



Mondelēz
International



COCOA LIFE ANNUAL REPORT 2018

APRIL 2019



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LETTER FROM DIRK VAN DE PUT



Dirk Van de Put,
Chief Executive Officer,
Mondelez International

At Mondelez International, we're passionate about chocolate. With brands like Cadbury Dairy Milk, Milka,

Côte d'Or and Lacta, that's no surprise. Millions of people around the world buy our beloved chocolate brands each year, and that's why it's so important that our products are made the right way.

Cocoa is the essence of our chocolate, and an important part of our business. With demand for chocolate rising, to drive our business growth we need to secure a sustainable supply of its essential ingredient; we need a thriving cocoa sector. This requires sustainably produced and forest-friendly cocoa, now and in the future. Only by tackling the complex challenges farmers face can we secure cocoa farming for generations to come. That's where Cocoa Life, our signature cocoa sustainability program, comes in.

In April 2019, I was fortunate to travel to Ghana and Côte d'Ivoire to visit some of the farmers and stakeholders we partner with as part of Cocoa Life. I saw first-hand how we are working every day to improve farming practices, create thriving communities, and empower farmers to achieve sustainable livelihoods and become more resilient to climate change.

Since we first launched Cocoa Life in 2012, we have equipped hundreds of thousands of farmers to grow more cocoa on their farms, empowered more than 1,400 communities to drive their own development, and scaled up our approach to source 43% of our chocolate through the program.



Cocoa Life was built on a bold ambition to ultimately support our global chocolate business and we've worked relentlessly to build the foundation to meet that goal. Through the combined efforts of our dedicated teams at Mondelez International, in close partnership with farmers, communities, and other stakeholders around the world, we're accelerating our program. By 2025, all the cocoa for all our chocolate will be sustainably sourced through Cocoa Life. This is a huge milestone for our program, our team and our company.

By investing, supporting and believing in Cocoa Life, we are at the forefront of the fight against climate change. Empowering farmers and their communities to become more productive and climate-resilient is enabling us to secure sustainable supplies of raw materials for the future. That's one of the many reasons I'm so proud of what our team has achieved. We know we can't address climate change alone. But we are focused and committed to playing our part to grow opportunities for farmers, their communities and our planet to thrive. And crucially, it moves us a step closer to meeting our goal to build positive impact for people and our planet.

At Mondelez International, our Purpose is to empower people to snack right, and because we believe that Cocoa Life's approach is the right one for farmers and consumers, we're proud to accelerate our program and build on the impact we've created.

ALL OUR
**CHOCOLATE
BRANDS**
WILL SOURCE THEIR COCOA FROM
COCOA LIFE
BY **2025**

CONNECTIONS ARE KEY TO A THRIVING FUTURE FOR COCOA



Christine Montenegro McGrath,
Vice President and Chief of Global
Impact, Sustainability, and Well-being,
Mondelez International and
Vice-Chair, World Cocoa Foundation

I AM PASSIONATE ABOUT COCOA LIFE BECAUSE OF THE CRITICAL CONNECTIONS IT MAKES. CONNECTIONS BETWEEN THE FARMERS WHO GROW OUR ESSENTIAL INGREDIENT, COCOA, AND THE CONSUMERS WHO CHOOSE OUR CHOCOLATE BRANDS; BETWEEN OUR COMPANY'S MISSION, SNACKING MADE RIGHT, AND THE VERY BEGINNING OF OUR SUPPLY CHAIN; AND BETWEEN FARMERS' SUCCESS AND DOING GOOD BUSINESS.

Our consumers care about the provenance of our ingredients and the welfare of the farmers who grow them – making this connection crucial to our business. That's why we're accelerating our impact and embedding Cocoa Life across all our brands, so that consumers across the world can be confident that the brands they love are made the right way.

Cocoa Life is particularly close to my heart because we built it from the ground up, starting with an ambition to create something that had never been done before: a program that is holistic by design, has partnership at its core, and is committed to learning by doing. So it's humbling for me when we achieve accolades from experts in their field such as Save the Children, Sedex, Unilever and the Food and Drink Federation.

What makes me especially proud of the results shared in this report is that they give me the confidence that we are on the right path to growing a thriving cocoa sector. What we have learned also tells me that we're just scratching the surface of the sector's potential. I know that for a thriving cocoa sector tomorrow we have to make changes today, and Cocoa Life's results so far tell us what that means:



A HOLISTIC APPROACH TO TACKLING ROOT CAUSES

As a sector, we'll never sustain our impact if every time we fix one problem we create another. That's why, from the beginning, we designed an integrated approach focused on getting to the root of the complex challenges cocoa farmers face.

