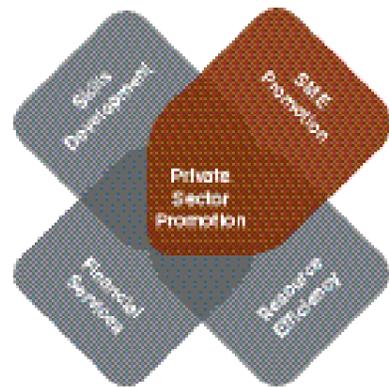




swisscontact

Cocoa Value Chain Development

Transforming Cocoa Farming into a
Sustainable Business for Smallholder Farmers



Swisscontact promotes economic, social and environmental development by successfully integrating people into local economic life. Swisscontact creates opportunities for people to improve their living conditions as a result of their own efforts.

Sustained economic growth is generated by a private sector with development potential. Through its project work, Swisscontact promotes the organisation of functioning market-based structures and the creation of basic economic conditions, thereby improving the competitiveness of local businesses. In this way, disadvantaged populations are productively integrated into the economic cycle, obtaining access to employment and income.

Swisscontact concentrates on four core areas of private sector development:

- **Skills Development:** enabling access to the labour market and creating the conditions for gaining an occupation and earning an income.
- **SME Promotion:** promoting local entrepreneurship with the goal of strengthening its competitiveness.
- **Financial Services:** achieving financial inclusion by creating access to local financial service providers who offer credit, savings, leasing and insurance products.

- **Resource Efficiency:** promoting the efficient use of resources through production methods that are efficient in their use of energy and materials, and through measures that promote clean air and sustainable waste management practices.

As an expert organisation, Swisscontact carries out high-quality project work. The cost-effectiveness and efficiency of its services is proven by well-documented, transparent monitoring and quantification procedures. Recurring internal and external checks provide proof of continued, sustainable development of expertise, skills and practical knowhow.

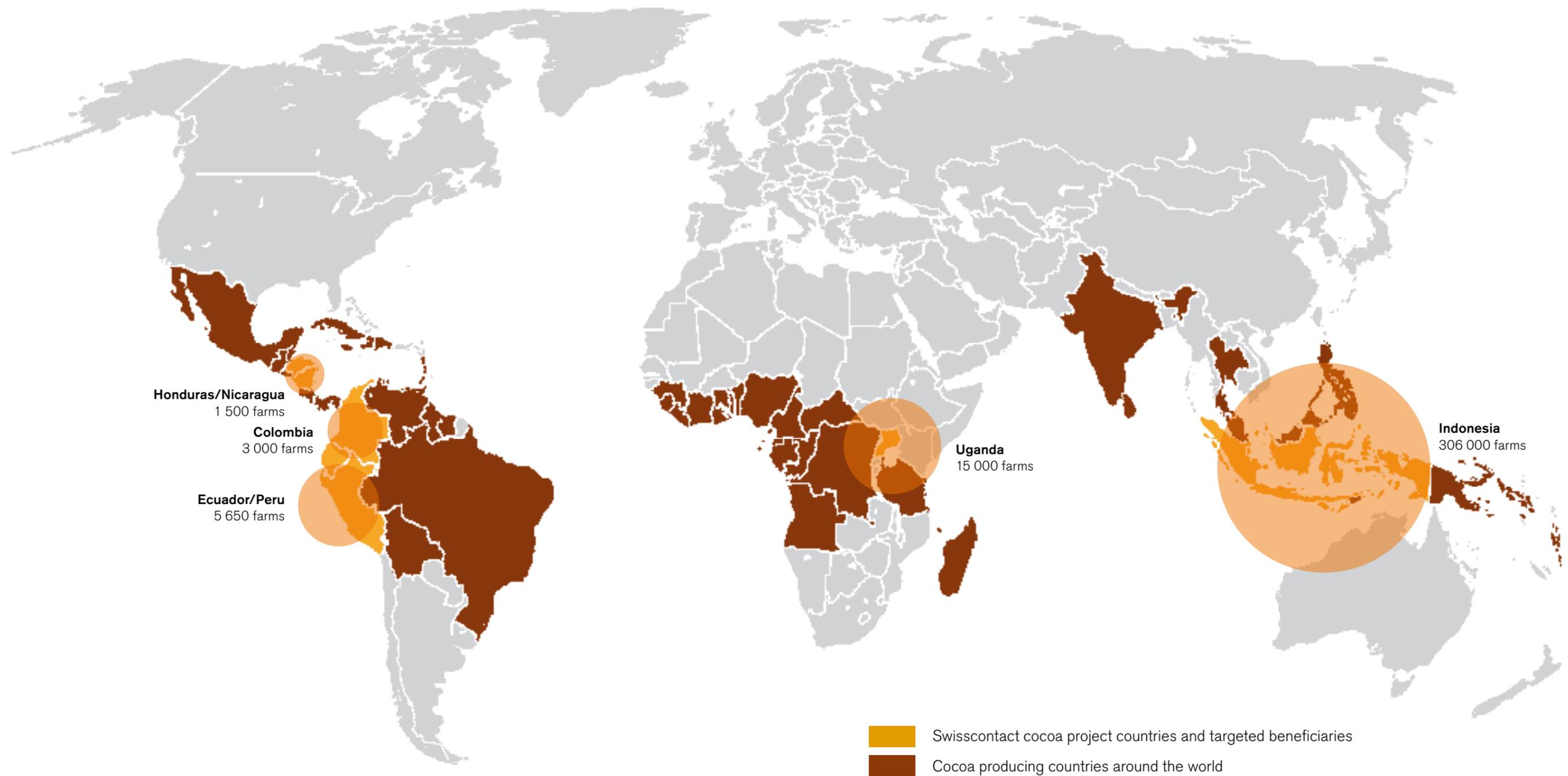
Swisscontact was established in 1959 as an independent organisation by prominent individuals from the worlds of commerce and science in Switzerland. It is exclusively involved in international cooperation and since 1961 has carried out its own and mandated projects. Since it was founded, Swisscontact has maintained close ties with the private sector. Swisscontact is active in 33 countries with a workforce of over 1000 people. The organisation is based in Zurich.

