



**Cocoa
Origins**
powered by IDH

COCOA ORIGINS PROGRAM

Annual Report 2020

March 2021



Colombia

170
Farmers Impacted
M/F - 150/20



Sierra Leone

10,255
Farmers Impacted
M/F - 8,204/2,051



Sierra Leone

2,362
Farmers Impacted
M/F - 1,774/588



Ghana

1,924
Farmers Impacted
M/F - 1,107/817



Colombia

400
Farmers Impacted
M/F - 316/84



Peru

202
Farmers Impacted
M/F - 141/61



Côte d'Ivoire

402
Farmers Impacted
M/F - 331/71



Cameroon

1,482
Farmers Impacted
M/F - 1,226/256



Preface

IDH initiated the Cocoa Origins Program, which was funded by the Dutch Ministry of Agriculture, Nature and Food quality. It is designed to help stakeholders reach the objectives of the 2009 Letter of Intent by supporting investments in sustainability projects at the origins of their cocoa supply and to step -by-step achieve 100 percent sustainable cocoa consumption on the Dutch Market by 2025. As part of this Program, eight companies have been supporting investments in sustainability projects at the origins of their cocoa supplies. The Program aims to establish stable commercial relations between cocoa producers and cocoa users and improve sustainability at the farm and community levels.

Understanding the impact of these interventions at the farm level requires a clearer understanding of the farmers we work with. An important way to do this is to gather insights on farmers' empowerment and sustainable trade relationships. The eight Cocoa Origins partners entered into pre-competitive collaborations to present alternatives for the mainstream market. The results of the Cocoa Origins Program are intended to advance IDH's strategy to enable small cocoa users to contribute to large sector-wide efforts spearheaded by multinational traders and manufacturers.

The outcomes of this report provide important information into the empowerment of smaller cocoa users that create a positive impact on the economic, environmental and social conditions of cocoa production and through the supply chain. The Cocoa Origins Program supports creating stable, long term trading relationships between producers in origin and chocolate companies serving the Dutch market. These include the intention is to overcome gender-based constraints and decrease unequal relations and change influence towards females in the supply chain. Cooperatives are at the core of several projects and empower farmers to improve their market access and develop direct trade.

All stakeholders working in the cocoa sector will have much to gain with these new insights and what it reveals about the bottlenecks as well as highlight opportunities to improve farmers' access to the Dutch market. IDH and the Dutch government are committed to continue bringing different partners together under the Cocoa Origins Program, which deepens our understanding of what is working and not working for farmers as captured in this report.



Jonas MvaMva
IDH Cocoa Program Director

Contents

Preface	3
Introduction & Summary	5
PART 1.0: KEY PROGRESS	6
Overview of the Program	6
Key achievements of the Program	6
Presentation of the individual projects in 2020	10
Key Performance Indicators (KPI's)	14
Program indicators	14
Project indicators	17
PART 2.0: MONITORING, EVALUATION & LEARNINGS	18
Monitoring	18
Added value and improved sustainability in origins	18
Sustainability dynamics in the Dutch consumer market	19
COVID-19 response by projects	19
Evaluation	20
Methodology and objectives	20
Cocoa Origins & Living income	22
Action on the ground	23
Learnings to date	23
Lessons learned	24
Promoting and communicating Cocoa Origins	25
PART 3.0: FUTURE DEVELOPMENTS & CONCLUSIONS	28
Future developments	28
Cocoa Origins Success	29
ANNEXES	30
Annex 1: Brief overview of Cocoa Origins Program	31
Annex 2: Goal, Objective, Strategy and Program progress	32
Annex 3: Principles of Letter of Intent	33
Annex 4: Impact themes and projects	34
Annex 5: Project Developments	35
Annex 6: Theory of change	39
Annex 7: Financial report	(External document)

Introduction & Summary

The Cocoa Origins Program (Cocoa Origins) 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 (Annex 2). In this way, the Program supports the Dutch Letter of Intent, committing to 100 percent sustainable cocoa consumption by 2025. Cocoa Origins projects highlight their contribution to the ten indicators of this Letter of Intent (See LoI indicators in Annex 3).

The Program is based on public-private partnerships that establish stable commercial relations between cocoa producers and users and improve sustainability at the farm and farmer community level. There are eight projects participating in two categories: innovation in the supply chain and Field Level projects.

IDH is executing the Program with Equipoise as its implementing partner. Together, we form the Program management team (PMT) with IDH as the interface of the Program through the ministry. After the start-up phase in 2017-2018 the Program is currently in the Implementation phase from 2018 to 2021. It includes a one year extension at no cost as we work towards the Closing phase (2022). With this report, IDH would like to update and inform the Ministry of Agriculture, Nature and Food Quality on the Program advances that were achieved in 2020.



Project partners

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

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 Equitativa 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, Kumasi Juice, Koa

Link to Dutch Market

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

Program co-funding ratio



Progress towards 2021

farmers trained / reached by service delivery

OVERALL TARGET 2020 9,412

CUMULATIVE RESULT 2018-2020 18,099

Replicable and scalable cases

OVERALL TARGET 2020 17

CUMULATIVE RESULT 2018-2020 11

Volume on the Dutch Market (MT)

OVERALL TARGET 2020 2,540

CUMULATIVE RESULT 2018-2020 2,569

Overview of the program

Eight projects in six countries across Latin America and Africa were selected to implement the Program. These projects cover various areas in Latin America, Colombia and Peru (three projects) and in Africa, Cameroon, Sierra Leone, Ghana and Côte d'Ivoire (five projects).

In 2019, the four projects (ETG, Colcocoa, Divine Chocolate and Original Beans) implementers who started after the first call for proposal have made progress on their work plans and have achieved most of their estimated targets. In the second half of 2019, Progreso, Tradin Organic, who responded to the second call for proposals started implementing their projects.

In 2020, Albert Heijn started the implementation and the Program has reassessed the earlier submitted proposals, which led to the selection of the eighth project with Beyond Beans, in Côte d'Ivoire. This and other projects now benefit from the additional time with the one-year extension which means they can make an even greater impact.

All Cocoa Origins projects contribute to the ten indicators of this Letter of Intent. Sustainability components that are addressed are shown in the corresponding table in Annex 3.

Key achievements of the Program

The Cocoa Origins Program's focus is to reach full sustainability of cocoa consumption in the Dutch market and add value in improved sustainability and investments in origins. It provides support and requires an innovative approach towards companies using small volumes of cocoa on the Dutch market, to take the next steps to improve sustainable products and invest in origin, reaching sustainability beyond certification.

The target for contribution by private sector in the Cocoa Origins Program is two million euros. The private sector contribution is now EUR 4,779,864, with Cocoa Origins contribution of EUR 1,834,353 (Annex 7).

To support market transformation, IDH is engaging businesses through data-driven and scalable approaches to deliver results. Cross-cutting impact themes guide us and our partners towards the U.N. Sustainable Development Goals (SDGs). We aim to create change on three levels (result areas): changes in sector governance, changes in business practices, and changes to field-level sustainability.

