

Cocoa

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Introduction & Summary

The Cocoa Origins program supports companies using relatively small volumes of cocoa to become involved in sustainability projects at the origins of their cocoa supply chain and contribute to the overall sustainability of cocoa products linked to the Dutch market. This program supports the Dutch Letter of Intent, committing to 100% sustainable cocoa consumption by 2025. The Cocoa Origins projects are indicating their contribution to the 10 indicators of this Letter of Intent (See LOI indicators in chapter 1.1, page 8).

The program is based on public- private partnerships to establish stable commercial relations between cocoa producers and cocoa users and to improve sustainability at the farm and farmer community level. There are 7 projects across two categories: innovation in the supply chain, or Field Level Projects.

IDH is executing the program with Equipoise as implementing partner, together forming the program management team (PMT) with IDH serving as the interface of the program vis a vis the Ministry. Following the startup phase (2017/ 2018), the program is currently in the implementation phase (2018/2020) in preparation of the closing phase (2021). With this report IDH would like to update and inform the Ministry of Agriculture, Nature and Food Quality on the advances that have been made on the program in 2019.



Progress towards 2020





Project partners

Colcocoa & La Equitativa (CO), Original Beans (PE), Divine Chocolate (SL), Cocoanect (CM), Albert Heijn (GH), Tradin Organic (SL), Progreso Foundation (CO)

Implementing partners

Natra, Coop Naradino, Bioversity International, Gola Rainforest Conversation, Chocolate makers, Royal Society for Protection of Birds (RSPB), CIAT Asoarhauco, Cooagronevada, ANEI, Red Ecolsierra, Belvas, Ethiquable, La Equitatitiva Fairtrade Company SAS, Original Beans, Chocolate Makers, Daarnhouwer, Tradin Sierra Leone, Crown of Holland, Kasiyatama coop, Koeyordondorya coop, We Yone coop, Tony's Chocolonely, Barry Callebaut, Utz Rainforest Alliance

Link to Dutch Market

Chocolate Explorers/Mesjokke, Bagels & Beans, Ferrero, Original Beans, Chocolate Makers, Divine Chocolate, Ethiquable, Equiori, Lush, Delicata. Earth Choc

Program co-funding ratio



1.0

4

Overview of the program

Seven projects were selected for program implementation in five countries in Latin America and Africa. These projects include Colombia and Peru (3 projects) in Latin America, and Cameroon, Sierra Leone and Ghana (4 projects) in Africa.

Projects are classified in two categories, including supply chain innovation , field level projects (FLP) with activities at cocoa origin , or a combination of both.

Among the seven projects, 16 cases are being developed based on their potential to be replicated or scaled up. Focus areas include achieving living income, cadmium reduction, agroforestry, conservation and biodiversity, improved quality and productivity, or farmer professionalization.

Additionally, Cocoa Origins has helped increase visibility and reach of the projects partners to new markets. The Cocoa Origins programs have been visible during international events, to its main target groups. Eventually, the program is set to lead to the production of 4610 MT of cocoa from sustainability projects in origin.

All Cocoa Origins projects are contributing to the 10 indicators of this Letter of Intent. The seven projects of the program meet up with the ten indicators of the Letter of Intent signed in 2010 as in the following template:

Overview challenges/principles

The table below lists the 10 principles indicated in the Letter of Intent. Each partner has identified which principles are being addressed in the implementation of their specific project.

#	Principles of the Letter of Intent adressed	Colcocoa	Original Beans	Divine	Cocoanect	Albert Heijn	Tradin Organic	Progreso Foundation
1	Traceability	•	•		•	•	•	•
2	Compliance with Law and Regulations						•	•
3	Good price for cocoa quality, improved productivity and incomes for farmers	•			•	•	•	•
4	Access to credit and rural development services, and diversification				•	٠	•	•
5	Market access and market information	•	•			٠	•	•
6	Decent working conditions			•	•	•	•	•
7	Support for farmers and labour organizations	•	•	•			•	•
8	Unique land use planning and good infrastructure					٠	•	•
9	Wise management of natural resources	•	•	•			•	•
10	Conservation and wise use of biodiversity		•	٠		٠	٠	•

1.0

Key achievements of the Proof of Concept (POC)

Cocoa Origins was established with the goal of moving the Dutch consumer market towards fully sustainable cocoa consumption and providing added value and investment to improve sustainability among farmers and workers. To date, Cocoa Origins has generated interest from 52 applicants in total responding to calls for proposals.

Currently we see that the consumer market requires sustainability efforts in the cocoa sector that go beyond certification. Cocoa Origins provides support and encourages companies using small volumes of cocoa on the Dutch market to take an innovative approach to increasing sustainable production and investing in origin.

The calls for proposals of the Cocoa Origins program were announced at the Chocoa Conference in February 2018 and 2019. Concept notes were received for a total finance request eight times higher than the programs' budget. The target for private sector contributions in the Cocoa Origins program is 2 Million Euro. As of now, the private sector contribution is 2,004,664 Euro, with Cocoa Origins contributions of 1,691,853 Euro (Annex 5).

Cocoa Origins has contracted seven projects, supporting the Letter of Intent and our program targets, contributing to sustainable cocoa production and chocolate consumption.

Contract Partners	Туре	COP Contribution (EUR)	Private contribution (EUR)	Ratio (IDH- Partner)
Cocoanect	Trader	€ 244,650	€ 352,243	1.44
Colcocoa Terra	Companies	€ 232,378	€ 236,546	1.02
Orginal Beans	Chocolate maker	€ 59,825	€ 60,000	1.00
Divine (TWIN)	Chocolate maker	€ 300,000	€ 303,607	1.01
Albert Heijn	Retailer	€ 300,000	€ 478,800	1.67
Tradin Organic	Trader	€ 300,000	€ 318,100	1.06
Progreso	NGO	€ 255,000	€ 255,368	1.00
TOTAL		€ 1,691,853	€ 2,004,664	1.20

IDH collects information on key performance indicators (KPIs) for changes in outputs and outcomes in three areas, including business practices, sector governance, and sustainability at the field level. Results are gathered using the Result Measurement Framework (RMF).