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Swisscontact's Sustainable Cocoa Value Chain Promotion



Cocoa – a Pivotal Cash Crop for Millions of Smallholder Farmers



Cocoa farmer, Indonesia

With an estimated annual turnover of US \$12 billion¹, the cocoa sector is an important source of income for millions of farmers across Africa, Asia, Latin America and Oceania. Chocolate consumers worldwide are dependent on smallholder farming production in developing countries.

Cocoa is a smallholder crop: over 80% of the worldwide production is grown on small family farms of five hectares or less. The crop provides a livelihood for between 40 – 50 million farmers, rural workers and family members worldwide. Up to 95% of cocoa beans are sold on global commodities markets. Consequently, the income of most of the involved persons depends on international price fluctuations and exchange rates, which are beyond their control. Furthermore, since farmers are mostly unorganised and depend on middlemen, they are forced to sell their harvest far below prevailing market prices.

On the other hand, aging trees and outdated cocoa farming practices weigh down yields to unsustainable levels. This situation creates a vicious circle in which farmers are driven into unsustainable day-to-day management practices: The return of cocoa production is too low to allow for investments, international standards cannot be met or maintained creating further pressure on yields and income and eventually affecting the health, nutrition and education of the farmers and their families and with that their labour force and production capacity. As a result, severe poverty is a widespread phenomenon in the cocoa sector in many countries. The missing income perspective also results in aging farmer communities as young people do not see a future in cocoa farming.

¹ International Cocoa Organisation (ICCO) 2014

Opportunities Borne from a Growing Global Appetite for Chocolate

Worldwide demand for cocoa is expected to rise 2% - 3% annually in the foreseeable future. Chocolate manufacturers and semi-processors have a vested interest in making cocoa cultivation profitable for smallholder farmers in order to ensure that their demand is met in years to come. This is a unique opportunity for development cooperation in collaboration with private partners.

The international market for chocolate and cocoa products is growing, especially in Asia, where millions of consumers have entered the middle class, and, with greater disposable income, discovered a taste for chocolate. At the same time, the general public is becoming sensitised to matters such as child labour, human rights, poverty, climate change and environmental degradation and is increasingly interested in knowing the source of the product consumed. Not surprisingly, demand for cocoa meeting sustainability standards is expected to reach as much as 50% of global production by 2020. Yet this growing demand for certified cocoa is of great concern to the chocolate industry, as current supply is insufficient.

The industry therefore needs to move from a business model based on price and volume to one that enables effective and climate-resilient farming, develops sustainable supply chains and improves livelihoods. With these market pressures looming, partners across the entire supply chain are starting to collaborate intensively to secure the long-term supply of sustainable cocoa. Aspects such as the „professionalisation“ of farmers through training and technical assistance, improved productivity and quality, agronomic farmer organisations, as well as access to finance and infrastructure, are being addressed.

For the farmers, the combination of higher productivity and quality, crop diversification and improved market access can provide additional income and turn low-revenue farms into profitable ventures.

Niche markets – like single origin chocolate – create opportunities for the producers of fine or flavour cocoa. This specialised demand requires a closer collaboration between producer and manufacturer and is anticipated to attract targeted investments.



Cocoa seedlings, Ecuador

A Worldwide Market for a Delicate Crop

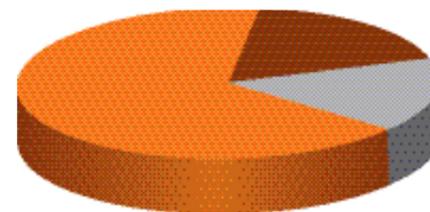
In 2014, worldwide cocoa production exceeded 4.2 million tons. Demand is rising steadily and over the past 15 years, it has grown three times faster than the world's population. At current prices, it is estimated that an additional 100,000 to 120,000 tons of cocoa will be needed each year to meet global demand in 2020.

The largest producing countries by volume are Ivory Coast and Ghana, which over the past years have contributed more than 60% of global supply. In some West African countries, up to 90% of farmers rely on cocoa as their primary source of income.

Indonesia, the world's third largest cocoa producer, accounts for 10% of the global production. Some 1.4 million farmers across the country depend on the cocoa sector as their main source of income.