The Cocoa Origins Program has defined its overall KPIs and targets to reach optimal impact on contributing to the goals of the Letter of Intent (Annex 3). The results of the Cocoa Origins Program are also designed to advance IDH's strategy to enable small cocoa users to contribute to large sector-wide efforts spearheaded by multinational traders and manufacturers. To achieve this, three Result Areas were identified:

Contract Partners	Type	COP Contribution (EUR)	Private contribution (EUR)	Ratio (IDH-Partner)
ETG	Trader	€ 244,650	€ 325,956	1.44
Colcocoa Terra	Companies	€ 232,378	€ 236,546	1.02
Original Beans	Chocolate maker	€ 62,324	€ 60,000	1.00
Divine Chocolate	Chocolate maker	€ 300,000	€ 303,607	1.01
Albert Heijn	Retailer	€ 300,000	€ 3,104,000	10.35
Tradin Organic	Trader	€ 300,000	€ 318,100	1.06
Progreso	NGO	€ 255,000	€ 255,368	1.00
Beyond Beans	NGO	€ 140,001	€ 1500,000	1.07
TOTAL		€ 1,834,353	€ 4,779,864	2.61

- 1. Sector Governance** – increase visibility and reach of the projects to new markets.
- 2. Business Practices** – identify cases that are replicable (e.g. other geographies) and scalable (e.g. achieve living incomes, reduce cadmium, create agroforestry areas, etc.).
- 3. Field Level Sustainability** – a specific focus of Cocoa Origins, with general KPIs for all projects and specific KPIs per project.

► **Sector Governance interventions** – increase visibility and reach of the projects to new markets.

The Cocoa Origins Program has reached out to new markets as a critical step in the third year of the Program which expands market access and improves market position of origin products. Smallholder cocoa farmers are inclined to sell their products at local markets because of their proximity and immediate payment once they deliver their cocoa. This is overcome by some examples such as a strategic partnership to sell origin products to the Dutch market. In one of the projects an online platform is built for origin companies, which will allow clients to obtain full traceability of the product from farm all the way to storage facilities.

However, they do encounter constraints working in this arena, which are addressed in the Program. One relates to market demand and delivering the fine cocoa products that Dutch consumers require. Another challenge is the limited access smallholders have to market information to properly manage their operations.

The Program offers an improved market position of origin products and market studies investment training that show early outcomes on adoption of market access know-how. Some interesting long-term outcomes show that it can lead to a



better understanding of how to achieve a living income, more diversification on the intermediate outcome and less dependency only on cocoa.

The Cocosmart project consists of a variety of partners in Colombia that shows innovation on potential upgrading in the Huila landscape Program. These opportunities for short-term governance enhancement at sector and landscape level can provide alternative entry points, such as supporting the private sector and civil society. Organic production is an important objective, and the tested models will add significant value to the production pillar of the PPI compact. The regional government has also shown interest in the projects' innovations within the Programs' landscape. They need the Cocoa Origins project partners vision on the cocoa value chain. Cocoa is one of the main commodities in the landscape, with these models other larger scale players can improve their own supply chain.

Meanwhile several individual companies and retailers have been involved. An example is one of the largest Dutch retailers that is developing a governance structure designed to attract other retailers to join the Open Chain principles. The Cocoa Origins Program has started to build a portfolio of projects to activate brands and retailers on the topic of living income. We now see more investment from larger retailers like Albert Heijn in The Netherlands in the topic of living income. They are ready to support 'high impact models' and expand existing ones, such as the Tony's Open Chain Model.

► **Business Practices interventions** – identify cases replicable and scalable cases

The supply chain innovations and shifts from small cocoa users in the Cocoa Origins Program, in the context of increased consumer demand for higher quality and transparent cacao, will likely push large, established chocolate businesses to

continue to improve sourcing practices. At the end of the day, participation by these large players is essential to shift procurement policies and scale sustainable change within the supply chain.

The Cocoa Origins Program supports creating stable, long term trading relationships between producers in origin and chocolate companies serving the Dutch market. These include the intention to overcome gender-based constraints to decrease unequal relations and change influence towards females in the supply chain. Cooperatives are at the core of several projects to empower farmers to improve their market access and develop direct trade. Another example is the first farmer-led organization in Sierra Leone that gained its export license during the summer of 2020 and successfully exported 20 metric tons of Forest-Friendly, Fairtrade-certified cocoa to The Netherlands. For more information, see Section 2.5.

The Program offers several traceability systems improvements and methods. These include Identity preserved (IP) traceability through direct trade, which is fully transparent and has a short supply chain. It offers chocolate makers deeper insights into how farmers process cacao and the practices they use. They have valuable transparency on the producers they work with, establish relationships with farmers and buy the cacao directly. Direct trade is most common with smaller chocolate companies and smaller volumes, which lets them trace back and know each of the cacao producers they work with. In other cases, segregation traceability methods are applied.

In addition, a traceability Platform was launched to enhance the performance of the Colombia origin companies and allow clients to obtain full traceability of the product from farm all the way to storage facilities. It also delivers key information about producers and farms that allow monitoring individual developments.

► **Field Level Sustainability interventions** – a specific focus of Cocoa Origins, with general KPIs for all projects and specific KPIs per project

Adoption of knowledge and new skills have shown early positive outcomes in the Program that good agricultural and business practices training can improve their productivity and profitability. The cocoa is better fermented, in which has already led to improved cocoa quality in some cases. The next

step is to understand what this means in impact terms of the ability to invest and how this improved their position in the chain.

Latin American origins have seen a marked improvement of cocoa quality with good lab results and excellent feedback on the quality which resulted in a higher market demand than availability. For example, the quality will be improved by organic inputs, through technical assistance, improved fermentation techniques or drying. By adopting GAPs, producers were trained in the organic Program. Trials were conducted with the addition of a biochar-based product. Initial results show a 40-80 percent reduction in the cadmium concentration in Peruvian cacao beans. The next round of analyses will reveal if these findings continue in the long term. Additionally, the genetic basis of low cadmium accumulation is being studied to identify genotypes that could be used as root stock or grafting material to replace high cadmium accumulating materials.

A gender-transformative approach in Cameroon promotes gender equality and an empowering environment. It aims to tackle the root cause of gender inequality and change unequal power relations by combining the VSLAs with the Gender Action and Learning System (GALS) to empower women and men to overcome gender norms and make prudent financial decisions through gender empowerment and financial literacy training.

The Ivory Coast project focuses on three levels of female empowerment: (1) Inclusion of women in eight cooperatives and support of their cocoa production; (2) Increase of women revenue in 600 families through Gender Action and Learning Systems (GALS) training and Village Savings and Loan Associations (VSLA) groups; (3) Enhancing three women co-ops with management training and creating social enterprises. All of these strategies can help optimize impact on gender equality, women empowerment and female entrepreneurship throughout the chocolate and juice value chains.

Access to financial services and finance for smallholder farmers are critical in creating an supportive environment to invest in productivity and rehabilitation of the farms, improve post-harvest practices and quality and provide access to markets.



Scalable, replicable cases: **Achieving living income through certification and organic farming**

In 2020 the development of videos was a tool to reach producers and WhatsApp groups by allowing communication with producers to provide technical advice and assistance in issues caused by the COVID-19 pandemic. Two meteorological stations were installed and hydroclimatic bulletins were built to cultivate according to the climate. And 18 producers with low-cost equipment monitored fermentation in Huila. Soil analysis was done for 57 producers, and tailor-made recommendations and fertilizers were provided. Certification was confirmed for 96 producers in VSS (Voluntary Sustainability Standards) and 97 maps were made of farms belonging to the project's producers.

The Platform development was delivered in phases. The processing plant Cocoa Central Mill was built, with 110 m² of dryers, 11 fermentation drawers with capacity for 13.2 tons of cocoa, a temporary storage room, an office equipped with first-rate elements aids and measuring equipment for the cocoa benefit process.

