

Want to make a living from cocoa? Then think “livelihoods”

As the world's appetite for cocoa increases, we want to support farmers to grow more cocoa in ways that benefit them. We believe that the best way to improve farm productivity is to improve the livelihoods of farmers and their communities.



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Seeing the world through farmers' eyes

Understanding how the world looks through farmers' eyes has strengthened our thinking about how best to support profitable farming in cocoa-growing countries. Because we are a global supplier, one of our strengths is to match demand to supply, but farmers and cocoa-growing communities may see the world differently. Their primary concern is to achieve the best livelihoods they can, to achieve a decent income so they eat well, pay their children's school fees, and live in a house and community with improving amenities.



“The ‘let's produce more’ approach is shifting to a more nuanced alternative. We're looking to increase profitability of the farm, by increasing productivity in a cost-efficient manner, although this isn't easy to measure. We don't have all the data to report on yet but it's clearly our focus for the future.”

Ywe Franken
Program Manager
Cocoa Sustainability
Cargill Cocoa & Chocolate

A holistic approach to cocoa productivity

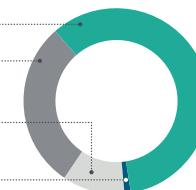
We have learned that to enable farmers to make their farms more profitable and productive, a structured, sequential approach is needed. Our ambition is that all the farmers we work with will acquire the skills to become empowered entrepreneurs who manage professional and responsible farms that generate a living income and beyond.

We know this sequential approach is already having a positive impact for farmers' yields, as the diagram on this page shows, but increasing profitability for farmers is a more complex challenge. This complexity is illustrated by the challenges involved in using fertilizers. When used correctly, they can increase yields quite rapidly, but fertilizer is expensive, so farmers need a drastic increase in yield to pay back their investment. If they do not achieve this, they may actually lose income, despite growing and selling more cocoa. This could have negative consequences.

So what is our alternative? Enabling cocoa farmers to improve their livelihoods, by running their farms as successful businesses that provide a living income or better for their families and deliver bigger yields over time in a sustainable way. We know this approach works because we are already putting it into practice. Partner farmers are growing more cocoa and increasing their net income. You can read about it in more detail on page C11.

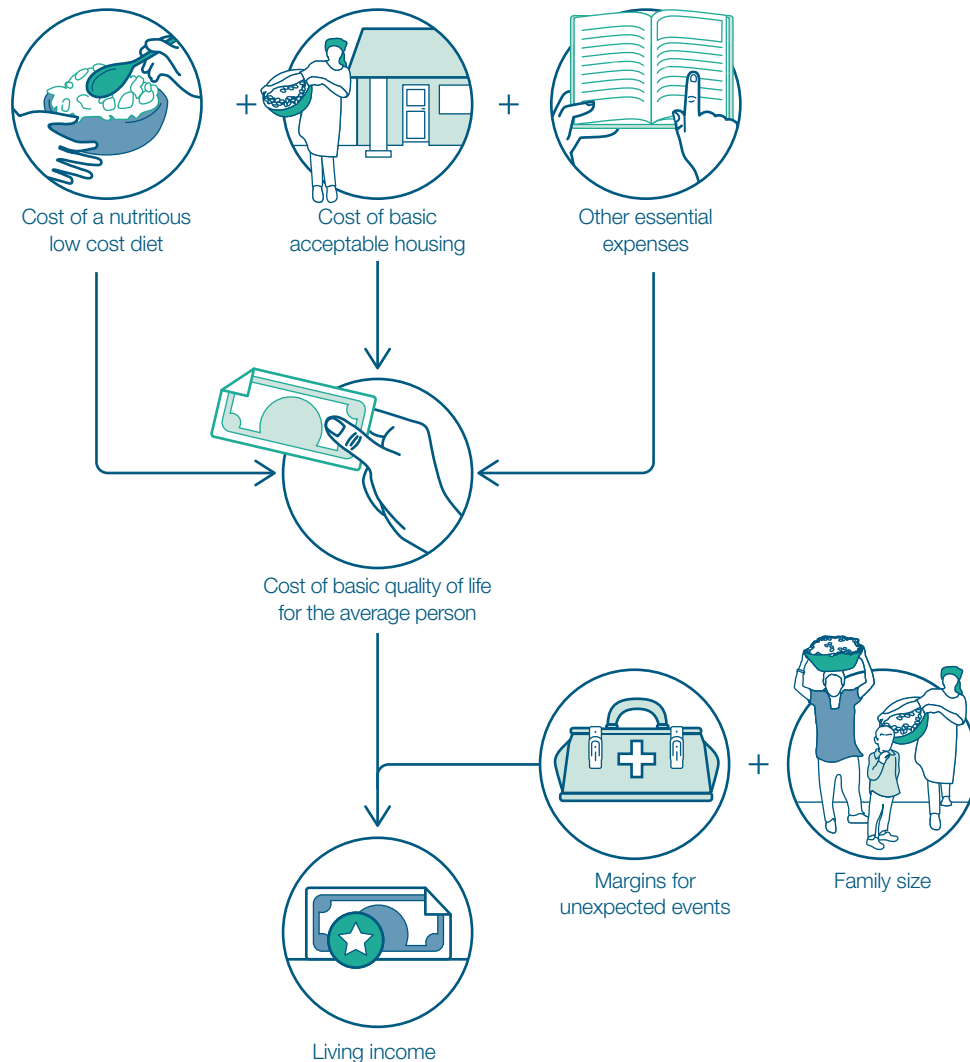
Contribution of the use of inputs to yield increase (n=200)