Africa and Asia almost exclusively produce bulk cocoa beans. Meanwhile, Latin America and the Caribbean are the most important producers of fine or flavour cocoa. Manufacturers specialised in dark gourmet chocolate, offer prices that can significantly exceed the ones quoted for standard cocoa on the main future markets. Even though it is a small market (currently only 5% of global cocoa production), demand for fine and flavour cocoa has grown rapidly over the past years.

Cocoa production by volume



- Africa **69%**
- Americas **15%**
- Asia **17%**

Source: World Cocoa Foundation



Cocoa processing, Honduras

Switzerland and Chocolate – a Sweet Liaison

Cocoa was first introduced to Europe in the 16th century by returning Spanish conquistadors. In subsequent centuries, cocoa's acclaim spread across Europe. It was embraced with intense interest by the Swiss confectionery industry and in 1819, François-Louis Cailler opened one of the first mechanised chocolate production facilities, establishing the oldest brand of Swiss chocolate.

Two important chocolate manufacturing innovations occurred in Switzerland in the 19th century: the creation of solid milk chocolate

– the sugar offsetting cocoa's bitter taste – and “conching”, a process which introduces milk components, making chocolate homogenous, and giving it a velvety smooth texture while further allowing any residual bitterness to volatilise. Soon thereafter, Swiss chocolate became known throughout the world. It has had a special status in the diet of Swiss people ever since. It is therefore no surprise that Switzerland is one of the leading consumers of chocolate with an annual consumption averaging 12 kg per person.

Cocoa – a Swisscontact Focus since 2004

For more than a decade, Swisscontact has supported and promoted large numbers of smallholder cocoa farmers to transform their operations into viable and sustainable cocoa production businesses and overcome poverty. Swisscontact strongly believes in developing sustainable cocoa value chains, which benefit not only farmers but also the broader rural community.

Swisscontact has focused on the cocoa sector to increase the income levels of smallholder farmers and workers living below the poverty line. Given the global market demand projections, there are real opportunities for farmers to increase their revenues from cocoa production. Swisscontact helps unlock these opportunities by supporting farmers to upgrade their production practices, enhancing the quality of their products, strengthening their organisational capacities, improving their positioning within the value chain and facilitating access to affordable services and inputs. A key element of success lies in the efficient and cost-effective cooperation between industry, governments, civil society organisations and donors.

As a partner and supporter of two global organisations, the International Cocoa Organisation (ICCO) and the World Cocoa Foundation (WCF), Swisscontact is actively involved in:

- Long-term structural developments in supply chain management;
- Strengthening the position of cocoa farmers, with a view to improving their livelihoods;
- New business models and best practices to encourage sustainable cocoa production and trade;
- Elaboration of modalities and frameworks for market access and promotion;
- Sharing experience and lessons learnt;
- Bridging the cultural gap between producers and industry partners.



Drying beans, Ecuador

The Cocoa Value Chain Faces a Number of Challenges

According to the ICCO, up to 40% of the cocoa crop is lost annually due to incorrect conservation and upkeep. Due to low revenues, many farmers cannot invest in the high-input maintenance of existing trees or afford to introduce new planting materials. This has implications not only for the farmers' income, but also for cocoa supply.

There are many reasons for low cocoa quality and yields, including the fact that farmers mostly rely on outdated farming practices and have limited organisational leverage, inputs are costly and access to affordable finance is very limited. The combination of aging trees, declining soil fertility and pests and diseases left unattended further affects the yield. In addition the cocoa sector has not benefited from the same amount of research and technological attention given to other crops such as corn or wheat. It goes without saying that low yields and prices that do not cover production costs drive cocoa farmers into poverty causing farmers to abandon cocoa farming.

The Swisscontact Value Chain Analysis Approach (VCA)

Cocoa is a globally traded commodity connected in a lengthy and complex value chain – finally ending up in the form of a chocolate product on retail shelves worldwide. For the countries of origin, cocoa is a crucial export commodity that plays an important role in their economic and rural development.

Swisscontact enables smallholder farmers and entrepreneurs to grasp and take advantage of market and business opportunities in order to increase their income and generate employment. This approach focuses exclusively on certain sectors or sub-sectors with a particular growth potential. The Value Chain Analysis Approach analyses the different links in a production process – from the extraction or processing of raw materials, to the fabrication of end products and their delivery to end consumers. It identifies and addresses bottlenecks based on a thorough understanding of the goals and potential of the various parties involved.

The Chocolate Value Chain



Inputs and Research

Good seedling genetics are essential for viable yields and the survival of cocoa farms, hence adopting best practices and accessing adequate seedlings is crucial for increased farm performance.



Cultivation

Cocoa trees generally grow on small farms within 23° of the equator. Cocoa is a seasonal crop with some varieties flowering and bearing fruits all year round. Cocoa is sensitive to diseases and climate and therefore needs correct fertilisation and crop protection. The fruits – the cocoa pods – grow directly from the trunk or old branches.



Harvesting

Most countries have two peak harvests annually. The pods are harvested manually, preferably with scissors but often with machetes, by hand or knocked off with sticks. After they are harvested, the pods are cut open and the beans removed.