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

The most important activity in the first half year 2020 has been the evaluation of the data collected in 2019 & 2020. Thereby it has been possible to show a first success of the used mitigation strategies to lower the absorption of cadmium by the cacao trees and thereby the level in the dry cacao beans. Samples of more than 250 individual farms have been collected and sent to the University La Molina in Lima. Because of Corona travel restrictions it has been challenging to assure that the samples are representative because purchasing of cacao by the association had stopped. The results show a significant reduction of cadmium content in the cacao beans in only two of the three treatments. Based on soil analyses organic fertilizers have been purchased from two local women organizations producing fertilizers. More than 100 farmers have received training courses in pruning cacao trees and or grafting trees.

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

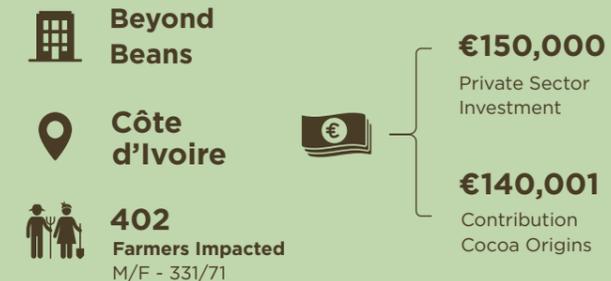
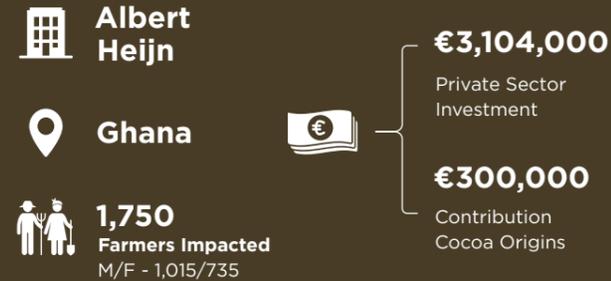
In 2020 the 'Forest-Friendly' production model was clearly articulated and demonstrated through evidence-based data. The Gola case study and Forest Friendly model were shared in the sector to encourage replication of model. Gola production has met the quality and certification standards required by commercial partners. And sufficient working capital for cocoa buying was secured in good time. Producer organization (PO) leadership and management can now govern and manage their cocoa business with decreasing external support. Meanwhile, farmer members of Ngoleagorbu PO have the necessary knowledge of their business and access to systems to hold their leaders to account. The Living income baseline was established for Gola forest edge communities and an agreed strategy by project partners to put cocoa farmers on a trajectory towards this goal. To strengthen the link to the Dutch market, two new premium chocolate products containing Forest Friendly Gola cocoa are being made available for the Dutch market.

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

In 2020, a partnership was explored with a local exporter (COOPPRACAM), and with Ferrero Cameroun and CCQ, a local, new supplier. CCQ organized and certified a group of 372 farmers in the south of the country, enabling them to deliver sustainably produced cocoa to the Ferrero factory in Cameroon. In total (at SOCAM 5C and CCQ), 1,476 farmers producers were trained in Good Agricultural and Environmental practices. Additionally, Ghanaian NGO PDA set up ten VSLA groups in seven communities, covering 220 members of which 132 were female, with the membership still increasing and an eleventh group potentially being added. The groups developed their own governance structure and functional operation systems. Out of the 50 group leaders and management committee members, 32 are female (64 percent) and 18 male (36 percent). All groups were trained in the VSLA training modules and have also started saving money.

Presentation of the individual projects in 2020

Early outcomes of the projects



Scalable, replicable cases: **Living income, conservation and biodiversity**

Despite the COVID-19 pandemic in 2020, the organizations were motivated and able to adapt to the contingency and the new reality. They started to use new digital methods and tools to continue training and monitoring their members in the field. For the technical assistance for rehabilitation of 80 ha of cocoa, 41 group training sessions were held virtually by the cocoa technicians to staff in the organizations and 404 individual training events were conducted. The implementation of individual and centralized nurseries advanced with 74 individual nurseries for the beneficiary members and 74 farmers were trained in the implementation of cocoa nurseries and grafting of the plants.

In the preparation for cadmium analysis in cocoa beans, 49 cocoa samples were analyzed at CIAT laboratories. This year, four organizations received their Fairtrade certification and three organizations their Organic certifications. Tools and equipment such as 34 fermentation boxes and drying beds were installed on the members' farms.

Scalable & Replicable cases: **Agroforestry, living income, farmer professionalization**

In 2020, three farmer service centers (FSC) were implemented within the existing structures of the headquarters of the cooperatives. FFS participant registration was conducted with a total registration of 1,369. Thirty nurseries were established, which produced 150,000 seedlings. And 300 farmers benefited from these seedlings. Tools were purchased and distributed. The beneficiary farmers were excited with to receive all necessary planting materials which they felt was the exact requirement needed to have a productive farm. During internal inspections and farm audit, information was collected on various topics including best farm practices. All training sessions that were conducted made a tremendous impact in the cocoa planting activities of small holder cocoa farmers who had been having a lot of challenges to correctly plant their plantations.

The link to the Dutch market has been strengthened when client 'Lush' decided to use single origin cocoa butter from Sierra Leone for a new product that they had launched in their shops in The Netherlands and U.K. in April 2020.

Scalable, replicable cases: **New supply chains, living income, conservation and biodiversity**

The volume of season 2019-2020 was delivered before COVID-19 and the LI premium has been paid. In order to prove the level of traceability of sustainable cocoa, the cocoa used in the Delicata bars will be traceable back to coop through the use of the Beantracker.

Open Chain signed an MOU with the Asunafo cooperative. After working together successfully for the year, they signed a five year partnership to make an even greater impact. Open Chain worked with Asunafo North to professionalize the membership registry and train the team how to use the digital tool Beantracker to monitor traceability. The GPS mapping was initiated on all farms of Asunafo North members that can supply to Open Chain. In September 2020 the CLMRS monitoring started and by November, 416 households were in the system, 178 households were interviewed and 220 cases of child labor had been found. On target to engage other retailers in Open Chain, in October 2020, ALDI signed to market a product range with Open Chain for the next five years.

Scalable & Replicable cases: **Living income, gender, producer co-ownership, monetizing a waste product**

In the first few months of the project's launch in late 2020), the focus was on building partnerships, exploring the local context and possibilities, and building the brand and market of Kumasi Drinks in the Netherlands. For example, a partnership with Koa was initiated; potential suitable locations for the Cocoa Fruit Lab were visited in Bouaflé; and we searched for bottling factories nearby. Kumasi launched a large marketing campaign for their Sappi and Gassi drinks (currently sourced in Ghana) in the Netherlands, involving social media, influencers, and interviews with local newspapers. The first batch of drinks sold out completely within a few weeks. These activities are important for the Cocoa Fruit Lab project as we need to create sufficient demand for the juice if we want to make the production in Ivory Coast feasible.

Key Performance Indicators (KPI's)

The Program has defined six overall Program KPIs to reach optimal impact in contributing to the goals of the Letter of Intent. Additionally, each project was given the opportunity to define their own project specific KPIs. Despite this challenges due to the COVID-19 pandemic in 2020, the projects are proceeding with their activities and are more than halfway towards reaching their goals. All projects expect to reach their targets by 2022.

Program indicators

The table on the following page provides an overview of the KPI targets as agreed upon at the start of the Program, versus the project results of all eight projects combined at the end of implementation. So far, each KPI target has met or exceeded the Program's expectations.