Cocoa Life creates connections. On the ground, we use connections to drive change. For instance, by empowering women in cocoa farming communities we also help keep children in schools, encourage climate-positive choices, and create additional sources of income that can be invested back into farms. Everything is connected. Our results show that the holistic approach is right, and we urge more players to adopt it.

Critically, if cocoa farming is to be a business of choice, farmers need to be able to connect cocoa growing to commercial success. We all share the responsibility for helping make this a reality.

COMMITMENT TO A SECTOR-WIDE STRATEGY IN ORDER TO AFFECT CHANGE

We can't do it alone. Only a sector-wide, long-term strategy, with coordinated action by industry players, producing and consuming governments, and civil society will lead to lasting change.

The on-the-ground action we've been taking has been crucial to driving change, but the challenges the sector faces – from deforestation to poverty and child labor – are sector-wide. Our learning reaffirms that we will only be successful if different players join forces and collaborate to create the right environment for change.

Cocoa is the essence of the chocolate we all love, vital to our business, our industry, and the livelihoods of the men and women who grow our cocoa. Transparency is core to Cocoa Life, which is why my mission is for the learnings in this report to mobilize others to join us in creating a movement for lasting change to ensure that cocoa is made right.

ON THE JOURNEY TO SUSTAINABLE COCOA



Cathy Pieters, Global Director, Cocoa Life

Just as the Cadbury brothers did over 100 years ago, Cocoa Life is on the ground, working hand-in-hand with our NGO and supply chain partners and the men and women who grow our cocoa. We're on a mission

to transform the sector and ensure a sustainable supply of cocoa for chocolate lovers today and in the future. We think our experience gives us a unique perspective. Our holistic approach starts by tackling the root causes of the challenges cocoa farmers face. We're seeing encouraging results to support this approach. In the section below, we share our four key global observations, learnings and opportunities we are taking on to increase the impact of our interventions. We invite you to explore these results with us and identify learnings that are relevant for our sector and beyond.

At Cocoa Life, an integrated approach has guided our activities since the beginning. The challenges facing cocoa farmers are too interwoven and complex to be solved by just one organization, or by focusing on one challenge area alone. We've seen the knock-on effects of historic attempts to improve one area in isolation, leading to other areas suffering. For instance, in the mid-1970s public policy designed to capitalize on the cocoa boom in Côte d'Ivoire ultimately drove deforestation.¹ A similar case was seen recently with vanilla in Madagascar.²

Our size and our focus on improving the whole picture allows us to create positive change at scale. The data we are sharing on our reach and program scope in our origin countries gives a glimpse into this. Meanwhile, the breadth of our partnerships underscores the action-oriented alliances we're forming.

As Amartya Sen's exploration of international development, *Development as Freedom*, explains, working on the factors behind the symptoms is crucial in order to make a real difference – rather than making surface improvements. **We are so proud to see quantitative and qualitative evidence of the great work we're doing through Cocoa Life.** It's inspiring to see the process of empowerment unfold on the ground.

Our latest data set focusing on issues such as women's empowerment, income diversification, child protection, and community action planning is particularly powerful. It demonstrates how community-owned actions, enable change – as long as these actions work in tandem with national structures for sustainability.

The strength of our community-owned actions is shown in data captured by Ipsos. This includes the Community Development Committee and community member interviews, quantitative evidence on community-owned funding for community projects, and progress data on Community Action Plan and Community Development Committee activation.

We hope you find this chapter outlining what we've learned about impact informative and enlightening. It's very important to us at Cocoa Life: only by evaluating our impact can we continually assess our work and course-correct where needed, and by doing so boost the livelihoods of our farmers, ensure the sustainability of our cocoa, and grow opportunities.



COCOA LIFE'S APPROACH LOOKS AT DISRUPTIVE YET INNOVATIVE WAYS OF INVOLVING THE LOCAL PEOPLE TO CHANGE THEIR MINDSET AND ATTITUDES AS WELL AS TO IMPROVE THEIR CAPACITY TO GROW THEIR COCOA BUSINESSES. THIS APPROACH IMPROVES LIVELIHOODS AND EMPOWERS COCOA GROWING COMMUNITIES."