Fermenting and Drying

The beans are ideally fermented first before drying to develop their chocolate flavour and aroma. However this is not a standard practice everywhere. Fermentation is a delicate process needing attention and practice. The fresh beans are covered with mats, banana leaves, or – ideally – placed in wooden boxes. The pulp (sugar) around the beans heats up and ferments the beans. The process of fermentation is determined by various factors, including cocoa variety, sugar content, bean size, aeration time (number of turns), climate, and materials used. Depending on these factors, the process can take from three to seven days. The beans are then dried in the sun or in dryers. With regards to quality, the drying process is as important as fermentation, since beans must be dried slowly to lose humidity and acidity, taking care to prevent internal or external fungus from ruining the beans.



Trading and Exporting

The beans are packed in bags and stored until shipment. Unless processing starts locally, an export company will ship the beans to processing locations. The buyer conducts a quality check to accept delivery.



Roasting and Grinding

The beans are cleaned, shelled and roasted. The inner part of the bean, called the nib, is ground into a paste. The nib melts from the heat generated by this process, creating "cocoa liquor". Cocoa liquor does not contain alcohol and is solid at room temperature. It can be further refined, sold as unsweetened baking chocolate, or used in chocolate manufacturing.



Pressing

The cocoa liquor is fed into hydraulic presses that divide liquor into cocoa butter and cocoa cakes. The cocoa cake can be sold into the generic cocoa cake market or ground into a fine powder.



Chocolate Manufacturing

To make chocolate, cocoa liquor is mixed with cocoa butter, sugar, and sometimes milk. The mixture is poured into conches – large agitators that stir and smooth the mixture under heat. The liquid chocolate may then be shipped in tanks or tempered and poured into block moulds, sometimes mixed with other ingredients such as nuts and or dried fruits, for sale to confectioners, dairies or bakers.



Consumer

Today, people around the world enjoy chocolate in thousands of different forms. Each country and region has its preferences using distinctive blends for sweets and desserts.

¹ Based upon World Cocoa Foundation

Key Work Areas – Methodological Footprint

Swisscontact programmes use an integrated markets approach, considering economic, social and environmental dimensions, to improve cocoa sector competitiveness.



Input Supply Market Development

Millions of rural farmers do not have access to affordable agricultural inputs such as improved seeds and seedlings or fertilisers needed to increase farm productivity. Swisscontact supports the development of agricultural input supply chains.

This involves “productivity packages” consisting of improved planting material, fertilisers and crop protection, as well as extension services such as trainings, pruning and grafting, among others. With a pronounced emphasis on last mile delivery mechanisms, programme partners bring these services and inputs closer to the cocoa farmers.

Development of Farm Productivity

Up to 40% of the cocoa crop is lost every year due to pests and diseases and incorrect packaging and warehousing. To empower farmers with knowledge and skills, to make them more expert in their own field, Swisscontact has developed a specific, locally-adaptable participatory training approach based on the Farmer Field School (FFS) methodology. Farmer Field Schools focus on training in Good Agricultural Practices, mainly in the following areas:

- Safe social and environmental practices;
- Human rights and child labour awareness;
- Nursery management with a focus on improved planting material; and
- Central information dissemination for smallholder farmers.

The role of Swisscontact as facilitator is to create producer access to learning mechanisms and to establish post-training activities that effectively improve agricultural practices. Key to the sustainability of these interventions is a change in the mindset among participating farmers which allows them to understand the pay-off of investments into their farms, both financially and time-wise. From our experiences, we have seen that farmers who start to manage their farms like a small business, achieve increased productivity and incomes.

- Sustainable cocoa production techniques, with a focus on productivity, climate-smart soil and shade management, including rehabilitation and replanting techniques, and integrated pest and disease management;
- Harvest and post-harvest handling, with a focus on cocoa quality;
- Integrated farm management, taking into consideration the entire production system (livestock, human capital, business practices, waste and energy management, etc.);

Cocoa Quality Improvements

Swisscontact supports farmer organisations in the selection of cocoa varieties, trains farmers in harvesting practices, facilitates access to adequate post-harvest infrastructure and laboratories and trains farmers in the related post-harvest handling techniques and quality control. Price increases are already achievable through basic improvements, benefiting farmer income while at the same time guaranteeing buyers a consistent cocoa production quality.

Top prices can be achieved when post-harvest management is tailored to specific client requirements and connected, where possible, to denomination of origin for fine and flavour cocoa. Such developments require the farmer organisations to develop local tasting capabilities and set up adequate control mechanisms. Swisscontact also facilitates quality contests and chocolate fairs to raise awareness among producers regarding existing opportunities in niche markets. Through such exposure, products of selected cocoa producers get positioned in the gourmet chocolate industry at the local and international level.