Interventions in business practices

This refers to change in behaviour at sector and landscape agencies, and sector and landscape institutions to manage the sector and/or landscape in a sustainable way. Interventions could occur in systems, capacities, policies, rules and regulations to improve the sector and/or landscape sustainability making them more profitable, resilient, and environmentally and socially sound.

How we're making a difference

At the business practices level, a total of seven projects, containing 16 replicable and scalable cases were developed with the aim of achieving a variety of goals that include living incomes, cadmium reductions, agroforestry, conservation and biodiversity, improved quality and productivity, and farmer professionalization (see presentation of the individual projects on page 27). A total of 14 actors in the Dutch market have been supported to engage in projects in their value chains (target 10). Sixteen new or strengthened supply chains have been established (target 7) through the program that are traceable to the Dutch consumer market.

Interventions in sector governance

Interventions in sector governance are crucial to addressing sustainability challenges that cannot be addressed by individual actors alone. Action in the public/private sector can create a conducive and enabling environment for improving smallholder livelihoods. IDH convenes local, national and international public-private coalitions to create global sector platforms, national sustainability strategies, sector covenants and benchmarking.

How we're making a difference

At the sector governance level, IDH has helped increase exposure of the selected Cocoa Origin Projects in new markets. IDH actively communicated on and promoted the Cocoa Origins program at international events, such as the Chocoa Conference. In parallel, we promoted the program to organizations like the "Association of Bakeries and Sweets" (VBZ) and "Association of Retail and Food Services" (CBL) in the Netherlands. We also engaged several companies and retailers, such as Albert Heijn, to build a governance structure that can encourage other retailers to join the Open Chain model from Tony's Chocolonely, a Cocoa Origins partner.

Interventions at the field level

Quality services are an essential first step to making sustainable changes at the field level. IDH utilizes a range of interventions to support smallholder farmers as they improve their profitability, income, and nutrition status. Across many of our interventions, smallholders are being coached on good agricultural and business practices to improve their productivity and profitability, and receiving inputs, such as planting material, fertilizer and crop protection products. At the field level we expect the program to lead to the sustainable production of 4610 MT of cocoa with an estimated value of 6,101,376 euros.

How we're making a difference

Private partners invested a total of 3,865,875 euros and leveraged additional third party investments to bring value to cocoa producers. Traceability data indicates that an estimated 2340 MT of finished product (including non-cocoa content) ended up on the Dutch market, with an estimated value of 3,743,096 euros.



Presentation of the individual projects with activities and achievements in 2019

Further details on targets and developments can be found in Annex 3, page 27



 Colcocoa & La Equitativa
Colombia
Colombia
€236,546 Private Sector Investment
€232,378 Contribution Cocoa Origins

Scalable & Replicable cases Achieving living income, through certification and organic farming

There have been 40 group workshops in the municipalities of Gigante and Garzón, and additionally 5 initiation workshops with the shortlisted producers by 2020 of the municipalities of Thessaly and Paicol. 43 participating producers in the Cocoa Origins achieved UTZ and Echar Pa'lante certification for their cocoa. The geo-referencing of 860 farms in the department of Huila was completed. The geo-referenced data was overlaid with information available on the zoning map of aptitude for commercial cocoa cultivation, to determine the viability of farmers' crops and the need for agronomic advice. Living income is addressed through organic farming practices and certification. The project supplies semi-finished and finished cocoa products to Dutch market.

Image: Original BeansEffective Sector InvestmentImage: Original BeansImage: Original Beans</

Scalable & Replicable cases Living income, cadmium reduction, European market access and agroforestry

The mapping and further selection of cacao farmers with low cadmium levels in cacao has been a key part in the 2019 project activities. This work assured the export of low cadmium, high quality cacao to Europe and a higher farm gate price for the farmers. Built on Original Beans vast experience managing nurseries, the project has also improved existing nurseries and set up new ones to nurture new cacaoo root stock with lower cadmium absorption levels, native tree species and leguminous trees to improve existing agroforestry systems, and fast growing timber trees that can be used for BioChar production. Through training courses, farmer organisations have been enabled to produce their own BioChar and fertilizers to reduce prices drastically and support self-sufficiency of rural farmer organisations.



Sierra Leone



€303,607 Private Sector Investment

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farmers Impacted
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€300.000 Contribution Cocoa Origins

Scalable & Replicable cases Biodiversity and conservation, living income, new supply chains

Living income was specifically included in this project, as well as Forest Friendly chocolate, to address deforestation. The Producer Organisation (PO) - Ngoleagorbu Cocoa Farmers' Union - was officially registered as a cooperative, and now has permission to trade as Fairtrade from FLO-CERT. The PO has secured pre-finance for the sea- son and they expect to deliver five containers (62,5MT) of high-quality cocoa. A business advisor has been working with the PO on a long- term business plan, which looks at the sustainability and profitability of the business based on projected volumes of cocoa. A monitoring tool was created to track the activities happening on farms. The living income benchmark study, which was conducted in October 2019, has been completed. The PO also established a new supply with Divine Chocolate buying the first container of their Fairtrade certified Gola cocoa.



Cocoanect FIRCAM

0 Cameroon

> 1,500 Farmers Impacted

Investment •

€244,650 Contribution Cocoa Origins

€255,000

Private Sector

Scalable & Replicable cases Living income, new supply chains, improved quality and productivity

In 2019, partnerships were established with two producer organisations, SOCAM5C and Farmers Products. On the consumer side, this project partnered with the Chocolate Explorers and EARTH Concepts. Additionally, a second link to the Dutch consumer market is being developed through Spanish grinder Natra. In 2019, 318 producers at SOCAM5C were trained in Good Agricultural and Environmental Practices. Lead farmers then trained those who could not be present, eventually reaching more than 1,500 farmers.