Overall, the progress on these KPIs is proceeding according to plan.

1.0

KEY PROGRESS

#		KPI	UNIT	PROGRAM TARGETS	RESULT DEC 2020	
OUTPUT						
1		Cocoa volume related to sustainability projects in origins	MT	1,000	5,198	* Difference in volume related to sustainability projects in origins between before and after programme implementation (in MT)
		Cocoa value related to sustainability projects in origins	EUR	1,5 times terminal market	6,701,376	* Difference In revenue of related to sustainability projects in origins between before and after programme implementation (in MT)
2		New Dutch supply chain partners that are active in origin	#	10	16	Total number of Dutch actors that were successfully supported through Cocoa Origins to engage in origin
3		Number of new or strengthened supply chains from origin to Dutch consumer market	#	7	19	
OUTCOME						
4		Number of replicable & scalable cases developed to show success and further potential of origin	#	10	16	Number of successful projects implemented as a result of Cocoa Origins, replicable & scalable, which are shared to stakeholders in cocoa supply chain and to consumers
IMPACT						
5		Investments in origin - Value	EUR	1,000,000	3,975,785	Amount of investment in origin
6		Volume of products on the Dutch market related to the Cocoa Origins	MT	1,000	2,590	* Difference in volume of Cocoa Origin products on the Dutch Market between before and after programme implementation (in MT)
		Revenue of products on the Dutch market related to the Cocoa Origins	EUR	1,5 times terminal market	4,043,096	* Difference in revenue of Cocoa Origin products on the Dutch Market between before and after programme implementation (in MT)



Project indicators

There are shared project related KPIs and individual project indicators that were defined to measure progress and eventually, their impact. Details can be seen in the following table; several projects are close to reaching their targets. In some cases, the COVID-19 pandemic delayed activities in 2020 but should be able to advance in 2021. The targets and results are displayed below of the result area dedicated to Field level Sustainability.

Result level	Indicator #	Key Performance Indicator (KPI)	Annual Target 2020	Result 2020	Total Project Target
Output	Indicator 1	# of producers/ workers/ community members trained on key subjects for sustainable production, environmental and social sustainability	4,461 (3,251M/1,210F)	16,132 (12,339M / 3,699F)	9,412
Output	Indicator 2	# of producers/ workers/ community enterprises reached by service delivery	708 (386M/122F)	4,702 (3,817M/885F)	5,062
Output	Indicator 3	# of smallholder producers organized/ aggregated by the program	870 (746M/124F)	11,535 (9,179M/2,356F)	11,758
Output	Indicator 4	# of trainers, auditors, and/or government staff trained in the program	62 (32M/30F)	264 (226M/38F)	210
Outcome	Indicator 9	Adoption rate by producers/ workers/ community members of improved practices	75.00 %	70 %	75%

More details on the specific outcomes so far in the Program, are discussed in chapter 2.1

Monitoring

Monitoring and reporting strategies for Cocoa Origins include monitoring and evaluating progress of projects against their set targets and objectives. The Program Management Team (PMT) steered the projects in collaboration with the partners towards the best possible outcome for both the Program and projects. The monitoring has made a shift to align to work towards results. Together with the evaluation partner we are focusing on the outcome and impact indicators and how each project is working towards the goals, as well as contributing to the overall impact of the Program's Theory of Change (ToC). Promising outcomes can be observed on two pathways: 1) Added value and improved sustainability on the ground in origins, namely investments/ability to invest. 2) Dynamics in the Dutch consumer market towards full sustainability.

Added value and improved sustainability in origins

The projects provided several field level outcomes in 2020, including:

- **Improved cocoa quality:** Progreso received good lab results and excellent feedback on the cocoa quality, leading to a higher market demand than availability.
- **Adoption of GAP's:** Colcocoa completed the cartographic maps for all producers of the project, and they were trained in the Cocosmart organic Program. ETG achieved the UTZ certification of SOCAM 5C, including training 1,263 farmers and the sale of 692mt certified cocoa to the Ferrero factory in Yaoundé.
- **Gender equity:** ETG will combine the VSLAs with the Gender Action and Learning System (GALS) which empowers women and men to overcome gender norms and make prudent financial decisions through gender empowerment and financial literacy training. This had to be postponed due to COVID-19.
- **Biodiversity conservation:** Original Beans conducted trials with the addition of a biochar-based product. Initial results showed a 40-80 percent reduction in the cadmium concentration in cacao beans. The next round of analysis will reveal if these findings continue in the long term. Additionally, the genetic basis of low cadmium accumulation is being studied in order to identify genotypes that could be used as root stock or grafting material to replace high cadmium accumulating materials. Version one of the 'forest friendly' concept was revised and discussed by the Divine project and the Guardians of the Rainforest [video](#) was produced as the main focus of UK Fairtrade Fortnight Schools campaign.
- **Improved access to finance:** ETG successfully set up an input credit scheme that gave farmers access to affordable input on credit, while also experiencing a decent reimbursement rate. Divine Chocolate agreed with Fairtrade trader Etico to provide capital for cocoa buying, Etico offered pre-financing.

In addition, several projects are looking at increased profitability and quality. This can significantly increase the price per tons, for several projects of Cocoa Origins in fine cocoa segment, which resulted in a higher price for quality. This is also an element on the living income calculation, which in the bulk market is mainly addressed by premiums and higher prices for certified cocoa. Several projects will provide insights on the impact of focusing on quality.

Sustainability dynamics in the Dutch consumer market

The projects provided several supply chain innovations outcomes in 2020, which include:

- **Improved market position of origin products:** Equiori made a strategic partnership with Gebana to sell origin products to the Dutch market. The EARTH Chocolate bars made from project cocoa from ETG project in Kumba were a success, selling all 40,000 produced bars in 2018 and 2019. Tradin's client Lush used single origin cocoa butter from Sierra Leone for a new product that was launched in their shops in The Netherlands in 2020. For this launch, Lush prepared marketing material to advertise the project and origin on their website, app and in stores.
- **Improved traceability / transparency systems / methods:** Colcocoa has achieved all farmers to enter into the traceability system and recorded and tracked purchases through the system.
- **Supply chain innovation / shifts**
Divine Chocolate finalized their report on living income for Gola cocoa farmers.

In 2020, the PMT invested their time to work with the project partners and identify how to increase profitability and how small users are supported in a link to the Dutch market identifying the preliminary the drivers and trends.



COVID-19 response by projects

In 2020 the COVID-19 pandemic significantly impacted the ability to continue certain activities planned by the projects. The PMT facilitated a process for the projects, to adjust planning where necessary, without compromising their targets. Projects have provided an overview of the impact to their activities, including proposed change solutions.

In this process, the focus was on turning it around into benefits, implement more effective methods and achieve more long-term impact. For example, using technology when in-class training could not occur, they offered virtual video training sessions, which reach a larger audience.

Evaluation

The consultant Royal Tropical Institute in Amsterdam (KIT) was selected to conduct an evaluation study on the Cocoa Origins Program to provide external evidence of the impact of the Program. In Q1 of 2021 the timeline of deliverables, scope of work, research questions and methodology will be further defined.

Methodology and objectives

This study's goal was to collect evidence on the effectiveness of the Cocoa Origins Program. Effectiveness is assessed by collecting and analyzing output, outcome and impact data, and comparing the results against the ten cocoa sustainability principles of the Dutch Letter of Intent. This evaluation helps IDH determine if the Cocoa Origins Program, through its eight projects, succeeded in supporting small cocoa users in making an impact at the beginning of their chains. The OECD evaluation criteria were used to investigate processes (how change happened) and results (what changed), by implementing the Theory of Change of the Cocoa Origins Program as the starting point.

