



DIRECT MARKET ACCESS FOR ITURI SMALLHOLDER FARMERS PRODUCING DEFORESTATION-FREE PREMIUM COCOA

ZOTO, Silva Cacao, Rikolto, UPCCO,
Cacao Okapi

The project will help 1,500 cocoa producers of the Ituri district in DRC reduce the living income gap through long term direct access to the remunerative Belgian market with specialty and premium bulk cocoa. Through the project, the quality of Ituri cocoa will be improved considerably and it will obtain better prices. Moreover, the project will reduce pressure on the okapi wildlife reserve.



Country:
Democratic
Republic of Congo



Region:
Ituri province,
Mambasa and Irumu
territories



Scope:
1500 farmers



project duration:
March 2021- March
2024



Project budget:
EUR 422.655

TOWARDS A LIVING INCOME THROUGH A DIRECT TRADE MODEL



Cocoa growers in Ituri are facing a market situation dominated by a few big buyers paying low prices and not rewarding quality: at any given point in time, the price is the same and the only recognized category is volume cocoa, with a negative price differential compared to the New York reference price. Intermediaries lower the farmgate price even further for those living at longer distances from the main road.

The theory of change for this project is to create direct commercial relationships, which allow farmers to recover a larger share of the price paid for the product, together with an improvement in quality, which will be further enhanced by a quality premium.

The consortium of partners intends to develop two new value chains with increased potential to raise the living income of smallholder cocoa farmers substantially, while reducing the ongoing pressure on natural resources in the area. UPCCO will be supported to put in place a strategy to produce farm-fermented premium certified bulk cocoa, while CCO will develop the specialty cocoa market. Cocoa farmers will gain new competences as they will be trained for better post-harvest processing at the farm site, while others will entrust their produce.

The project will also ensure two-sided transparency. For the first time in Eastern DRC cocoa history, cocoa growers will be openly informed about the export contracts for their cocoa, how big is their share in the benefit, how much the benefit will be for the exporter and how this benefit will be used to strengthen their value chain and generate further returns for their communities.

Impact KPI

Number of suppliers for specialty cocoa and premium bulk cocoa value chains

Average increase in income through project activities

Outcome KPI's

Number and volume of direct sales contracts

Quality score

Price paid to farmer

Price paid to exporter



HALTING DEFORESTATION

The Kivu region in Congo is highly subject to deforestation. With a market environment valorizing quantity instead of quality, there is a high risk of losing the natural resources of the Congo Rainforest basin.

Thanks to the close collaboration with Wildlife Conservation Society (WCS) there will be a direct link of forest conservation within a REDD+ project and qualitative cocoa production. Together with the Okapi Wildlife Reserve managers, the WCS, an appropriate agroecological strategy will be developed to protect the reserve's biodiversity and manage the agroforestry cocoa plantations as a protective belt. This will set the scene for a different model where deforestation-free and qualitative cacao is commercialized, and where ecology and economy go hand in hand with an inclusive family farming model.

DIGITALIZATION AND BANKABILITY

The project will connect the two cocoa producing companies with financial institutions willing to finance the production of small producers, such as Alterfin, SIDI, Root Capital, AgriEst and recently, Equity Bank, and implement appropriate banking mechanisms allowing digitalisation. As such, Equity Bank, is committing to install a digitalised payment system via mobile phones, linked to credit management, that will also allow to monitor living income progress. In the process, farmers will benefit from financial education and get used to saving in a bank, while reducing theft risk considerably for both the cooperative and themselves.