SOCAM5C also set up a fund to provide agricultural inputs on credit. To date, the fund has been a success, and there are plans to scale it up next year. Lastly, development of a nursery is in progress that will produce high-quality cocoa seedlings.

This project is in the process of contracting the Ghanaian NGO Participatory Development Associates (PDA) to support the implementation of Village Saving and Loan Associations groups as part of FIRCAM in Obala.



Scalable & Replicable cases Living income, conservation and biodiversitv

Living Income and deforestation is addressed in this project. Progreso has been supporting four Colombian producer organisations with trainings and guidance on improved cocoa production systems. Besides the cooperative staff and field technicians, 60 male and 13 female producers have been involved. Progreso have tested the quality of the cocoa currently in the field and have begun selecting seeds for reproduction. Three cocoa buyers have unexpectedly offered their support on quality trainings during the year. Two of the buyers have visited the project already in the first period to get to know the groups. One of these buyers will start purchasing coffee from one of the groups. The organisations will receive training on financial literacy and implementation of the fund by the beginning of January.



Scalable & Replicable cases Agroforestry, living income, farmer professionalization

This project began well and has made good progress. The cooperatives confirmed their interest in the project in the initial inception meeting and since then have successfully proposed nursery sites, and lead farmers and field officers to help facilitate the inspection and selection exercise of the nurseries. Thirty nurseries have been established, and cocoa seed sowing is now in progress which will transplant a total of 300 acres.

The nursery managers are the potential 30 head farmers who will also each be managing a one-acre demonstration farm. 10 field officers from the three cooperatives are now fully involved in nursery supervision work. 30 nursery man- agers are fully engaged on nursery activities. Farmer Service Centre (FSC) are equipped with basic tools and running but no training has taken place. The project addresses Living income by increasing yields of participating farmers, con- tributing to food security, reducing the indebtedness of rural cocoa smallholder farmers and building professional cooper- ative structures that can support the organic farming sector.





170 Farmers Impacted

Ghana

€478,800 Private Sector Investment

€300,000

Contribution Cocoa Origins

Scalable & Replicable cases New supply chains, living income, conservation and biodiversity

Currently, Tony's Chocolonely sources cocoa from four cooperatives in the Ivory Coast and one in Ghana. To fill its sourcing requirements, Albert Heijn is working together with its supply chain partners to support farmers as they organize a new co-op, pursue certification and implement the 5 Tony's Sourcing Principles.. The new co-op in Ghana will take Albert Heijn's supply chain beyond certification to address the root causes of serious issues, such as low farmer incomes, child labour, and deforestation. This project ensures that the Open Chain is professionalized to be easily adopted by other cocoa buyers.

Key Performance Indicators (KPI's)

The program has defined 6 overall program KPI's to reach optimal impact in contributing to the goals of the Letter of Intent. Additionally, each project has been given the opportunity to define their own project specific KPI's. The projects of the first call are proceeding with their activities and are halfway toward their goals, on average. All projects are expected to reach their targets by 2021.

The projects of the second call began their activities in Q4 of 2019. The short timeframe for executing the activities remains a challenge for the implementers.

Program indicators

The table on the next page provides an overview of the KPI targets as agreed upon at the start of the program, versus the project targets of all projects combined. Together these add up to the actual program targets. So far, each KPI target reaches or exceeds the program's ambition.

Overall, the progress on these KPI's is proceeding in general according to plan.



RAM ETS	RESULT	
0	4,610	Difference in volume related to sustainability projects in origins between before and after program implementation (in MT)
mes inal ket	6,101,376	Difference In revenue of related to sustain- ability projects in origins between before and after program implementation (in MT)
	14	Total number of Dutch actors that were successfully supported through Cocoa Origins to engage in origin
	16	
	16	Number of successful projects implemented as a result of Cocoa Origins, replicable & scal- able that are shared to stakeholders in the cocoa supply chain and to consumers

000	3,865,785	Amount of investment at origin
0	2,340	Difference In volume of Cocoa Origins prod- ucts on the Dutch Market between before and after program implementation (in MT)
nes inal ket	3,743,096	Difference In revenue of Cocoa Origins prod- ucts on the Dutch Market between before and after program implementation (in MT)



Project indicators

The Cocoa Origins program makes field level sustainability a specific focus. KPIs and other project indicators have been defined to measure progress and eventually impact.

Below the targets and results are displayed of the result area dedicated to Field level Sustainability.

Field level Sustainability (Result Area 3)

Result level	Key Performance Indicator (KPI)	Annual Target 2019	Result 2019	Total Project Target	Cumulative results 2018- 2020
Output	# of producers/ workers/ community members trained on key subjects for sustainable production, environmental and social sustainability	2,069	2.,465	3,692	2,493
Output	# of producers/ workers/ community enterprises reached by service delivery	230	315	1,262	357
Output	# of smallholder producers organized/aggregated by the program	120	125	1,262	127
Output	# of trainers, auditors, and/or government staff trained in the program	34	42	85	42
Outcome	Adoption rate by producers/ workers/community members of improved practices	85%	72%	75%	72%

The above table shows the current results, knowing that further conversion is planned to take place in 2020. Other result areas of the Cocoa Origins program, including Sector Governance and Business Practices, are further described in the narratives in chapter 1.3 and Annex 3, Project Developments.

Monitoring

Monitoring and reporting strategies for Cocoa Origins include monitoring and evaluating progress of projects against their set targets and objectives through bi-weekly calls. The Program Management Team (PMT) has supported the implementers towards the best possible outcome for both the program and the projects.

Applicants provided a bi-weekly update to the PMT on status and progress of their project and had the opportunity to ask questions and report any challenges that they may be facing. These calls provided the PMT to track program targets and gain insight on the status of project activities.