Strengthening Farmer Organisations

Most cocoa smallholder farmers are unorganised and often do not speak with a collective voice. When existing, farmer groups were created for social rather than business purposes. While they may have been instrumental for channelling subsidies or resolving conflict situations, most of these groups lack a business vision and corresponding strategies, structures and governance policies. However, strong farmer organisations are pivotal for efficient and inclusive commodity value chains. For long-term sustainability, such organisations must generate profit. Swisscontact therefore promotes the development and implementation of business models that provide the impetus for ensuring proper profits. With its main function being to provide benefits to its members, farmer organisations offer a range of opportunities such as:

- Improved representation of common interests;
- Collective purchases of inputs and access to critical services, such as technical advisory or access to credits;
- Collective post-harvest management and quality control;

- Implementation of traceability systems;
- Management of certifications;
- Targeted promotion and access to new markets;
- Expanded access to finance; and
- Higher prices, due to higher volumes and increased bargaining power.

Swisscontact supports the organisation of farmer groups, their competitiveness and their transition into sustainable market actors, based on a clear business vision and the development and implementation of business plans that provide real benefit for associated farmers.

Capacity building for farmer organisations' board members is complemented with the implementation of functioning tools such as appropriate procedures, standard contracts, easy to use forms and supporting software. Professional working organisations can serve as a showcase and initiate new ones, by example, promoting know-how and business acumen amongst farmers in different regions.



Cocoa farmer, Indonesia



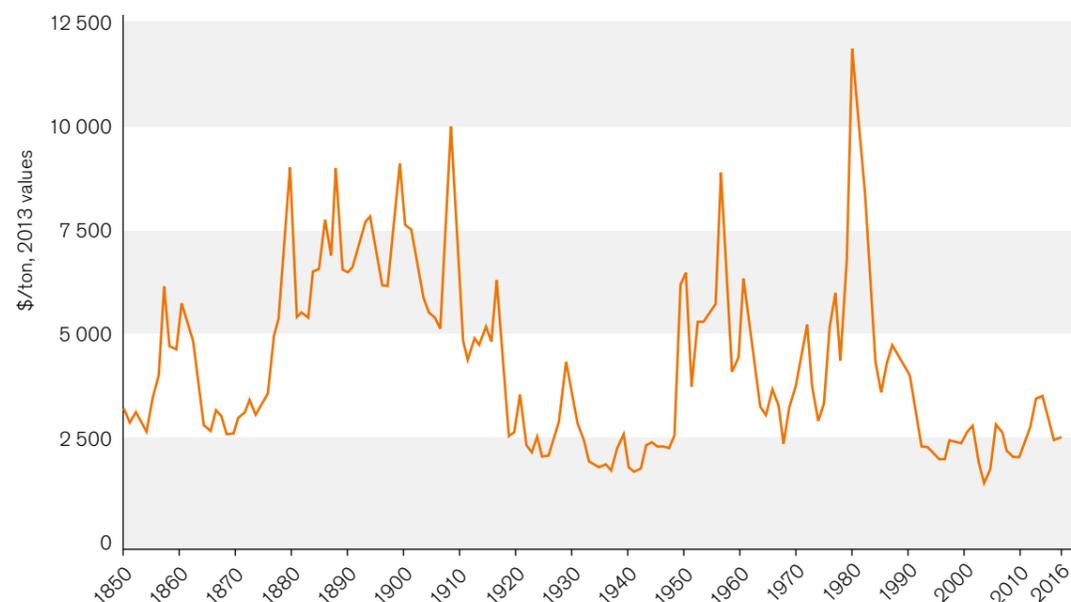
Fermented beans, Colombia

Access to Finance

Cocoa farmers often lack the capital to invest in their businesses preventing them from reaching their full potential. Financial institutions typically are reluctant to offer credit and other offerings to smallholder farmers. Additionally, since they tend to see farmers as high risk or high transaction cost clients, financial service providers will only offer credit against collateral or at very high interest rates as a way to avoid the costs associated with bringing financial services to rural areas. Moreover, financial institutions lack familiarity with the cocoa sector production cycles, revenue opportunities, and risks; therefore they are unable to offer loans and other financial services at flexible and affordable conditions.

To address these issues, Swisscontact trains selected financial institutions to properly assess the risks and to offer adequate financial products to cocoa farmers or farmer organisations. On the farmers' side, Swisscontact improves financial literacy and raises awareness regarding the importance of saving strategies for cocoa producers. This in order to have investment and risk capital available. Farmers learn how savings and credit works and gain the ability to manage financial resources effectively. Equally important, they gain an understanding of what a financial institution expects from them when providing credit, thus better managing their risks.

Cocoa long-term world market price



Source: www.tradingeconomics.com

Market Access

Cocoa is a worldwide business and direct access to international markets is especially challenging for farmers. Producers therefore must rely heavily on intermediaries for sales. Not surprisingly, the longer the value chain, the less profit is left for the first link: farmer producers. In order to improve value chain cooperation and promote access to new markets, Swisscontact partners with international traders and supports farmer groups and national federations in organising their commercial interests, developing joint offers and logistical solutions.

The fact that such organisations have a shared economic focus makes them attractive for effective inclusion in commodity value chains. Swisscontact also initiates a more direct and sustainable relationship between farmer organisations and national and international companies. National contests promoted by Swisscontact, including the successful "Cocoa de Oro" experience (a novel initiative introduced in Colombia in 2013, which includes business round tables, visits to farms and post-harvest facilities) have contributed to creating new international market opportunities for cocoa growers. Such events allow farmers to exhibit their products to potential clients and have proved particularly beneficial for high-quality fine and flavour products.



