

## Vietnam

### SUCCESS Alliance



The Sustainable Cocoa Enterprise Solutions for Smallholders (SUCCESS) Alliance program in Vietnam is a public-private partnership consisting of USAID, USDA, the World Cocoa Foundation (WCF), Mars Inc. and ACDI/VOCA. Since the \$5.5 million program's inception in 2003 under USDA's Food for Progress funding, it has grown to include new farmers, areas, partners and donors.

The initiative builds on past successful cocoa programs in Indonesia and the Philippines and on ACDI/VOCA's strong relationship with the cocoa industry. SUCCESS Alliance increases smallholder farmers' incomes in Vietnam through the introduction of sustainable, diversified, cocoa-based agroforestry systems. Since cocoa is a new crop to Vietnam, the program is focusing on building a sustainable cocoa industry from the ground up. When the first SUCCESS Alliance cocoa seedlings were planted in 2004, there were only 1,600 hectares of cocoa plantings in all of Vietnam, mainly at state-owned farms. Over the past 6 years, the project has increased and diversified farmer

incomes in southern Vietnam by producing high-quality cocoa on approximately 8,500 hectares of land. It has trained over 22,000 smallholder farmers in southeastern Vietnam and the Central Highlands in cocoa production using sustainable cropping practices. In addition, ACDI/VOCA has established cocoa bean quality standards and provided monitoring and training assistance to ensure farmers meet and maintain a level of cocoa bean quality that is required by the global market.

In the initial award, target cocoa production areas included four main provinces—Ben Tre and Tien Giang in the Mekong delta and Ba Ria Vung Tau and Binh Phuoc in the southeast region. These areas have favorable climatic and soil conditions and local government commitment to cocoa development. Cocoa farms in these provinces began to produce cocoa within 18 months of initial planting and as of 2009 were reaching full production. Peak production is expected to be between 1.5 to 2.0 metric tons per hectare, which at current world prices would earn \$3,750 to \$5,000 per hectare. These new cocoa farmers are independent smallholders who sell their cocoa through private, free enterprise channels into the world market. ACDI/VOCA provides an opportunity for rural traders, business people and domestic food processors to participate in the global cocoa bean trade, which exceeds \$6 billion annually.

Current activities in Ben Tre and Tien Giang focus on increasing local capacity in ensuring quality control in post-harvest activities, particularly fermentation. The fermentary activity will allow



# Project Profile

ACDI/VOCA to train up to 120 private-sector fermentary operations on improved fermentation techniques, and it will establish a model for quality standard management for fully fermented beans via the Centers for Applied Technology (CAT) in Ben Tre and Tien Giang.

In addition to the USDA Food for Progress funding, ACDI/VOCA's cocoa development work in Vietnam was also supported by a Global Development Alliance (GDA) award from USAID from 2003-2006. This \$870,000 grant helped to strengthen market linkages in the cocoa supply chain and improve cocoa bean fermentation quality in the four initial provinces.

In 2006 ACDI/VOCA won an additional \$750,000 grant from the State Department's Economic Support Fund (ESF) managed by USAID, to expand the SUCCESS Alliance and introduce cocoa to the impoverished Dak Lak Province of the Central Highlands. In 2008 the project was extended and expanded yet again with an additional \$1.3 million from ESF. This expansion introduced additional communities in Dak Lak as well as districts in Lam Dong province to the SUCCESS Alliance, and particularly targeted poor and ethnic minority communities for the program. To date, 5,147 smallholder farmers in the Central Highlands who received cocoa seedlings and training in cocoa cultivation have adopted cocoa production as part of their farming system, of which over 60 percent are ethnic minorities. USAID's assistance in the Central Highlands has helped the SUCCESS Alliance to distribute over 900,000 seedlings and expand cocoa cultivation area in the Central Highlands by 1,547 hectares. Cocoa planted in 2007 in the Central Highlands has started to produce early fruit. It is estimated that income generated from those early pods reached US \$60,000 in the first harvest of early 2010 and is expected to reach US \$10,368,215 by 2015 cumulatively or US \$3,580,584 annually. These additional awards have allowed ACDI/VOCA to extend cocoa farming systems using the same methodologies that have been so successful in other parts of the country.

Another addition to cocoa development in Vietnam was a small pilot project that was started in 2007 in the Lam Dong Province of the Central Highlands. With funding from a private cocoa

trading company, Touton S.A., and support from our partners the World Wildlife Fund, Forest Science Sub-Institute of Vietnam and the Agricultural Office of Da Hoai District, ACDI/VOCA instituted the Community-Sustainable Cocoa Agroforestry Systems (C-SCAS) project. This pilot helps 30 ethnic minority households on a 40-hectare plot of land develop cocoa in a forest ecosystem. The C-SCAS model will demonstrate that cocoa can successfully be grown under the forest canopy and intercropped with other economic trees. While commercial agriculture has led to land clearance and threatened biodiversity, cocoa farming can be part of the solution for both local livelihood and conservation.

Most recently, USAID has awarded a one year, \$452,000 extension of the SUCCESS Alliance project in Vietnam. This award will focus on cocoa quality assurance systems and promoting market linkages between current SUCCESS Alliance farmers and the cocoa industry, as well as help maximize the yield of existing cocoa trees in the Central Highlands and promote sustainable practices. In addition, the extension will focus on increasing the human resource capacity of government and nongovernmental agencies to effectively manage cocoa production, post-harvest processing and marketing to ensure the future success of the cocoa industry in Vietnam.

In implementing the project, ACDI/VOCA has been supported by the WCF, which was founded by the Chocolate Manufacturers Association of America, Mars Inc., the Ministry of Agriculture and Rural Development (MARD) and provincial Departments for Agricultural and Rural Development (DARD). Also contributing are three educational institutions, Nong Lam University (NLU) in Ho Chi Minh City and the Western Highlands Agro-forestry Science and Technical Institute (WASI) and the Central Highlands University (CHU) in Buon Ma Thuot. Together, these partners bring years of experience in cocoa and agricultural production worldwide and in Vietnam.

With donor support from USAID, USDA, the U.S. chocolate industry, and local partners, the SUCCESS Alliance is well on its way to building a new and sustainable smallholder cocoa economy in Vietnam.

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