In addition, the PMT members Equipoise and IDH have had weekly calls to discuss the reporting from field level, track learnings and targets, address challenges, improve assistance to implementers, and track the overall progress of the Cocoa Origins program. The program also consists of a bi-annual reporting cycle to the Ministry, which has been functioning well.

Group Findings of mid-term meeting

The Cocoa Origins mid-term meeting on the 4th of December 2019 provided the opportunity for the seven implementers to come together for the first time and discuss progress and address challenges in the interest of elevating the Cocoa Origins program. Implementers shared learnings from their projects. The Cocoa Origins' Theory of Change (TOC) was presented and acknowledged by all (Annex 4). The outcomes of this session will be included in the learnings of the program.

Outcomes of discussions mid-term meeting

- Access to the (Dutch) consumer market is directly related to access to finance.
- Both theories of change, 'Added Value/ Improved Sustainability' and 'Dynamics of the Dutch Consumer Market' are very much interlinked and cannot be treated as separate theories.
- If the consumer is not willing to pay a fair price, lasting impact of sustainability projects remains difficult.
- What is meant by sustainable consumption is improving sustainability, reaching living income levels, and fighting deforestation, but we need to look beyond certification.
- Goal of Cocoa Origins is creating replicable, scalable cases.

Additional TOC discussion on Gender Equity

- Beneficial to include GALS methodology (Gender Action Learning System) and VSLA groups (Village Savings and Loan Association) since this has been experienced by the Implementing Partners (IP's) to be an efficient method.
- Platform needs to sensitise people on gender equality and empowering women for them to be more independent and play a stronger role in household management.

Overview challenges/principles

The below table shows the challenges identified by the partners, against the implementation of their projects reaching and contributing to the principles of the Letter of Intent.

challenges	success (not relevant

#	Principles of the Letter of Intent addressed	Colcocoa	Original Beans	Divine	Cocoanect	Albert Heijn	Tradin Organic	Progreso Foundation
1	Traceability	•	•	•	٠	•	•	•
2	Compliance with Law and Regulations	•	•	•	•	•	•	•
3	Good price for cocoa quality, improved productivity and incomes for farmers	•	•	•	•	•	•	•
4	Access to credit and rural development services, and diversification	•	•	•	•	•	•	•
5	Market access and market information	•	•	•	•	•	•	•
6	Decent working conditions	•	•	•	•	•	•	•
7	Support for farmers and labour organizations	•	•	•	•	•	•	•
8	Unique land use planning and good infrastructure	•	•	•	•	•	•	•
9	Wise management of natural resources	•	•	•	•	•	•	•
10	Conservation and wise use of biodiversity	•	•	•	•	•	•	•

Evaluation

All ongoing projects will be visited by PMT members throughout 2020 to get an impression of the impact on the ground. A consultant is being selected to evaluate the Cocoa Origins program to provide external evidence on the impact of the program. In Q1 of 2020 the timeline of deliverables, and the scope of work, i.e. research questions and methodology will be further defined.

Concrete findings or recommendations from program evaluations

Scalability and replicability are important in Cocoa Origins. The project partners come together during the program to exchange experiences and discuss progress. Each project has a different approach, scale and outcome, but they may have similar challenges or solutions, which makes it interesting to compare and learn from one another. By making the results available to a wider audience, there will be valuable business cases for many stakeholders, from mainstream to direct trade.

Cocoa Origins program

Focus and cross cutting design of smallholder inclusion:

There are five cross-cutting impact themes across all IDH interventions (Smallholder inclusion, Mitigation of deforestation, Living wage and living income, Responsible agrochemical management, and Gender equality and empowerment) that outline our contributions to achieving the SDGs. They streamline the learning among our partners and create big change in the areas of most need: sector governance, business practices, and field level sustainability.

The projects in the Cocoa Origins program are contributing to these themes through their activities.

Impact themes and activities of the projects

Project partners	Themes	Activities
Colcocoa	Smallholder	Traceability, Service Delivery Models (SDM)
Original Beans	Smallholder	Coop capacity building, SDM
Divine Chocolate	Smallholder, deforestation, living income	SDM, marketing, traceability
Cocoanect BV	Smallholder	Coop capacity building, SDM
Progreso Foundation	Smallholder, living income	Coop capacity building, SDM
Tradin Organic	Smallholder	Coop capacity building, SDM
Albert Heijn	Smallholder, living income, working conditions, deforestation	Traceability, marketing, Coop capacity building

The large majority of the projects are concentrated on making impact through Business Practices and Field Level sustainability. We will still include Sector Governance in the framework, but there are few project activities at this level. The overall objective of the Cocoa Origins' research to determine if the projects collectively achieved the commitments made to the 10 principles of the Letter of Intent (This is measured in how the KPI's impact the 10 principles).

The second objective is the project-specific research to determine if each project delivered results on intended output, outcome and impact results of the Smallholder Inclusion theme. IDH works to create an enabling environment to develop smallholder-inclusive business models. Through inclusion, smallholders can prosper, become sustainable, and contribute to the improved livelihoods of their families and the surrounding communities.

The diagram on page 19 is to show how much progress IDH has made on smallholder inclusion impact theme through our work in Cocoa Origins. IDH works to create an enabling environment to develop smallholder-inclusive business models, together with private sector players, governments, and civil society organizations. Through inclusion we see smallholders prosper, become sustainable, and contribute to the improved livelihoods of their families and the surrounding communities.