Cocoa export, Uganda

The Challenge of Certification

Due to increased public awareness of human rights and environmental issues in the cocoa sector, the introduction of sustainability and fair trade standards has gained importance over the past decade. However, while certification contributes to increased yields and the achievement of higher prices, it is no panacea to solving the structural problems that cause poverty in rural areas.

Some chocolate manufacturers introduce and use their own sustainable cocoa standards and do not rely on existing certifications. One of the issues is that there are too many similar certifications competing with one other, creating uncertainty, risk, costs and bureaucracy for cocoa farmers. An important factor to prove sustainable sourcing is the traceability of the bean from source to consumer. If this is assured, better prices can be achieved.

Swisscontact supports farmers in navigating the myriad of certifications and selecting the measures necessary to meet the most common standards. Cost-benefit analyses provide a solid basis for farmers to decide if the required investments are worthwhile. To ensure that the financial benefits eventually reach the farmers, Swisscontact promotes ownership of the certifications by the farmer organisations instead of the buyer companies.

Swisscontact supports the introduction of traceability systems that provide important information of the farm's location as well as its owner and the local community. Swisscontact has developed CocoaTrace, a cutting-edge web and mobile application, which is used to collect, evaluate and report relevant data. Such systems provide the basis for the design of an Internal Control System (ICS) for farmer organisations which is required for certification.

Social Impact and Gender Mainstreaming

The primary aim of Swisscontact's cocoa projects is to boost the income of cocoa farmers. While increased income has an important impact on improving the livelihood of farmer households, Swisscontact also supports interventions that improve nutrition, reduce dependence on a sole cash crop and improve access to education and health services.

Swisscontact cocoa initiatives also address gender disparities in the sector. While cocoa production is generally seen as "male-dominated," women play an integral role in the cocoa labour force. However, they are largely underpaid or even completely unremunerated due to the nature of family-farm structures and the predominance of male ownership of land and production

resources. As farm managers, women may lack full acceptance in the eyes of male farmers or farmer organisations and thus do not fully profit from training offers. Working towards sustainable cocoa requires a family-farm approach that recognizes diversity among farmers.

Swisscontact interventions are specifically geared to improving training of female farmers and increasing their access to farm inputs, land ownership and membership of farmer organisations. It empowers women to play an active role in decision making within their households and the farming communities.

Swisscontact is not working in countries where child labour in cocoa farming is an issue.



Cocoa farmer family, Indonesia



Cocoa plantation, Ecuador

Environmental Sustainability and Biodiversity

Often, instead of replacing old and diseased cocoa trees for yield improvement, farmers cultivate additional land with cocoa, clearing forested areas – at the expense of sustainable, ecological and diversified farming.

Promoting environmentally sustainable cocoa farming is the underlying precondition for Swisscontact's project work. The application of climate-resilient Good Agricultural Practices helps to maintain soil fertility and minimises the use of agro-chemicals or even replaces it by organic fertilisers or the farmer's own produced compost.

Swisscontact is concerned about forest degradation and encourages reforestation as well as agroforestry models to improve sustainability and maintain biodiversity. An example is the planting of shade trees to enhance floral and faunal biodiversity while protecting the soil. At the same time, this helps to improve product quality on a medium-term basis while requiring fewer inputs such as water and fertilisers. Moreover, shade trees as well as cocoa trees absorb carbon dioxide (CO₂) through natural carbon storage, which is especially effective in tropical climates.

Framework Conditions

Governments play an important role in shaping the conditions in which value chains operate, especially for export crops like cocoa. Government entities act as regulators in various ways, including, but not limited to export taxes, business-related regulations, and subsidy policies. Governments also act as service providers, offering public extension or export promotion services. Policies that are cognisant of smallholder farmers' needs can be especially supportive for farmer organisations and prove to be mutually beneficial in terms of the public-private sector dynamic.

Swisscontact cooperates with local and national governments to help create a supportive regulatory environment and to establish facilitating relationships with the private sector. By assisting governments to build capacity, Swisscontact strengthens the ability of public services to deliver appropriate services, training and support for cocoa farmers. Swisscontact consolidates the power balance of producers and small farmer groups through public-private dialogue, sector fora and the promotion of farmer organisations.



Cocoa pod

Ensuring Traceability – CocoaTrace



Cocoa Trace, Indonesia

Cocoa monitoring has traditionally relied on extensive bureaucratic and manual processes. To facilitate greater ease and accuracy in traceability, Swisscontact's Sustainable Cocoa Production Programme (SCPP), in collaboration with PT Koltiva, an Indonesian software start-up, developed CocoaTrace, a Web and Android-based application.

CocoaTrace's cutting-edge software and easy to use interface facilitates the collection, evaluation and instant reporting of relevant data from every smallholder farmer household involved in the programme. The CocoaTrace database, in addition to collecting demographic data and poverty and nutrition scores, also maintains information on each farm's productivity, number of cocoa trees, prevailing pests and diseases, application and adoption of best

practices, number of farmer training opportunities, and traceability maps and buying stations, among others. Farmer organisations and supply chain partners are continuously coached to ensure data accuracy. The database also serves as an Internal Control System (ICS) for certification purposes for farmer organisations at village, sub-district, and district levels.