This evaluation focused on generating results that can be used to:

- Understand the potential of small cocoa users in launching sustainability Programs in the beginning of the supply chain.
- Understand how sustainability Programs of small cocoa users can contribute to the ten principles of a sustainable cocoa economy.
- Understand how small cocoa users can be included in the implementation of larger Programs.
- Identify business cases at company and at farm levels, when sustainability Programs are launched and implemented by small cocoa users.

Objectives

1. To assess if the intended output, outcome, and impact of the targeted public goods were achieved and how much IDH contributed towards the change. This will be done by:
 - a. Measuring the aggregated output, outcome, and impact results of the eight projects towards commitments made against the Theory of Change (Annex 1) of the Cocoa Origins Program.
 - b. Assessing the contribution and success of the Cocoa Origins Program in supporting relatively small cocoa users to make an impact at the beginning of their chain.
2. To assess IDH's performance against the key research questions of Relevance, Coherence, Effectiveness, Efficiency, Impact, Sustainability and Lessons learned.



The starting point of building the framework of the Evaluation study is the Theory of Change (TOC) of the Cocoa Origins Program and IDH's Smallholder Inclusion TOC. These were designed by IDH and partners and were used during a mid-term learning session. The Cocoa Origins research objective was to measure if the projects collectively delivered commitments made to the ten principles of the Letter of Intent (How the KPIs impact the ten principles). The second part is the project-specific research. This objective measures if the projects delivered results on intended output, outcome and impact results of the Smallholder Inclusion theme. IDH works to create an empowering environment to develop smallholder-inclusive business models. Through inclusion we see small-holders prosper, become sustainable and contribute to improving the livelihoods of their families and the surrounding communities.

Cocoa origins and living incomes

Cocoa sustainability is increasingly measured by how much smallholder farming households are able to increase their incomes. The Theory of Change behind Cocoa Origins includes ‘increased farming household profitability and incomes.’ Understanding what increases farmer incomes is key to unlocking a sustainable cocoa sector. It is also necessary to increase commitments to close the living income gaps of farmers.



Cocoa Origins contributes to Dutch commitments on farmer incomes

The original design of Cocoa Origins is governed by the ten principles on cocoa sustainability outlined in the Dutch Letter of Intent (Annex 3), which includes: “Good price for cocoa quality, improved productivity and incomes for farmers.”

The Dutch Letter of Intent has now been superseded by the launch of the Dutch Initiative on Sustainable Cocoa (DISCO), which is committed to closing living income gaps of all smallholder farmers supplying cocoa to The Netherlands by 2030. See [DISCO Partnership Declaration](#)

Closing Living Income Gaps of Farmers

Understanding farmer income gaps is an important first step to taking action where it is most needed. Addressing the different ‘Living Income drivers’ by value chain factors can make a real impact on farming household incomes.

These drivers include: increasing productivity price, lowering production costs and facilitating diversified income sources. Action at sourcing level is key but should also be leveraged at the selling end through branding to ensure sustainable demand for cocoa is sourced in ways that increases farmer incomes.

Action on the ground

Cocoa Origins projects are demonstrating different ways to improve farming household incomes, including steps to close living income gaps.

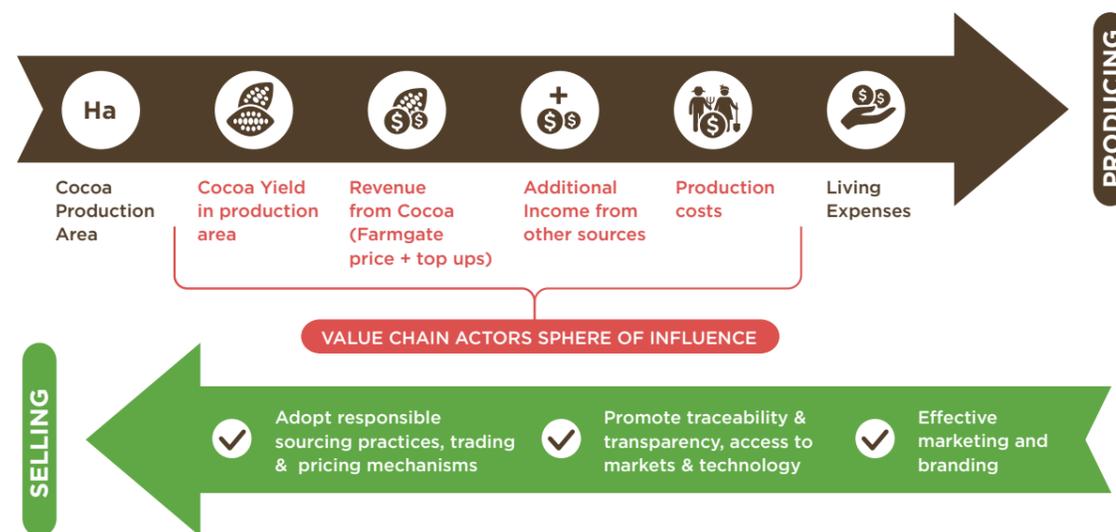
- ▶ **Understanding farmer Income Gaps**
Divine Chocolate established the first Living Income baseline for Gola forest edge communities in Sierra Leone. This helped to develop a strategy agreed by all project partners to put cocoa farmers on a trajectory towards closing the Living Income gap. And the Chocolatemakers company is exploring how to ensure an appropriate price that could close this gap.
- ▶ **Better Price through Better Quality**
Progreso in Colombia and Original Beans in Peru source fine flavor quality cocoa through organic inputs, technical assistance and training on Good Agricultural Practices (GAPs) like better fermentation and drying of cocoa beans. This investment in improving quality leads to a higher price as well as higher market demand.
- ▶ **Improved Yields for more cash in farmer pockets**
Most of the projects have an element of farmer professionalization. This includes providing services and training aimed at improving service delivery to farmers for better cocoa productivity and yields. This improved yield translates directly into more cash into the farmers’ pockets.
- ▶ **Facilitating Diversified Incomes**
As part of the project implemented by Beyond Beans in Cote d’Ivoire, income diversification is an important focus with a Village and Saving Loan Association (VSLA) Program for farmers less dependent on cocoa bean income. This project tested another form of income diversification through product differentiation of cocoa juice and adding more local value.

- ▶ **Branding creates higher value for farmers**
Albert Hein in Ghana is working through Tony Chocolonely’s Five Principles sourcing model, which includes paying a higher price through the Fairtrade Living Income Price Differential. It also established a close connection to create brand value with consumers through Tony’s Open Chain method, which helps build demand for sustainable cocoa and better incomes for farmers.

Learnings to date

- ✓ As we identify best practices to increase farmer incomes, we need to move towards an **integrated set of actions** that combine efforts that make the most maximum impact on incomes.
- ✓ Another important way to maximize impact is to **develop more tailored approaches** and identify specifically what is needed for different segments or profiles of farmers who have different needs, capacity and business interests.
- ✓ We achieved a better understanding of living income gaps of farming households that supply the Dutch market. This was done by **gathering local living income benchmarks** including aligning with national and regional efforts, and measuring farming household incomes within supply chains. This provides opportunities to measure progress of farmer incomes and also help to inform progress on Dutch and broader European level commitments on living incomes.