Jane Nyambura, Regional Manager Africa, Ethical Tea Partnership, and Cocoa Life Advisor

¹ Ruf, François. (2017). The myth of zero-deforestation cocoa in Côte d'Ivoire. *ETFRN NEWS*. 58. https://www.researchgate.net/publication/318084256_The_myth_of_zero-deforestation_cocoa_in_Cote_d'Ivoire

² Nancy Kacungira (2018). Fighting the case of vanilla thieves in Madagascar. *BBC*. https://www.bbc.co.uk/news/resources/1dt-sh/madagascar_vanilla

HIGHLIGHTS FROM OUR ORIGINS

935
FARMERS REACHED **24**
COMMUNITIES



DOMINICAN REPUBLIC

David Preece,
Head of Cocoa Life,
Dominican Republic

“The self-run savings and loan scheme established in Cocoa Life communities and managed by community members **enables them to better manage finances and plan for the future.** Bringing people together in this way shows how relatively small actions can have a significant impact on a community.”

40,769
FARMERS REACHED **676**
COMMUNITIES



CÔTE D'IVOIRE

Mbalo Ndiaye,
Head of Cocoa Life,
Côte d'Ivoire

“The Cocoa Life program has been **instrumental in leading and developing the Cocoa & Forest Initiative.** Through our concrete actions on the ground, we were able to inspire the wider cocoa industry to design a long-term strategy for addressing deforestation across the entire cocoa supply chain.”

100
FARMERS REACHED **3**
COMMUNITIES

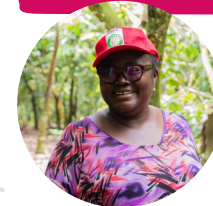


BRAZIL

Jens Hammer,
Head of Cocoa Life, Brazil

“We have a great opportunity to connect Cocoa Life in Brazil to consumers in a meaningful way and bring them closer to all the great work we do on the ground. The program is **helping families thrive by offering a brighter future** for their communities.”

38,417
FARMERS REACHED **447**
COMMUNITIES



GHANA

Yaa Peprah Amekudzi,
Head of Cocoa Life, Ghana

“The Cocoa Life program celebrated **10 years in Ghana** in 2018. Over the last decade we have transformed the communities we work in and continue to create positive impact in the cocoa sector at community and policy level.”

37,654
FARMERS REACHED **296**
COMMUNITIES



INDONESIA

Andi Sitti Asmayanti,
Head of Cocoa Life, Indonesia

“Cocoa Life enables farmers to participate in village planning and development meetings, integrated with existing Development Planning Deliberations (Musrembang). Through the Cocoa Life Community Action Plan we have **increased the number of community members involved in Musrembang and development planning capacity** within the community.”

25,000
FARMERS REACHED **30**
COMMUNITIES



INDIA

KP Magudapathy,
Head of Cocoa Life, India

“Cocoa Life continues to drive economic, social and environmental benefits for cocoa farming communities, driving positive change in India. Cocoa Life’s work in remote locations and marginalized communities has provided opportunities for the farmers: working with them to offset carbon emissions from our factories by planting cocoa trees. We are proud that our commitment to the environment has been recognized, and our India Business Unit has been granted the E&Y Certification for **Carbon Positive, Water Positive and Zero Waste to Landfill.**”



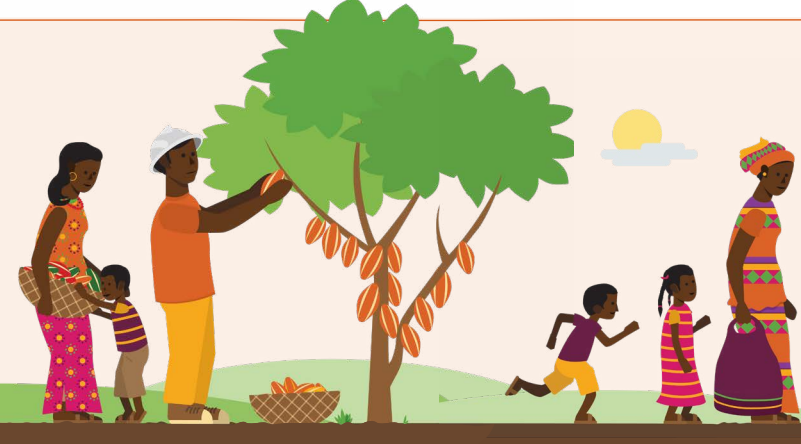
COCOA LIFE PROGRESS IN NUMBERS

We source **43%** of our chocolate through **COCOA LIFE**

142,875 FARMERS

1,476 COMMUNITIES

COCOA FARMING AS A PROSPEROUS BUSINESS
Working hand-in-hand with cocoa farmers to make cocoa farming a business of choice. We help farmers become more productive, so they can increase their income from cocoa.