The utilisation of CocoaTrace offers farmers ownership in a system that provides them with data resources for improved farm management systems. The ultimate reward for such efforts – which includes full transparency and traceability – is the improved capacity of farmers to command a premium price for their cocoa production, which will reimburse initial costs associated with CocoaTrace utilisation and generate higher income in the long term.

Intervention Matrix

Project	Input supply market	Farm productivity	Cocoa quality improvements	Farmer organisations	GEO mapping	Environmental sustainability and biodiversity	Traceability and Certification	Market access	Access to finance	Social impact	Framework conditions
Africa											
Uganda Improving Cocoa Market Systems 2013 – 2016	✓	✓	✓	✓		✓		✓	✓		✓
Asia											
Indonesia Sustainable Cocoa Production Program 2012 – 2015 – 2020	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Indonesia Cocoa Sector Development Aceh 2010 – 2012	✓	✓	✓	✓	✓			✓			
Indonesia Nias Income generation through Sustainable Agriculture 2009 – 2011	✓	✓	✓					✓		✓	
Indonesia Local Economic Development in Eastern Indonesia 2005 – 2012	✓	✓	✓					✓			
Latin America											
Ecuador FINCA 2016 – 2019	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Peru / Ecuador SME promotion in rural areas 2013 – 2016	✓	✓	✓	✓	✓		✓	✓	✓	✓	✓
Colombia Promoting exports of specialty cocoa from Colombia 2012 – 2016	✓	✓	✓	✓			✓	✓	✓		✓
Peru Norte Emprendedor 2009 – 2012	✓	✓	✓					✓			
Honduras / Nicaragua Promote inclusive economic growth (PymeRural) 2008 – 2014	✓	✓	✓	✓			✓	✓	✓		✓

Gender, environmental sustainability and biodiversity are addressed in every cocoa project.

Projects

Swisscontacts sustainable cocoa projects around the world:

Africa		Intervention areas
Uganda Inclusive Markets Uganda: Improving Cocoa Market Systems 2013 – 2016	15 000 farms	The primary objective is to improve the quality of life of smallholder farmers. The project focuses on three main activities: Cocoa farmers are learning more effective planting methods and agricultural practices to produce more efficiently and sustainably. The project is fostering stable business relations between farmer cooperatives, service providers, traders and buyers along the value chain. And finally the political and regulatory frameworks will be improved to encourage long-term strategies and increase value-added in the cocoa sector. The project applies the inclusive markets approach.

Asia		Intervention areas
Indonesia Sustainable Cocoa Production Program (SCPP) Phase 1: 2012 – 2015 Phase 2: 2015 – 2018 Phase 3: 2016 – 2020	Phase 1: 60 000 farms Phase 2: 98 000 farms Phase 3: 130 000 farms	Cooperating with international private sector partners like Olam (former ADM Cocoa project), Ecom (former Armajaro project), Barry Callebaut, Cargill, Mars, Mondeléz, and Nestlé, the Sustainable Cocoa Production Programme aims to develop sustainable agricultural value chains, focusing on local and regional levels in Indonesia and sets a benchmark as a model for public-private partnerships. Cocoa farmer households will benefit through capacity building, in order to improve the output and quality of their production. The certification and traceability of cocoa produced by smallholder farmers is one of the central tools SCPP uses to improve the long-term prospects of the cocoa sector. SCPP targets an increase in the average cocoa yield from around 450 to 1,000 kg per hectare each year at the end of the programme.
Indonesia Cocoa Sector Development Aceh (PEKA) 2010 – 2012	12 500 farms	PEKA was a milestone in Swisscontact's activities, as it allowed the testing of a PPP model for extension services in the cocoa sector, and eventually established Swisscontact as a key sectoral player in Indonesia.
Indonesia Nias Income generation through Sustainable Agriculture (NISA) 2009 – 2011	1 500 farms	Under a post-tsunami reconstruction setting, this livelihood project on Nias Island (Sumatra) featured an integrated approach towards nutrition, health and small infrastructure, with cocoa as a cash (income) crop. In this specific project, Swisscontact gained broad experience in cooperation with the private sector.
Indonesia Local Economic Development in Eastern Indonesia (LED-NTT) 2005 – 2012	4 000 farms	Swisscontact started interventions in the cocoa sector within the framework of a Local Economic Development Project in Flores, Indonesia. One of the key challenges of this project was to bring buyers to Flores, a remote island with a relatively low cocoa production.