IDH FRAMEWORK FOR ACCELERATING LIVING INCOME



Lessons learned

In 2020 the projects faced a series of challenges. They were, both expected and with appropriately planned mitigation actions, and unexpected challenges that required changes to the impact pathways. The Program management analyzed what worked well and what could be improved in the initial strategy and implementation. Several key lessons were captured that can improve future Programs.

COVID-19 created significant challenges for on-the-ground activities, as it unexpectedly limited project activities. Implementers needed to be dynamic, adapt to government restrictions and collaborate with the communities where we are implementing the projects. In many communities, non-cocoa crops grown for local and city markets, such as cassava, rice and vegetables, almost exclusively by women, could not be harvested or transported. This led to income losses for cocoa growing households. This is also expected in Peru, where the Cocoa Origin project partners reported, "For many months the rural areas, whole communities and districts have been isolated." However, it was also a great lesson as most co-ops have good Internet access, which resulted in more online contact with Zoom and Teams meetings compared to the previous season.

Digital information and training modules with practical and easy-to-understand content for the members is important they can easily adapt and continue with their farming. Due to the COVID-19 pandemic, projects were forced to adapt training and support online. However, the organization of digital training lessons, preparation of material and guidance was time-intensive and had no extra budget available.

While digital innovation is often desirable and exciting and would be effective in the context of COVID-19 response, it is not easy or quick to set up, especially without an IMS or other system already in place. GPS mapping of farms is crucial for reliable farmer data, which is the first step to roll out professional cooperative services.

The assurance of commercial relationships is essential for the success of any project. Storytelling and good communication materials are fundamental for the impact of projects. The Guardians of the Rainforest film, which was produced by Trading Visions and Fairtrade Foundation, has been widely used and is a great success, especially in terms of linking Fairtrade to the climate crisis.

The learnings on living income made it clear that farmer poverty is still a key issue, as is farm rehabilitation, etc. There is still a long way to go in order for farmers to 'thrive' (according to the living income benchmark in Sierra Leone).

Connecting different organizations to the same cause made a great impact on farmers. An example includes the connection with different Cooperatives, Ferrero and IDH who joined forces to support producers in response to the pandemic.

It is important to listen to farmers, and in particular farm leaders, and have smallholder businesses owned and managed by farmers themselves. Race and power are still very much a part of the cocoa supply chain and it is our responsibility to challenge behaviors and do what we can to shift the balance of power.

Promoting and communicating Cocoa Origins

GATHERING ALL IMPLEMENTERS IN AMSTERDAM

The February 2020 meeting in Amsterdam provided another opportunity to learn and share experiences. The various progress updates were discussed while linking the project activities to the overall Program targets. Creating the link between the individual – and various divers – projects and the Program is a key focus for the Program Management Team



COCOA ORIGINS @ CHOCOA 2020

The presence of Cocoa Origins created good visibility during Chocoa, the largest cocoa dedicated event held on 19-23 February 2020. We had a booth at the trade fair and festival where implementers could network, expand business opportunities and strengthen the link to the Dutch consumer market. During the conference we had successful discussions on 'Forest Friendly chocolate,' which is a focus of one of the Cocoa Origins projects.



LANDSCAPE PROGRAM HUILA

Luis Enrique Dussan, the Governor of the State of Huila (Colombia), signed a Memorandum of Understanding on 27 May 2020 with Daan Wensing, Program Director for Global Landscapes at IDH – the Sustainable Trade Initiative, at an online ceremony to formalize their commitment to implement a territorial development strategy based on the principles of production, protection and inclusion (PPI). The CocoaSmart project shows promising potential on scaling and replicating the models in the Huila landscape Program in Colombia. The tested models on organic production and agroforestry are expected to add value to this landscape approach. The Cocoa Origins project partners are vital for their vision on the cocoa value chain. Cocoa is one of the main commodities in the landscape, and with these models other larger scale players are likely to include similar interventions to work towards an improved supply chain.



COCOA FRUIT LAB

The main feature of this project is an innovation to increase farmers' income by setting up a cocoa juice supply chain on the Ivory Coast and create a market outlet in The Netherlands. Cocoa juice is a new product extracted from the pulp before the fermentation process. The juice is normally lost during fermentation, which is a waste. Selling the juice generates an additional income to farmers. It is collected by members of women's cooperative (COVIMA) and the members will be trained on the juice production process. Kumasi Juice has won the second prize at the ASN Bank World Prize, which is the competition for sustainable startups in The Netherlands.

More info <https://www.asnbank.nl/nieuws-pers/winnaar-asn-bank-wereldprijs-verwarmt-huizen-met-douche-en-badwater.html>



PUBLICATION OF DIVINE CHOCOLATE - FOREST FRIENDLY

A vision of Forest Friendly Cocoa in the Greater Gola Landscape Forest Friendly Cocoa is high quality cocoa grown in a way that mutually benefits farmers and the environment, while supporting forest dependent wildlife and the integrity of the forest habitat in the landscape.

Divine first farmer-led organization in Sierra Leone to export forest friendly cocoa

Ngoleagorbu Cocoa Farmers' Union (NGOCFU) became the first farmer-led organization in Sierra Leone to gain its export license and successfully exported 20 metric tons of Forest-Friendly, Fairtrade-certified cocoa to The Netherlands. This project enables sustainable smallholder cocoa businesses, owned and controlled by farmers living on the edges of the Gola Rainforest in Sierra Leone to export their cocoa directly and independently. It is an important step in their empowerment and in building sustainable trade relationships.



TRADIN LUSH

The Fair Trade Organic Cocoa Butter in Lush's new Charity Pot Coin is grown by Sierra Leonean farmers living on the Gola Rainforest edge. Lush's supplier Tradin Organic supports farmers with training on ecological and organic agriculture practices. Together, they are reforesting one of the most biodiverse and threatened rainforests in West Africa. Tradin is fully committed in the cooperation throughout the supply chains to reach 100 percent sustainable cocoa consumption in the Dutch market by 2025. A great example is Lush, which launched the Charity Pot that was developed with our ethically and environmentally friendly sourced cocoa from our project in Sierra Leone.

More info <https://uk.lush.com/article/regrowing-after-crisis-cocoa-farmers-gola-rainforest-edge>



AH PARTNERSHIP

When you visit Albert Heijn (AH) in the near future, feel good knowing all of their locations will be stocked with their house brand chocolate made only with sustainable cocoa. It's thanks to a new partnership between AH, a major grocery retailer in the Netherlands, and IDH, to scale up the Open Chain concept that was created by Tony's Chocolonely. AH has taken the lead as a retailer with this sustainable initiative. Their media announcement details their innovative collaboration with IDH as part of the Cocoa Origins Program, which will make an even greater impact using the Open Chain process.

More info <https://www.idhsustainabletrade.com/news/dutch-retailer-partners-with-idh-to-stock-shelves-with-only-sustainable-cocoa/>

Future developments

Cocoa Origins was established to move the Dutch consumer market towards fully sustainable cocoa consumption and provide added value and investment to improve sustainability among farmers and workers. The Program is now halfway through the impact pathway of the Theory of Change. Normally we would have been at the closing stages of the Program, but thanks to the flexibility of the Ministry of Agriculture we have an additional year to implement the Program. At this stage of the Program and throughout 2020, we have emphasized understanding where the Program stands in terms of early outcomes. This means the next step is to have an external evaluation of the Program's impact as well as an understanding of outcomes in the following year.