Ongoing	Achieved
Outcome	Impact
National sustainability strategies, or platforms, sector covenants narking	Improved sector governance, creating an enabling environ- ment for field level change Develop fully sustainable Dutch consumer market
me benchmark developed in Sierra	Investments in three pillars of sustainable cocoa pro- duction have more impact through direct stable trade relations between end users and cocoa farmers. This link seems fundamental for long term progress.
ustainability at company level/ calable and replicable service dels	
/ improved market position of ucts, improved traceability / trans- tems/methods, supply chain inno- ts	Embedded sustainability at business level
ivery models developed include: ving income, certification and or- ng, cadmium reduction, European ess, agroforestry. Biodiversity and n, improved quality and productiv- professionalization	Stable trade relations lead to additional investments and activities of cocoa pro- ducers, higher quality of cocoa beans and more com- mitment of farmers.
ne cocoa users make a difference ile cocoa production through: more transparent traceability sys- relational /partnerships interven- ore valuable compared to bigger pocoa. At corporate levels these tionships can be scaled. Changes tion. Direct relations buyer / seller	Access to the (Dutch) con- sumer market is directly related to access to finance. The consumer is willing to pay the right price, lasting impact of sustainability projects remains difficult. An important focus of Cocoa Origins is creating replicable cases.
ld per hectare	Increase farming household profitability and household income, increased ability to invest.
doption of GAPs , improved cocoa ider equity, biodiversity conserva- red access to finance	
ield	Improved income
uality cocoa, improved access to ernative source of income te by producers/workers/commu- ers of improved practices	Living income achieved Promotion at consumer level Alleviation of poverty

Lessons learned

The Cocoa Origins program provides several learnings that in this report. For example we have noticed the projects have a large positive impact on the prestige of cocoa farming in their respective origin. Another learning has been the value of investigating mass balance traceability tools, which is part of the program.

The key challenge that the Cocoa Origins program aims to address is the large gap between cocoa producers and consumers. It is clear that the producers should benefit more from their work, and that consumers must be adequately informed about their contribution to better livelihoods through communication. Few consumers are aware of what it takes to produce chocolate and the importance of characteristics like variety, origin, taste and price difference. An understanding of the work and investment that goes into producing cocoa sustainably can ultimately lead to increased demand for quality cocoa and better prices for farmers. It is important to help consumers understand what is being done in the field to make the case for investment and ensure long-term success of the programs.

The project partners comprise traders, retailers, chocolate makers, and NGO's. We have learned that no individual actor can have substantial impact without partnerships. Retailers are well-positioned to create the link to the Dutch market, but they are further away from the cocoa supply chain, including the producers cultivating the raw material. Similarly, traders work directly with producers and producers' organizations, but have little contact with consumers. By building partnerships, we are in a better position to drive the changes that are needed to meet KPI's of the project.

Prior to the Cocoa Origins program, most retailers were not directly involved in their supply chain. One of the biggest successes of Cocoa Origins has been the involvement of retail chains with their private label cocoa products. Mainstream cocoa actors are now participating in Cocoa Origins through the Albert Heijn project in Ghana. This allows the program to command larger volumes and strengthen the link to the Dutch market. Engagement with private label chocolate makers supplying these retailers is of key importance to achieving the targets in the Letter of Intent.

In addition, stakeholders cited that the projects went beyond increasing demand to build the reputation of producing countries as 'flagship cocoa and chocolate suppliers' in foreign markets.

Implementers and their partners have also provided feedback on how activities improving the quality of the cocoa can lead to higher prices and new partnerships.

At the sector and field levels, the main challenges have been pre-financing the harvest, and setting up partnerships with local authorities.

Promotion and communication on Cocoa Origins

Communication to all stakeholders is an important aspect of the program management. The communication strategy for 2019 included the following:

- Informing a wide circle of stakeholders in the cocoa supply chain about the program, such as authorities and industry organizations (secondary target group),
- Supporting the project partners' link to the Dutch market with a narrative about Cocoa Origins on cocoa products. Reaching purchasers of project implementers' products, including consumers (tertiary target group), to help implementers convince their stakeholders why they should buy sustainable chocolate,
- Informing a wide circle of stakeholders about the results and the learning of the program (primary and secondary target group).

Simultaneously, Cocoa Origins communication supported ongoing activities and outreach for our projects and partners through communication materials and interventions:

- Communication through a newsletter about the progress and development of the program. Creation of a factsheet and 2-pager with an overview of approved projects and ideas for new projects to communicate effectively.
- Participation in the Chocoa event, which brought together stakeholders from the entire supply chain, from cocoa farmers to chocolate consumers with the objective of increasing the market for 'good cocoa and better chocolate.' This aligns with the overall objective of cocoa origins in terms of working towards full sustainability in the Dutch consumer market. Cocoa Origins had a strong presence during the 2019 edition of Chocoa:
 - The launch of the second call for proposals, reaching out to many stakeholders.
 - Meeting with applicants, focused on sharing learnings with project partners and new potential applicants.

- Booth at the trade fair to share information on the projects and applications.
- Presentation of Cocoa Origins at the Chocoa conference to share learnings and present the program to a wider cocoa -related audience.
- Visibility to the general public through articles in publications on implementers or organizations that are linked to implementers.
- Advertisements to reach out to wide range of potential project applicants, mailings, and presentations for a small group of high potential organizations to support the creation of alliances that could propose joint projects.
- Communication towards interested third parties to share experiences and support project implementers in communicating with their stakeholders.
- O Creation of local and global recognition for the program through presentations primarily via the Chocoa conference.
- O Presentation of the Cocoa Origins program to the retailers' organization 'Centraal Bureau
- O Levensmiddelenhandel' (CBL). Resulting in CBL sharing our input to their members through their newsletter.

Future developments

The feedback of both implementers and their partners provides us with concrete examples of the success of the Cocoa Origins program, including the partnerships built, the new links created, the investments completed by companies, and the additional volumes of sustainable cocoa brought to the Dutch market. The timing of Cocoa Origins is ideal as the Dutch consumer market is exploring the origin of foods, and the incentive for creating a fair value chain is growing. The impact of the Cocoa Origins program is satisfying, regardless of the challenges faced by implementers working with short timelines.

As the Dutch market looks to increase targets of the Letter of Intent, the next step has been taken by Dutch stakeholders to unite in the 'Dutch Initiative on Sustainable Cocoa' (DISCO), led by the Dutch government. The Cocoa industry is preparing to act on the targets that will be set and are looking for feasible tools. Cocoa Origins could be included among the tools and provide potential business cases for scaling and replication.

