



## LUTHERAN WORLD RELIEF'S APPROACH TO COCOA

Almost 90 percent of the world's cocoa originates from smallholder producers farming on fewer than five hectares of land. These farmers face considerable challenges, from changing weather patterns and diseased trees to limited access to improved varieties of cocoa, inputs such as fertilizer, and technical assistance. These barriers leave many farmers earning less than one dollar per day. Yet as global demand for cocoa increases, opportunities emerge for smallholder farmers to benefit from higher incomes through improved cocoa production and sustainability in all cocoa-producing areas of Africa, Latin America and Asia.

### Climate-Smart Agricultural Value Chains

Lutheran World Relief (LWR) works to develop supply chains and markets to create opportunities for a new generation of cocoa farmers. LWR employs a climate-smart agricultural value chain approach to improving access to inputs, technical resources and capacity, post-harvest processing and export markets. We promote gender and age diversity in the membership and leadership of farming cooperatives and encourage the use of agroforestry in the management of cocoa crops, thereby helping farmers not only produce more cocoa and preserve the land's fertility and biodiversity, but also realize an important triple bottom line of people, profit and planet.

### Access to Inputs

Access to inputs is critical to producers' success. LWR supports cocoa farmers by expanding access to affordable inputs through nurseries, cooperatives and associations, where farmers purchase necessary seed and fertilizer at wholesale prices. Cooperatives' internal credit systems also increase farmers' production capacity by giving them the capital they need to acquire the assets necessary for production.

### Local Capacity Strengthening

LWR strengthens local capacity as we promote environmentally responsible cocoa husbandry through technical and extension support. Our focus on agroforestry systems, for example, offers solutions for reforestation, shade management, disease control and adaptation to climate change, all while encouraging farmers to intersperse food crops with cocoa plants for increased food security. Producers reap the benefits of increased yields and healthy soil and trees. LWR helps farmers improve cocoa quality by improving post-harvest processing through enhanced fermentation, drying and infrastructure and by identifying cocoa varieties that are in demand by the market. Our innovative programs utilize information technology to expand our reach and bring new techniques for fermentation and drying as a means of improving smallholder farmers' lives and reaching economies of scale.

### Market Linkages

We support farmers as they engage with international markets, backing their efforts to increase their product differentiation in the marketplace by promoting transparency, quality and traceability. We link producers with branded chocolate makers such as The Hershey Company and Guittard Chocolate that provide technical expertise and assistance and help them to access renowned craft chocolate niche markets such as Bonnat and Friis Holm. We promote strategic alliances with key cocoa industry players such as Olam and Ritter Sport to help grow both cocoa sales and farmer incomes. These efforts demonstrate our commitment to partnering with the private sector while increasing cocoa producers' capacity to supply a global market and to put food on their own tables.



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## In Practice

### MOCCA

LWR leads cocoa programming for the USDA-funded Maximizing Opportunities in Coffee and Cacao in the Americas (MOCCA) project, helping farmers sell more at better prices, improving farmer production and enhancing sector coordination to drive competitiveness and growth. Through MOCCA, LWR partners with the private sector across six countries in Latin America to not only invest in improving cocoa quality and yields, but also in the systems that make those improvements possible for the future, such as higher prices, good genetic material for planting, and more direct, feasible and profitable supply chains for smallholder farmers. Cocoa producers also utilize LWR's Cacao Móvil (Mobile Cocoa), a smartphone application that provides farmers with access to a comprehensive guide to cocoa cultivation, covering subjects from planting and pruning, to grafting and treating plant diseases. LWR is developing a regional platform for knowledge transfer to strengthen the cocoa value chain while disseminating research across Latin America.

### Qori Warmi

In the VRAEM region of Peru, one the country's poorest and the epicenter for coca leaf production for illegal cocaine, LWR employs an innovative market systems approach with the women-led Qori Warmi cocoa cooperative. LWR supports management of the cooperative's cacao crop, including post-harvest handling, fermentation practices and protocols and business management. By strengthening the resilience and sustainability of the cooperative, LWR increases participating families' agricultural productivity and environmental responsibility, strengthens entrepreneurial capacity and leadership within the cooperative, as well as promotes cacao as a legal and high-value crop alternative to the illicit coca production.

### Traceability and Resilience in Agriculture and Cocoa Ecosystems of Nigeria (TRACE)

Funded by the U.S. Department of Agriculture's Food for Progress Program, TRACE is a five-year project that improves Nigeria's cocoa productivity through climate smart agriculture and expand its traceability for stronger marketability. In partnership with the federal and state governments of Nigeria, the International Institute of Tropical Agriculture (IITA), the Cocoa Research Institute of Nigeria (CRIN), Ecometrica, and C-Lever.org. Lutheran World Relief implements TRACE in Nigeria's cocoa-producing states of Abia, Ikwa Ibom, Cross River, Ekiti, Ondo, and Osun States. By the end of the project, over 51,000 smallholder farmers will be trained, resulting in a doubling of cocoa productivity and establishing a comprehensive (farm to export) traceability system that meets global standards. More than 68,400 farmers will gain access to

markets, and over 366,000 hectares of farmland will be under improved climate risk reduction and/or natural resource management practices.

### Ground Up Investing

Ground Up Investing (GUI), LWR's impact investing fund, uses a patient capital approach, that includes equity and debt financing, to grow mission-driven enterprises that deliver positive economic, social and environmental outcomes for smallholder farmers. GUI has invested in several companies in the cocoa and chocolate industry that are introducing innovative business practices to achieve these aims. For instance, Uncommon Cacao, sourcing from countries that include Belize, Colombia, Guatemala, Haiti, Ghana and Uganda, has pioneered industry-leading transparent trade reporting. Additionally, To'ak Chocolate works with cacao growers and conservationists to preserve the Ecuadoran Ancient National cacao and produce some of the world's most exclusive chocolates. These approaches are helping to transform the terms of trade for farmers while supplying sustainable, scalable and environmentally responsible cocoa and chocolate products to highly discerning buyers around the world.



### The Corus Effect

Lutheran World Relief leads rural economic development, climate and emergency programming at Corus International, a humanitarian organization that unites an array of world-class nonprofits and businesses, each with specialized expertise. Our reach and capabilities are amplified by the other global leaders in our Corus family, including global public health agency IMA World Health, education, social protection and technology company CGA Technologies, and impact investing group Ground Up Investing. Together, we bring the multi-dimensional, holistic solutions needed to truly achieve lasting change.



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