A Theory of Change is looking at the change over time within the design of the Program and the hypothesis set at its beginning. This process is very dynamic. The sector is changing, and new goals have been set in this context by the Dutch sector, for example. However, we do not want to forget the strategy of the Program to focus on smaller users of cocoa in smaller origins and non-conventional cocoa markets.

There are two directions of added value to continue in the Cocoa Origins Program. The first direction has great potential with the development of business that are replicable and scalable. The second direction is the ability to evaluate project impact over time. In 2021 this is also the next step Program to finalize the last part of implementation and work towards making an impact. The Cocoa Origins Program could provide an alternative perspective in the sector compared to the mainstream interventions. This is something to build on for alignment to the new sector ambitions and added value of the quality/fine cocoa approach of these smaller users.

As the Dutch market increases 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 learnings from piloted business cases from smaller cocoa users. Growing small-scale interventions to large scale reach can make a great impact. Larger retailers besides Albert Heijn have shown interest in replicating the Open Chain concept with Cocoa Origins in beyond 2021.

An interesting point for future development is what smaller cocoa users can learn from these larger stakeholders in terms of scalability and replicability of the cases? The 'korte keten' approach or direct trade, can this bring a counter movement through Cocoa Origins to current conventional discussions? What can we say about this segment of the market? Why is this well worth the current existing discussion from national platforms? How can SMEs learn from the sustainable cocoa platforms and have a meaningful seat at the table? Some questions are the main focus of attention to be answered in the final stages of the Program.



Cocoa Origins Success

The piloted business cases that have been developed provide an important indicator of the importance of this work. Over a relatively short period of time, these projects have proven instructive to those looking to learn. And 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 labor.

One of the latest successes was that Cocoa Origins has contributed to involving retail chains with their private label cocoa products. Mainstream cocoa stakeholders now participate in Cocoa Origins through the Albert Heijn project in Ghana. This allows the Program to strengthen the link to the Dutch market since participation of retail chains and their private label chocolate makers is of key importance to reach the targets in the Letter of Intent. The success of the Cocoa Origins projects is in their value and impact on the national cocoa sector in the exporting country of selling 'flagship cocoa and chocolate' on foreign markets. Growing small-scale interventions to large scale reach can make a great impact. Larger retailers besides Albert Heijn have shown interest in joining the Open Chain project beyond 2021.

The Program demonstrates success by focusing on small volumes and action on the ground to bring sustainable cocoa to the Dutch market. The specialty market currently takes up less than 10 percent of the European cocoa market¹.

¹ <https://www.cbi.eu/market-information/cocoa-cocoa-products/specialty-cocoa/market-potential>

The underlying stories for the benefits of Direct trade and origin/quality cocoa market are strong. This way, smaller craftsmanship and SMEs can contribute to the larger debate in the cocoa sector. Cocoa Origins provides space for both fine flavor single origin and origins with mainstream cocoa. For Cocoa Origins quality is not only flavor as well as bean quality, sustainable production and cocoa variety. How can technology help link niche and mainstream markets and what is vertical chain integration in this?

Cocoa Origins clearly highlights the need for consumer awareness on quality in the Netherlands. It is important for the stakeholders to develop a reference of price and good quality measurement. In creating consumer awareness, the dissemination of Program learnings will support finding an innovative description for increased sensitization of sustainability in the Netherlands.

The distinct difference between replicability and scalability of the business cases is instrumental especially to show if another company can do the same results somewhere else. Cocoa Origins will work to show insights on replicability or scalability and give insights on value for money, and where the value is added in the chain. Showing the potential of cases outside the Netherlands and how to replicate within Europe can be another success of the Program as part of future developments.

Annex 1

Brief overview of Cocoa Origins Program

Annex 2

Goal, Objective, Strategy and Program progress

Annex 3

Letter of Intent Principles

Annex 4

Impact themes projects

Annex 5

Project developments

Annex 6

Theory of Change

Annex 7

(External document: Financial Report)

Annex 1**Brief overview of Cocoa Origins Program**

Summary and brief overview of the Cocoa Origins Program's key achievements to date:

**Investments in origin**

AMOUNT OF INVESTMENTS IN ORIGIN

€3,975,785

**Funding principles**

PRIVATE SECTOR CONTRIBUTION

€4,799,864

COCOA ORIGINS FUNDING

€1,834,353

TOTAL CO-FUNDING

€6,634,217

**Selected regions**

LATIN AMERICA

- COLOMBIA
- PERU

WEST AFRICA

- SIERRA LEONE
- CAMEROON
- GHANA
- CÔTE D'IVOIRE

**Volumes Dutch Market**

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

**Program timelines**

No cost extension of additional one year implementation working towards the Closing phase (2022)

**Supply chains**

- 16** Active supply chains partners in origin
- 19** New/strengthened supply chains from origin to Dutch consumer market
- 16** Developed businesses cases proving potential of origin

Annex 2 Goal, Objective, Strategy and Program progress

Goal

The goal of Cocoa Origins Program is to expand 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 and private partnerships to establish stable commercial relations between cocoa producers and cocoa users and 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 expand existing ones to improve availability of sustainable cocoa products on the Dutch consumer market.

Strategy

The strategy of the Program to deliver on the above-mentioned objective 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 projects' supply chain, on the sustainability level in the Dutch consumer market.

Supply Chain innovations & Field projects

The Cocoa Origins Program is a combination of various projects with each one 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. After the first call for proposals, four projects have started the implementation of activities. The Program shows results with these projects on how to close the gap towards 100 percent sustainable consumption and production in 2025.

The Program Advisory Committee's definition in the governance structure of Cocoa Origins is: "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 is

not involved in the selection of projects, which 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 delegates 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 the private sector that have knowledge of the cocoa industry and beyond and government. The committee shall collectively respond to the following:

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

Members are asked to dedicate a maximum of two days per year in preparations, meetings and communication. The committee is made up of seven members, including the chairman. The PAC is chaired by IDH.

Frequency of meetings

Throughout the Program cycle the PAC will meet at least four times:

- around each call for proposals
- during the course of the Program to discuss progress
- after the Program has ended to discuss the results and advice on the dissemination of learnings

Annex 3 Principles of Letter of Intent

Overview principles

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

#	Principles of the Letter of Intent (2010)	Colcocoa	Original Beans	Divine	ETG	Albert Heijn	Tradin Organic	Progreso	Beyond Beans
If sustainability components are addressed indicated as 'Yes'									
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				●	●	●	●	●
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		●	●		●	●	●	

Annex 4 Impact themes and projects

Impact themes and activities of the projects

Project partners	Themes	Activities
Colcocoa	Smallholder	Traceability, Service Delivery Models (SDM)
Original Beans	Smallholder	Co-op capacity building, SDM
Divine Chocolate	Smallholder, deforestation, living income	SDM, marketing, traceability
ETG	Smallholder	Co-op capacity building, SDM
Progreso Foundation	Smallholder, living income	Co-op capacity building, SDM
Tradin Organic	Smallholder	Co-op capacity building, SDM
Albert Heijn	Smallholder, living income, working conditions, deforestation	Traceability, marketing, Co-op capacity building
Beyond Beans	Smallholder, living income, gender	Co-op capacity building, SDM, Traceability, marketing

Annex 5 Project Developments

CALL 1

Colombia, Latin America

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 cocoa traceability from the farmer through production in The Netherlands.

