



## Cocoa Benefits Smallholder Farmers

### The SUCCESS Alliance Offers a Public-Private Model for Agricultural Development

Global cocoa consumption grows, but production threatens to fall behind demand. Smallholders, who grow half the world's crop but often under the constraints of traditional cultivation methods and market isolation, can benefit from the industry's need for expanded (and diversified) production.

The **SUCCESS Alliance**, a development project implemented by ACDI/VOCA, improves livelihoods of smallholder cocoa farmers by promoting production and marketing in ways that are economically, environmentally, socially and culturally sustainable. A value chain approach increases the competitiveness of the entire cocoa sector, thus benefiting growers, service providers, buyers and processors and ultimately the general economy and society.

Public partners are USAID and the U.S. Department of Agriculture, whose Food for Progress program has funded activities in Vietnam, Ecuador, the Philippines and Liberia. Monetization of U.S. commodities, which was done without disrupting commercial markets or affecting domestic production, made the effort possible. In addition, USDA's 416(b) program funded initial activities in Indonesia.

Main private partners are the World Cocoa Foundation and Mars, Inc. Others include Cargill, Nestle and many local partners, who have provided funding, in-kind contributions and technical assistance, or have sourced cocoa through the project.

#### Highlights by Country

» **Ecuador:** improvements in farm productivity and planting material; 21,700 farmers trained using Farmer Field School (FFS) methodology.

#### Public Partners:



**USAID**  
FROM THE AMERICAN PEOPLE



- » **Indonesia:** 65,790 farmers trained in integrated pest management; 271,000 farmers reached through media.
- » **Liberia:** mitigation of value chain constraints and livelihood risk through diversification of revenue sources and inculcation of businesslike practices; 7,500 farmers trained using FFS.
- » **Philippines:** 20,000 farmers trained and provided with services and improved seedlings; establishment of 70 nurseries.
- » **Vietnam:** Established a viable cocoa sector after several earlier unsuccessful initiatives; 22,000 farmers trained in sustainable cropping practices.



## SUCCESS STORY: PHILIPPINE COCOA EXPORTS UP SIXFOLD

### Smallholder Cocoa Farmers, Traders Capitalize on Global Market

Cocoa exports increased sixfold from 151 MT in 2008 to 1,113 MT in 2009, according to the Philippines Bureau of Customs in Southern Mindanao. The trend is consistent with organized efforts to develop the country's cocoa industry, including those implemented by ACDI/VOCA, as well as steady world market demand and overall price increases over the last decade.

"The increase in the export volume of cocoa-based products from the region as compared to the previous years has been very impressive," says Mary Ann P. De Guzman, acting chief of the bureau's export division.

In 2008, China and the United States were the main importers of Philippines's cocoa products. However, in 2009 the market expanded to Europe, with the Netherlands as the main buyer, and to neighboring countries Thailand and Malaysia.

"Years back, we rarely handled transactions related to cocoa exports," Guzman adds. "Surprisingly, in 2009, the number of transactions increased, and we at the bureau are glad to see developments like this for we know it translates into a number of opportunities, which is good for the country's economy."

### Strong Cocoa Value Chain is Key

Cocoa exporter Charita Puentespina, owner and manager of Puentespina Farms, is among those happy with this development.



"A few years back, in cooperation with other industry stakeholders, including Mars, Inc., and ACDI/VOCA, we encouraged massive cocoa production to farmers through trainings, technology upgrading and marketing efforts," Puentespina says.

ACDI/VOCA is a founding member of the Sustainable Cocoa Enterprise Solutions for Smallholders (SUCCESS) Alliance, which improves the livelihoods of smallholder farmers by promoting cocoa production and marketing in a way that is economically, environmentally, socially and culturally sustainable. The alliance includes private sector partners, such as Mars, as part of a market-driven approach connecting farmers to buyers.

"To produce products which are of good quality and right quantity is one of the keys to advance the industry's position," Puentespina adds. "This strongly requires chain-wide observation and implementation of good practices, which warrants the cooperation of everybody."

ACDI/VOCA staff in the Philippines report that farmers are more willing to adopt recommended cultural practices and even undertake cocoa farm rehabilitation because of growing market opportunities.

## BY THE NUMBERS

Number of cocoa farmers worldwide:

**5-6 million**

Annual increase in demand for cocoa:

**3 percent per year, for the past 100 years**

Current market value of annual cocoa crop:

**\$5.1 billion**

Source:  
**World Cocoa Foundation**