Latin America		Intervention areas
Ecuador FINCA 2016 – 2019	800 farms	The main objective of the intervention is to contribute to poverty reduction in the cocoa sector focusing on diversification and alternative production methods – such as the introduction of dynamic agroforestry production – in order to have more options and access to market with the benefits of equity and sustainability. Swisscontact aims to reach the members of a cooperative interested in improving / revitalising their production of fine or flavour cocoa „Nacional / Arriba“ - cocoa beans which have distinct floral and fruity flavours, providing Ecuadorean producers with a unique opportunity to take advantage of its higher value in global markets. In order to be sustainable, the project aims to improve the performance and capacities of promoters, producers and the cooperative. The project is designed to increase cocoa yields through intensive plant care measures and through the integration of a variety of fruit and timber plants that reduce the use of agrochemicals.
Peru / Ecuador SME promotion in rural areas (Emprende) 2013 – 2016	4 500 farms	Smallholder farmers in northern Peru and southern Ecuador live in extreme poverty. Through the division of inherited land, individual agricultural plots are becoming ever smaller, resulting in increasing difficulty in securing livelihoods. The project tackles the low level of productivity of small coffee, cocoa and banana farmers. The project concentrates on four core activities: farmer skills development to increase yields and quality; strengthening of farmer organisations in the fields of management finance and marketing; access to market information and building business linkages and support to financial institutions in order to develop financial services at fair prices and appropriate conditions. Furthermore, the project trains farmer organisations in financial controlling, advising them on process development, so that they can access existing state subsidies or infrastructure funding.
Colombia Promoting exports of specialty cocoa from Colombia (COEXCA) 2012 – 2016	3 000 farms	The COEXCA project's objective is to increase cocoa farmers' incomes in different regions of the country, and to shape the production conditions more sustainably. Swisscontact has identified excellent conditions in Colombia for the production and export of fine or flavour cocoa, facilitating access to adequate inputs, providing training, introducing individualised technical assistance models, and developing adequate fermentation and drying procedures. Having created a self-evaluation endorsement tool to advance towards international market standards, the goal is to position Colombia as a responsible supplier of fine or flavour cocoa and establish long-term business relations with international chocolate manufacturers. Thanks to quality management, the value of the cocoa production has increased significantly. Farmer organisations have started to buy, select, process and sell cocoa according to specific customer requirements in market-compliant quantities and at attractive prices. To be able to sell the origin of the cocoa, they have introduced traceability systems, participated in international fairs and contests, and created a pre-certification tool.
Peru Norte Emprendedor 2009 – 2012	350 farms	This project aimed to assist poor rural producers advance their quality of life through an improvement in their income levels. To this end, Swisscontact supported effective linkages of producers with those market opportunities that allow them to benefit from their strengths and comparative advantages. The project supported four strategic economic activities in the North of Peru: organic bananas, cocoa, caupi beans and tabasco chilli.
Honduras / Nicaragua Promoting inclusive economic growth (PymeRural) 2008 – 2014	1 500 farms	PymeRural enabled the sustainability of SMEs in agro-industrial value chains. As inclusive value chain development became a public policy priority in both Honduras and Nicaragua, the programme has in this first phase been supporting public and private institutions at national and local level in order to achieve greater SME competitiveness through local economic and value chain development. The programme provided aid in more than 12 types of farming activities, including cashew nuts, sesame seeds, mangos, dairy products, beekeeping, coffee, vegetables, basic cereals, avocados, pork, cocoa and tilapia. At national level, it strengthened the operation of committees for onion, cocoa, honey and dairy product producers.



Public-Private Development Partnerships: Doing the Right Thing Together

Cocoa quality control

Over the past 12 years, Swisscontact has successfully established Public-Private Development Partnerships (PPDPs) in the cocoa sector that involve governments, cocoa and chocolate companies, research institutions and civil society organisations. In these PPDPs, Swisscontact plays the role of convener and partnership facilitator, bringing the different partners together. Once strong and sustainable relationships between the public and private partners have been established, Swisscontact withdraws in order not to become part of the system itself. The private sector's efficient, market-oriented approach is coupled with civil society organisations' knowledge of local circumstances.

A PPDP led by Swisscontact offers additional value for all different stakeholders:

Public Donors: Swisscontact, as an independent

partner, can establish links to the private sector and connects the objectives development cooperation with market partners. To ensure a coherent and results-based use of funds, Swisscontact has established a systematic impact measurement in all its projects, aligning itself to internationally recognised standards, in particular those of the Donor Committee for Enterprise Development (DCED). Swisscontact's track record demonstrates its experience in alignment with international development goals.

Private Sector: Through a longstanding commitment to market-led development, Swisscontact has a keen understanding of the private sector's market-oriented approach and knows how to couple it with local circumstances. Swisscontact can further assure private sector partners that their funds will sustainably increase the amount of certified and/or traceable cocoa as well as having



Swisscontact always partners with local private, public and NGO partners, since they are indispensable in the success of a more effective and efficient value chain.

We create opportunities

Swisscontact

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Cover: Cocoa flower
Pictures: Swisscontact staff and friends
Layout: One Identity, South Africa

Swiss NPO-Code: The structure and management of Swisscontact conforms to the Corporate Governance Regulations for Non-Profit Organisations in Switzerland (Swiss NPO-Code) issued by the presidents of large relief organisations. An audit conducted on behalf of this organisation showed that the principles of the Swiss NPO-Code are adhered to.

ZEWO-Gütesiegel: Swisscontact was awarded the Seal of Approval from ZEWO. It is awarded to non-profit organisations for the conscientious handling of money entrusted to them, proves appropriate, economical and effective allocation of donations and stands for transparent and trustworthy organisations with functioning control structures that uphold ethics in the procurement of funds and communication.