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

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

Project progress: The pandemic caused our entire work plan to change the focused of achieving the proposed objectives - the KPIs were not affected. The construction of the first Colcocoa milling plant will be the pillar of a learning curve that will extend to producers in Colombia. Colcocoa's production of videos with technical content has been a success case valued by the producers. This will allow them to continue with the distance training process of Echar pa' Lante producers and future farmers that will be incorporated in the Program. Equiori's close relationship with local technicians has helped to create sustainability and continue operations during current pandemic restrictions. Achieving a connection with the Solidaridad Network through mobile applications has been satisfactory for the project because interdisciplinarity will increase the impact on producers.

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

Supply Chain Innovation: Reduce cadmium levels in Piura cocoa beans..

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

Project progress: Despite the far-reaching restrictions caused by the COVID-19 pandemic it has been possible to reach out to the farmers in several meetings to prepare the application and thereby assure the traceability of application and samples. A vital part of the project is to assure that learnings can be transferred to other villages and regions. The workload of organizing the farmers, documenting the application and making sure everything is documented in a way that the results can be used for scientific data analyzes has been a key challenge. In the area of this Cocoa Origins project, farmers have been supported by USD 2,500 additional IDH funds, providing a food basket in months that they had no income.

Sierra Leone, West Africa

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

Partners: Divine Chocolate, Gola Rainforest conversation, Royal Society for the Protection of Birds, Chocolate makers.

Project goal: Create stable, longterm 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 two fully traceable supply chains: an Organic-certified, premium cocoa supply chain for a new single origin chocolate, and a Fairtrade-certified supply chain for brand Divine Chocolate to be launched in the Dutch Market.

Field level projects: Invest in the quality and productivity of Gola cocoa by promoting farming practices that have a positive impact on forest resources and biodiversity; support Fairtrade and Organic certification processes and promote inclusion in the supply chain.

Progress project: COVID-19 has affected the project in terms of activities on the ground as well as the staff working on and managing the project. Beyond these overarching challenges, the project itself had a very dynamic year. The work has been supporting the farmers of Ngoleagorbu. To create an empowering environment for them to move up the supply chain and trade on their own has been challenging. However, despite obstacles the project has shown that it is possible, and the farmers have moved up the supply chain and are now also able to export. The unique 'Forest-Friendly' element of this project has proved a success in other spaces internationally, and particularly with products and campaigns aimed at children and youth. A large chocolate maker in the U.K. is planning to launch a line of chocolate surprise eggs and the Fairtrade Foundation in the U.K. is using the Ngoleagorbu Forest-Friendly case study as part of its campaign on climate change and Fairtrade.

Cameroon, West Africa

The FIRCAM project: developing Financial Resilience for Cameroon farmers.

Partners: Cocomect, Conseil Interprofessionnel Cacao Café and Natra

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

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

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

Progress project: After the merge of Cocomect with ETG and several developments in the collaboration with Ferrero, the project has been adjusted accordingly. The main focus of the project remains untouched, and some activities have been stopped. New activities that were not part of the original proposal include the development of a Cameroonian standard aligned with IVC/Ghana. This is done in light of current market developments driven by sustainability platforms such as DISCO, as well as Human Rights & Environmental Due Diligence legislation in the EU and US. Furthermore, the introduction of sustainable and premium-priced cocoa practices. In the AICS project area in the south, the project will support supplier CCQ in obtaining certification according to the newly developed standard, for around 300 farmers in Meyomessi. Thirdly, the project will provide a SOCAM 5C Farmer contribution for agri-input scheme. Part of the premium paid over certified volumes to SOCAM 5C will be made available to farmers as fertilizer, allowing them to access good quality fertilizer at a favourable price due to economies of scale.

CALL 2

Colombia, Latin America

Fine flavor 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. While cocoa is the only legal and sustainable alternative in the Sierra Nevada region in Colombia, coca is illegal and attracts a lot of violence to the region. To resist the push towards coca planting, cocoa rehabilitation has grown in the forest as 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 more organic fine flavor 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.

Project progress: In 2020 it was difficult for organizations to manage or not allowed progress with certain activities but this did not greatly delay the project. The organizations are motivated and have adapted to the contingency and the new reality and started using new digital methods and tools to continue training and monitoring their members in the field. Progreso believes that the organizations have advanced the best as they could (with the mobility restriction), they made a significant effort to comply with the activities.

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 help develop integrated and inclusive sustainable agroforestry value chains in rural Sierra Leone that can generate rural economic growth. 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. The project also aims to stimulate the demand for sustainable organic Fairtrade cocoa from small origins available in the Dutch and European market.

Project progress: There was success in the achievement of the planned key performance indicators especially with regards establishing a Farmer Service Center (FSC), 270-acres improved cocoa seedlings reward Programs for smallholder Fairtrade cocoa farmers of the three cooperatives, 30-acres of demonstration farms and 30 Farmer Field School (FFS) set up and running. The remaining KPIs were postponed as a result of the COVID-19 pandemic outbreak. The Cocoa Origins project has made Tradin's operation very successful in the northeast region of Sierra Leone with the three Fairtrade cocoa farmers' cooperatives. Some major successes are the high volumes of cocoa from this region, which doubled in volume compared to the last sourcing season. The farmers highly-appreciate the Cocoa Origins project for helping them achieve their dreams of increasing their plantation size with improved cocoa seedlings while providing them with tools, equipment and financial assistance.

 **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: Ensuring the Open Chain is professionalized to be easily adopted by other cocoa buyers.

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

Project progress: COVID-19 greatly impacted on-the-ground activities for the cooperative. However, it was a valuable discovery that most co-ops have Internet access. This resulted in more online contact using Zoom or Teams compared to the previous season. Despite COVID-19, cocoa beans were delivered on time and assessments were carried out. This caused a limited delay in implementing the five sourcing principles. GPS mapping was completed and rolling out farmer coaching and CLMRS will occur at a slower pace due to the smaller groups. And if COVID-19 will not hinder us too much in the coming months, we can still reach our goals in 2021. Unfortunately, COVID-19 impacted our Delicata sales in 2020. People have been buying less chocolate for health reasons, but we hope they'll enjoy more chocolate in 2021. And last but not least Aldi has become an Open Chain mission.

 **Côte d'Ivoire, West Africa**

The Cocoa Fruit Lab: establishing a female-owned micro-factory in Côte d'Ivoire to produce cocoa juice and specialty chocolate for the Dutch market

Partners: Kumasi Juice, Rokbar, ETG Commodities BV, and Döhler

Project goal: The Ivory Coast is the world's largest cocoa producing country. However, despite its leading role most cocoa producers are still poor. Earlier studies have shown that the living income gap of a typical cocoa growing household in the Ivory Coast is about two thirds of the net income required for a decent standard of living. The income gap is particularly large for female headed households, who often produce cocoa on less land, have less access to inputs, finance and labor and are under-represented in farmer organizations and leadership roles.

Progress project: Cocoa is a male-dominated sector and women face barriers to participate and benefit more from this main livelihood. This project helps to: (1) to strengthen the Ivorian women-led cooperative COVIMA by introducing them to juice production and chocolate making, building their capacity to engage in value adding activities, support access to higher value niche markets and create employment. (2) To diversify and increase cocoa farming households' income by selling a new 'waste' product, cocoa juice, and selling part of the cocoa as 'origin cocoa' at a premium price serving the Dutch market. (3) To increase and promote women's participation and female entrepreneurship in the whole cocoa and juice value chain: starting with female producers, juice collectors and chocolate makers. (4) To give the women cooperatives ownership over the value chain by making them shareholders of the end product. This means that they will take profit from the beverage/chocolate itself.

Annex 6 Theory of Change

Intervention logic for the Cocoa Origins program