The PMT will revise the applications that were already received in the first and second call to check whether they could be modified to meet the requirements of the program. It is expected that discussion with retail will lead to additional applications once the new DISCO agreement is rolled out and partners see the potential for using Cocoa Origins funds to co-fund the commitments of the agreement.

The PMT proposes to collaborate with an external consultant for an evaluation of the Cocoa Origins program. This must provide an objective measure of impact, a solid base to draw conclusions at the end of the program. In Q1 of 2020 the evaluation method and timeline will be agreed on and remaining months of the program will be used to collect the necessary input. The Royal Tropical Institute would be a knowledgeable partner to execute this evaluation.



Cocoa Origins Success

There are two layers of reasoning for continuing the Cocoa Origins program. The first layer is the huge potential for the development of business cases that are replicable and scalable. The second layer is the ability to evaluate impact over time.

Given the complexity of the challenges at origin, investments require sufficient time to reach their full potential. A time extension of Cocoa Origins with adequate investment would allow for an accurate evaluation of true impact.

The pilot business cases that have been developed thus far provide an important indication of why this work is important. Over a relatively short period of time, these projects have proven instructive to those looking to learn, but in the best case they can also provide a blueprint for scaling and replication by others. These feed into new ambitions on living income, mitigation of deforestation, and halting child labour.

Growing small-scale interventions to large-scale reach can result in greater impact. Larger retailers, besides Albert Heijn, have shown interest in replicating the Open Chain project and show potential to engage with Cocoa Origins in the future beyond 2021. Partnerships, including the creation of coalitions, extra support from partners, and the enthusiasm of project implementers and communities, are the primary impact of Cocoa Origins. Implementers have reported that they have received an increase in requests from local producers to be join the project. In addition, some projects have shown potential to be great platforms for a holistic approach to sustainable production, forest protection, and social inclusion in the regions of implementation.

Considering the program KPIs, there are several interesting developments, including the number of new or strengthened supply chains, as well as an increase in various supply chain actors that are now active at origin. In addition, 30 percent of budget is spent on non-competitive targets the produce value in producing countries.

In the development of sustainable cocoa production beyond certification, the link between improved enabling environment, activities at origin and the necessary investments to achieve these goals are key. On our way forward, we will build on this focus of the Cocoa Origins program. Annex 1 **Quick overview of the Cocoa Origins program**

Annex 2 Goal, Objective, strategy & progress of the program

Annex 3 **Project developments**

Annex 4 **Theory of Change - mid-term meeting session**

Annex 5 (external document) **Financial Report**

Annex 1 Summary and quick overview of the key achievements of the Cocoa **Origins program so far**



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AMOUNT OF INVESTMENTS IN ORIGIN €3,865,785

PRIVATE SECTOR CONTRIBUTION €2,004,664

COCOA ORIGINS FUNDING €1,691,853

TOTAL CO-FUNDING **€3,696,517** (> 2/3)

Volumes Y **Dutch Market** Program

A comprehensive prospectus, a reliable program governance, a well-attended launch and 52 concept notes

Increased volume and revenue of products on the Dutch market related to the Cocoa Origins

Funding principles



LATIN AMERICA

COLOMBIA PERU

WEST AFRICA

SIERRA LEONE CAMEROON **GHANA**



The implementing partners have signed MOUs with supply chain partners and that resulted in:



New/strengthened **16** supply chains from origin to Dutch consumer market

Developed businesses **16** cases proving potential of origin

timelines

Annex 2 Goal, Objective, strategy & progress of the program

Goal

The goal of Cocoa Origins program is to build on the Letter of Intent by supporting smaller cocoa users to live up to the commitment and bring sustainable cocoa products to the Dutch market for consumption. The program is based on public- private partnerships to establish stable commercial relations between cocoa producers and cocoa users and to improve sustainability at the farm and farmer community level.

Objective

To increase sustainable cocoa production by encouraging the private sector to develop new cocoa supply chains or re-arrange / expand existing ones and to improve availability of sustainable cocoa products on the Dutch consumer market.

Strategy

The strategy of the program to deliver on the abovementioned objective is to support a variety of projects that will help smaller chocolate users develop projects that have a positive impact upon the economic, environmental and social conditions of cocoa production and, through the supply chain that is linked to the projects, on the sustainability level in the Dutch consumer market.

Supply Chain innovations & Field projects

The Cocoa Origins program is a combination of a variety of projects with each feeding into the overall program goal. There are two categories of projects: Firstly, the category that contains projects aiming for innovation in the supply chain, secondly Field Level Projects (FLP) with activities in the cocoa origin, or a combination of both categories is also possible. From the first call for proposals, four projects have started the implementation of activities. The program shows impact with these projects, on how to close the gap towards 100 % sustainable consumption and production in 2025.

The Program Advisory Committee is defined in the governance structure of Cocoa Origins as follows: 'The main role of the PAC is to provide strategic guidance to the Cocoa Origins program with the experience of the members in various aspects of the cocoa sector. The PAC will not be involved in the selection of projects. This is the task of the Project Review Committee. For the operational assistance of the Program Management Team and input for selection and evaluation of projects, the PAC will delegate a member to the Project Review Committee.

Composition and members:

The Program Advisory Committee is composed of a representative of the ministry of agriculture, nature and food safety, and sector experts from private sector that have knowledge of the cocoa industry and beyond, and government. The committee shall collectively respond to the following:

- 0 experience in the cocoa supply chain
- 0 experience in development projects
- 0 experience in developing countries
- 0 knowledge of international cocoa and or chocolate trade
- 0 knowledge of the Dutch market for cocoa products
- 0 knowledge of fine flavour and single origin markets

Members will be asked to dedicate a total of maximum 2 days per year in preparations, meetings and communication. It will consist of seven members, including the chairman. The PAC is chaired by the IDH.

