recognition for the special characteristics of the raw material. This share was estimated by considering the value assigned to specific attributes of Selva Cacao. The contributions would be conditional on these communities committing to land-use practices that do not involve deforestation.

This arrangement could increase incomes by 42% (current average household income is US\$1,273 per year), with each family earning an additional 3,700 bolivianos (US\$528) a year, just from the sale of cocoa. Cocoa production would increase family income by 25% to 40% and could substitute for other activities that cause deforestation.

Marketing specialized forest products in stable, local markets represents a real opportunity to provide an additional incentive for conservation. Wild chocolate is not enough on its own to save the forest, and this study



*Wild cacao is harvested from forests along the Beni River.*

did not consider the opportunity cost of forest land. However, in combination with other efforts, this alternative holds promise to slow deforestation. And in Bolivia, it's a tasty way to connect thousands of consumers with their country's natural treasures.

This research was conducted by Conservation Strategy Fund (CSF) and Conservation International and supported by the Strategic Research Program in Bolivia (PIEB).

NOTES:

1. Conservation Strategy Fund
2. Conservation International

The authors would like to thank **PIEB** for their generous support, **Selva Cacao** for providing key information in developing the study as well as providing chocolate bars, and **Javier Hurtado** for his technical contribution and recommendations.

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7151 Wilton Avenue, Suite 203  
 Sebastopol, CA 95472  
 T: 707.829.1802  
 F: 707.829.1806

[www.conservation-strategy.org](http://www.conservation-strategy.org)