8,428,682 Cocoa seedlings distributed
86 Nurseries

764 Cocoa-farming demonstration plots



9,893 Youth trained on cocoa-related enterprises
142,875 Farmers trained, coached or having a farm development plan on Good Agricultural Practices

EMPOWERED AND INCLUSIVE COCOA COMMUNITIES
Empowering the men, women and youth within cocoa communities to lead their own development and improve their livelihoods through entrepreneurship.



1,355 Communities with a CODEC and Community Action Plan activated
1,019 CAP projects completed in communities

499 Communities with a Child Labor Monitoring and Remediation System or equivalent
619 Communities with Child Protection Committees
116,004 Community members and farmers educated on issues of child labor and forced child labor

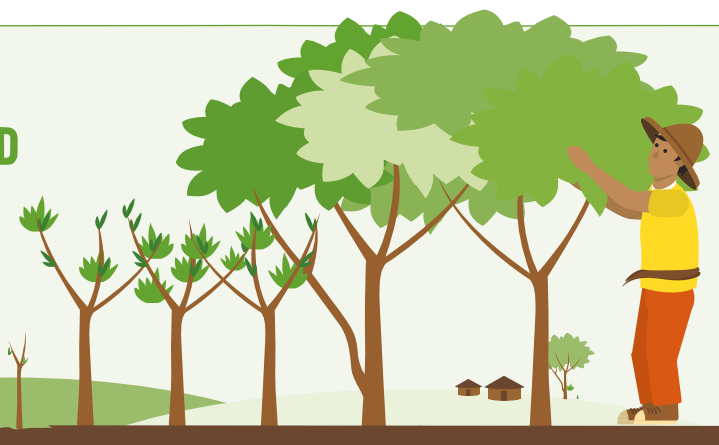
1,817 Village Savings and Loan Associations operational
49 VSLAs linked to finance institutions
70,921 Community members who participate in VSLAs, of which more than 70% are women

18,678 Community members involved in additional Income Generating Activities

74,318 Community members trained on gender awareness

50,540 Community members trained on financial literacy
29,297 Community members trained on business management

FORESTS ARE CONSERVED AND RESTORED
Protecting and restoring the land and forests where cocoa is grown, together with the farmers and communities.



114,380 Community members and farmers trained on Good Environmental Practices

93,416 Farms mapped and monitored



1,232,059 Economic shade trees distributed



LEARNING AREAS

IMPACT LEARNING 1: Cocoa yield is continuously improving	IMPACT LEARNING 2: More resilient communities can steer their own development	IMPACT LEARNING 3: Growing new income generating opportunities increases income, but not fast enough to move all farmers out of poverty	IMPACT LEARNING 4: Cocoa Life farms avoid priority protected areas and forests
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KPIs:

1 Net income from cocoa				
2 Cocoa productivity				
3 Increase in women's participation in decision-making process				
4 Increase capacity in the community to plan and advocate for their own social development				
5 Net income from sources other than cocoa				
6 Cocoa farmers' reduced vulnerability to external shocks				
7 Reduction in child labor and forced child labor				
8 Increase in career opportunities for youth in cocoa sector				
9 Helping future farming generations through sustainable natural resources use on farm				
10 Increase in conversation of forests and maintenance of ecosystems				

MEASURING OUR IMPACT



Manuel Kiewisch, Global Cocoa Life Monitoring and Evaluation, Verification, and Learning Manager

“No great feat can be achieved alone”. This mantra guides Cocoa Life’s work with farmers and communities, and also applies to this report. Evaluating how Cocoa Life impacts lives on the ground is both important and challenging. It would not be possible without the partners who commit to maintaining a rigorous and independent perspective:

Ipsos is an international research organization that surveys and interviews a representative sample of Cocoa Life farmers in every Cocoa Life origin country every year. Ipsos acts as a magnifying glass; examining the program, whilst remaining independent of it, pointing us towards opportunities to increase our impact.