Frequency of meetings:

- 0 It is expected that throughout the program cycle the PAC will meet at least 4 times:
- 0 around each call for proposals
- 0 during the course of the program, to discuss progress
- 0 after the program has ended, to discuss the results and advice on the dissemination of learnings

Annex 3 Project Developments

CALL 1



COCOASMART COLOMBIA: Creating a transparent, sustainable, and traceable value chain in Colombia

Partners: Colcocoa & La Equitativa Fair Trade Company SAS

Project goal: Improve the quality and sustainability of Cocoa production in Huila and Tolima by implementing innovative traceability of cocoa from the farmer through production in the Netherlands.

Supply chain innovation: Generating synergies between the companies. Focus on sustainability and quality at the farm level, transparent production and traceable export and commercialization.

Field level projects: Implementing precision farming methods and GPS models which help farmers improve cocoa farming techniques and sustainability.

Progress project: In the year 2018, three unplanned extra activities were carried out, concerning Cocoasmart, including Cocoasmart Organic, and Map of cocoa Huila. These activities had been planned to be executed between 2019 and 2020.

Among the activities carried out, information was collected from 353 farms in the framework of activity 3; a map of cocoa Huila planned for 2019, the collection of information from 507 additional farms in the Department of Huila.

As an additional activity, the project applicants received the visit of the Minister of Agriculture, Nature and Food Quality of the Netherlands, Mrs. Carola Schouten and her Deputy Minister, Mrs. Marjolijn Sonnema.

Peru, Latin America

Assuring market access & growth for cocoa from Piura, Peru, one of the world's leading specialty cocoa regions

Partners: Original Beans, Norandino and Bioversity International Lima

Project goal: Reduction of cadmium levels in Piura cocoa beans to keep them available as a single origin, fully traceable, certified product for the European specialty market.

Supply chain innovation: Reduction of cadmium levels in Piura cocoa beans to keep them available as a single origin, fully traceable, organic certified product for the European specialty market.

Field level projects: Translating scientific research into field experiments and concrete practices that enable cocoa farmers to reduce the absorption of cadmium by the cocoa trees.

Progress project: The start of activities for the project has been postponed from October 2018 to February 2019 [4 months]. Several preliminary activities have been taken place to enable a good start in February.

All activities will be executed as scheduled in the project application by prolonging the project from November 2020 to December 2020 [1 month]. The 3 months of work time, which have been lost, can be easily recovered through a greater efficiency thanks to existing results of the Biodiversity International project and combining project activities, such as different training courses.

Sierra Leone, West Africa

Developing 'forest friendly', premium cocoa value chains from Sierra Leone.

Partners: TWIN, Gola Rainforest Conversation, Royal Society for the Protection of Birds, Chocolate Makers, Divine Chocolate.

Project goal: Create stable, long-term trading relationships between, a smallholder cocoa business owned and controlled by farmers on the edges of the Gola rainforest; and two premium and ethical chocolate companies serving the Dutch market.

Supply Chain Innovation: Developing 2 new fully traceable supply chains, including an organic-certified, premium cocoa supply chain for a new single origin chocolate, and a Fairtrade-certified supply chain for the brand Divine Chocolate to be launched in the Dutch Market.

Field level projects: I nvesting in the quality and productivity of Gola cocoa, in particular promoting farming practices that have a positive impact on forest resources and biodiversity; support Fairtrade and organic certification processes; promoting inclusion in the supply chain.

Progress project: Given the short period of time to conduct activities in 2018 after the contract was signed, there was no significant activity in 2018, however conducting the Fairtrade pre-audit and first sessions of training were good progress towards the goal of certification. In this period the preparatory activities that have taken place also mean that the team will start the coming year in a good position.

The team has held a start-up meeting in February at Chocoa as an excellent opportunity to bring all project partners together to solidify partnerships and connections and confirm commitments, sharing any concerns and discuss solutions.

Cameroon, West Africa

The FIRCAM project: building Financial Resilience for Cameroonian farmers.

Partners: Cocoanect, Conseil Interprofessional Cacao Café and Natra

Project goal: Secure a dedicated off-taker for sustainable and higher valued Cameroonian cocoa beans in the Dutch cocoa market.

Supply chain innovation: Improve bean production processes and establish more stable partnerships with the cocoa industry.

Field level projects: Increase farmers' revenues from Cameroonian cocoa by introducing a premium-priced cocoa, Fine or Flavour (FOF) cocoa practices with a selection of 200 farmers and farmer income diversification.

Progress project: A first success has been booked by connecting the FIRCAM project to single origin chocolate from EARTH Concepts and The Chocolate Explorers in the Dutch market. An initial 1408 farmers have received their first farmer trainings, although the more quality-oriented trainings still need to be launched.

As was already assumed, the start of the field activities in Q4 2018 was mainly dedicated to supply chain preparations, such as the selection of producer groups and final alignments with the CICC. Cocoanect has increased the sustainability senior management team in Cameroon to facilitate data and knowledge exchange with teams in The Netherlands and in other West African countries (e.g. Ivory Coast, Ghana, and Nigeria). This team will be further expanded in Q1 of 2019.

CALL 2

📥 Ghana, West Africa

Frontrunner project, cocoa beyond certification

Partners: Albert Heijn, Barry Callebaut, Tonys Chocolonely, UTZ, Rainforest Alliance

Project Goal: To promote more sustainable cocoa consumption on the Dutch market, by cooperating with our supply chain to go beyond certification and addressing root causes of serious issues such as low farmer incomes, child labour and deforestation.

Supply chain innovation: By ensuring that the Open Chain is professionalized to be easily adopted by other cocoa buyers.

Field level projects: Improvements through the development of a new co-op in Ghana.