- 59% Crop protection
- 29% Full package
- 11% Good Agricultural Practices (GAP)
- 1% Fertilizer



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Methodology to calculate living income regional benchmark, based on Anker 2013



Achieving a living income

The World Bank has defined an international poverty line; the absolute minimum required to lift a person out of poverty, as US\$2 a day. This is slightly different to a living income. Until we have defined clear regional benchmarks for living income for cocoa smallholder farmers we can refer to the World Bank’s poverty line as a reliable equivalent. We define living income for farmers by totaling all the expenses they incur to achieve a decent livelihood in their local area, taking into account food prices, housing costs, service costs, school fees and other charges. We then assume that farmers must achieve this level of income as an absolute minimum and ideally, a higher amount.

We will base our living income calculations on what we know about the cocoa farmers we work with – the size of farms and their families, the quality of their cocoa trees, whether or not they produce some or all of the food they consume, or have other sources of income.

In West Africa, the average size of a cocoa farm is 3.5 hectares and an average farm household comprises seven people. Based on our calculations and information at hand, these farmers are in a position to earn US\$2 a day or above if they manage their farms efficiently. Based on these initial calculations, we are still considering the implications of this, in West Africa and beyond.

A new approach to farmer training

Building on the success of our Farmer Field School model, we are expanding our farmer training programs to include farming economics, because we are convinced this knowledge is needed to run a farm as a viable business. This training shares first principles and practical techniques: why profit and revenues are paramount, how to manage costs and investment in equipment, how to access affordable finance, and more.

Meeting farmers’ needs

Farmers with very small farms or large families often need extra and unique support. They may need to expand their farms, diversify and grow other crops, or support other adult family members in earning a living income, for example, as small business owners. Growing food for their family may also be an option. Our training covers the issues that these farmers may face.

In Indonesia, farmers generally grow other crops as well as cocoa and often own a shop or run a market stall. Our challenge is to encourage them to continue growing cocoa, and in greater quantities, by equipping them to make the process more labor efficient and less risky in the face of weather conditions and pests.

“Empowering farmers is the only way to move forward together for the years to come. Cargill is working with partners to make sure that farmers are accessing necessary support to take their own decisions on how to improve their livelihoods.”

Camille Paran

Country Sustainability Lead Indonesia, Cocoa Sustainability, Cargill Cocoa & Chocolate

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A new coaching model

It is clear that farmers in our various origin countries need different types of support from us in order to improve their livelihoods. Our challenge is to evolve the Cargill Cocoa Promise in ways that make it more effective and continuously relevant to farmers' lives. We now provide farmers with one-to-one coaching, to help them create and implement their own unique Farm Development Plans. Coaching takes them to a new level, because they begin to operate as business managers, with support from an experienced coach.

“Everything we are doing is about living income of cocoa smallholders. It links to quality of life. If we are not able to improve quality of life and income for farmers, there will be a supply issue in the long term.”

Augustin Ringô
Managing Director Ghana
Cargill Cocoa & Chocolate

Self-sustaining farmers

Our vision is that farmers will eventually become self-sustaining and no longer need our support. Working in partnership with other organizations will help us achieve this.

Cargill is participating in a working group with a remit to deepen the discussion on living income and contribute to further development of the concept. The creation of this working group was a key outcome of previous meetings about living income co-hosted by The ISEAL Alliance, GIZ (Deutsche Gesellschaft für Internationale Zusammenarbeit) and Sustainable Food Lab.

We believe we have further future-proofed the Cargill Cocoa Promise in this way. It already focuses on the types of intervention that farmers and their communities need – training, farm development and community support – and perhaps, even more importantly, farmers and their communities will drive and shape its evolution in future.

1,000

We are going to train more than 1,000 coaches in Côte d'Ivoire

70,000

Together, they will help around 70,000 farmers to create and implement a farm development plan



Training coaches in Côte d'Ivoire

Together with partners, ANADER (Agence Nationale D'appui au Développement Rural) and ICRAF (International Center for Research in Agroforestry), we are going to train more than 1,000 coaches in Côte d'Ivoire. Together, they will help around 70,000 farmers to create and implement

Farm Development Plans, while also ensuring that they comply with sustainability certification requirements. We believe this approach will help farmers to increase their profitability by becoming more efficient and cost-conscious as they also increase productivity.