The purpose of this project is to create a scalable intervention. By ensuring that we professionalize the Open Chain, we allow new buyers to enter the system quickly and start sourcing cocoa that is produced under both certification and under the 5 Principles. By adding a new Coop to the Open Chain, we increase the number of farmers that are benefiting from the implementation of the 5 principles, and we ensure that new Open Chain members can quickly source volumes of Rainforest Alliance certified cocoa that comply with the 5 principles.

The project of Albert Heijn is in the last phase of contracting and will start executing activities in 2020.

Sierra Leone, West Africa

Professionalization of Fairtrade organic cocoa small holder cooperatives for rural economic growth

Partners: Tradin Organic Agriculture B.V, Tradin Sierra Leone Ltd, Crown of Holland B.V, 3 farmer cooperatives: Kasiyatama, Koeyordondorya and We Yone.

Project Goal: The project will contribute to the development of integrated and inclusive sustainable agroforestry value chains in rural Sierra Leone that can generate rural economic growth. More specifically, the projects' activities aim to (1) sustainably increase yields of participating farmers, (2) contribute to food security, (3) reduce the indebtedness of rural cocoa smallholder farmers and (4) build professional cooperative structures that can support the organic farming sector. Furthermore, the project aims to stimulate the demand for sustainable organic Fairtrade cocoa from small origins available in the Dutch and European market.

Supply Chain Innovation: The project aims to strengthen the cooperatives and their governance and management capabilities so they can become an independent actor in the supply chain, promoting and implementing fair trade criteria among managers, employees and members, as well as other value chain agents and implementing own social projects.

Field Level Projects The project will be integrated into and expand the already existing infrastructure of Tradin SL and aim to lay the foundations to (1) sustainably increase yields of the sector as a whole, (2) contribute to food security (3) reduce the indebtedness of rural cocoa smallholder farmers and (4) build local businesses that can support the farming sector.

💳 Colombia, Latin America

Fine flavour cocoa as a sustainable alternative for indigenous coffee farmers in northern Colombia

Partners: Progreso Foundation, Original Beans, Cooagronevada, ANEI, Red Ecolsierra, Asoarhauco, CIAT, Chocolatemakers, Daarnhouwer, Belvas, Ethiquable.

Project Goal: Due to extremely low international prices, coffee producers need additional or alternative sources of income. Cocoa is the only legal and sustainable alternative in the Sierra Nevada region in Colombia, with coca being illegal and bringing a lot of violence to the region. To resist the push towards coca planting rehabilitation of cocoa that was already grown in the forest is a viable option. There is a demand for high quality cocoa with low cadmium levels in the Dutch market, to which the cocoa from the four project partners can be directed. This will result in more sustainable income for the farmers and greater volumes of organic fine flavour chocolate for the Dutch market. In addition, the cocoa will be shipped by the climate neutral Tres Hombres sailboat that will take the cocoa from Colombia to Amsterdam.

Supply Chain Innovation: Cocoa produced in certified women cooperatives is important for gender equality and makes it more likely that the extra income will benefit the whole farm family. Specific selection of cocoa varieties that are originally grown in the region; local selection (indication of different flavour profiles), upscaling of these varieties making use of improved fermentation techniques, will generate innovation in the region. Sustainable transport to the Dutch market with the Tres Hombres sailboat

Field Level Projects: The main objective is to increase the volume of cocoa production and improve the quality of the cocoa that the members of these organisations produce, so that additional sources of income can be achieved with delivering this high-quality organic product to the Dutch market. Through the project we aim to strengthen the technical skills on producing a high quality good fermented cocoa within the 4 beneficiary organisations. High level key activities to achieve these goals are: Rehabilitation of 80 ha and planting of 80 ha of high-quality varieties maintainingand upscaling high quality cocoa production in the region and implementation of improved 74 fermentation boxes and 04 trainings (01 Module per organization) on the correct use of these.

Annex 4 Theory of change – mid-term meeting session

Intervention logic for the Cocoa Origins program



Annex 4.1 Mid-term meeting results from the Theory of Change exercise

	Transparency	Compliance	Price/ productivity/ income for farmers	Market Access/ Information
Long-term Outcome	Traceability Price visibility	2025 goal achieved Compliance to international laws Organic/ Fair trade certification	Living income achieved Promotion at consumer level Alleviation of poverty	Change in consumption Direct relations buyer / seller
Intermediate Outcome	IMS buyer joining supply chain Improved internal organization	All companies change sourcing plans Due Diligence systems Third party audits passed	Income diversifies Pay a living income	Consumer awareness Premium Being able to sell more
Early Outcome	IMS at origin Use of tech	Sustainable origins identified Commit to comply Good practices implemented Lobbying	Yield increases Quality increases Determine living income and right environment	Retail Being connected with the buyer Understanding the buyers demands
Outputs	Setting up training/support Warehouse management	Cocoa Origins projects Know the laws Training on certification requirements	Living income study Diversification Living income reference Fair wages	Marketing Story telling Training on quality

Annex 4.2 Added Value and Improved Sustainability

	Access to Credit/ Diversification	Decent work- ing Conditions	Organizational Support	Land use planning/ infrastructure	Management of Natural Resources	Biodiversity
Long-term Outcome	Living Income Reduced Depen- dency on Cocoa	Gender Equality Safe working conditions No child labour	Autonomy/ Independence Commitment from Dutch Market Better negotiation High stable price	Higher price margins	Deforestation free cocoa	Forest Friendly cocoa Tools adopted by national services
Intermediate Outcome	Crop Diversification	System to monitor safe conditions Management methods	Independent farmer organizations Consumer awareness	Higher quality cocoa	Monitoring	Agro-forestry Tools available and used more broadly
Early Outcome	Market Access Know How	Certification Identifying Child Labour	Collection of data Farmer owns own data	Cocoa well fermented	Transparency	Monitoring Tools and input tested
Outputs	Training Market Studies Investment	Training Set up farm visits	Sensitization Data systems training	Fermentation centres	GPS Mapped farms	Training on agroforestry GPS mapping Improved farm inputs