Flocert is an international certification body that carefully records all business transactions right along our supply chain to improve transparency and fairness. It continuously collects information from our direct suppliers and farmer organizations to verify the flow of cocoa from Cocoa Life communities into our supply chain, and the benefits that flow from Cocoa Life back to the cocoa farmers.

Ipsos and Flocert are two links in a long chain of actors: suppliers, implementing NGOs, business units, and cross-industry partnership platforms such as CocoaAction, that help us understand the reality on the ground. Farming life in the origins is made up of hundreds of thousands of farming

As the third-party evaluator for Mondelez International’s Cocoa Life program, Ipsos has witnessed the evolution of the program’s impact on the ground in Côte d’Ivoire, Ghana, Indonesia, and the Dominican Republic over the past three years. Cocoa Life’s localized approach to delivering program components across and within its cocoa-growing origins means that impact must be considered through a context-driven lens.

The strength of Cocoa Life’s partnerships in each origin is essential to amplifying the sustainability benefits of the program, which can be quite significant for communities and individuals. Life skills training and community capacity building activities in Indonesia inspired women in the Lampung, Sumatra region to band together to produce, package, and sell snacks made from cocoa and food crops. Cocoa Life’s work with women in this community was the catalyst for a diverse series of impacts, directly touching on increased farmer household income in the short term and leading to increased economic resilience in the long term, and rippling into other socio-economic areas. This supplemental income was often critical to meet and increase their children’s education expenses.

Meanwhile, professionalization and business skills lessons encouraged female entrepreneurs to seek innovative means of selling their goods, including eCommerce channels. This would ultimately formalize their inclusion in financial services. We often see similar stories as a result of Cocoa Life’s important sustainability work. Ipsos is proud to contribute to Cocoa Life’s program learning and development.”

Elisa Bernd, Vice President, and Leila Scott, Director, Ipsos

families living in vulnerable situations. It is highly diverse and impacted by issues that can’t be solved by any one single actor. This report offers a small glimpse into the complexity of the challenges at hand. We encourage everyone to browse the information available in this report and contact us if you want to know more. Addressing the challenges starts with understanding and taking responsibility for our impact, and we thank everyone for playing their part in creating lasting change.



KPI 1
Net income from cocoa



KPI 2
Cocoa productivity



KPI 6
Cocoa farmers' reduced vulnerability to external shocks



KPI 8
Increase in career opportunities for youth in cocoa sector

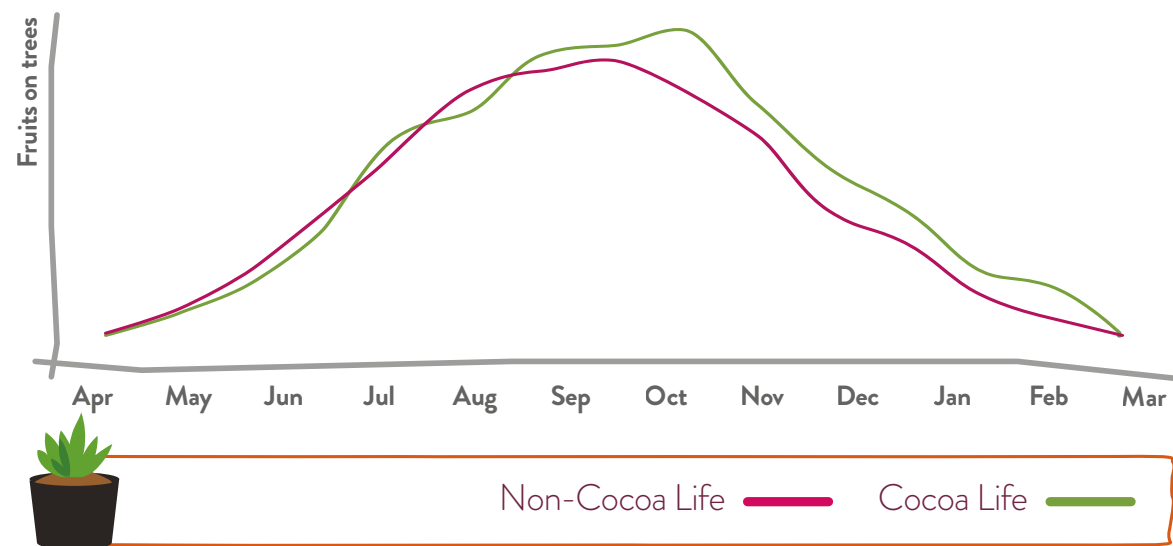
IMPACT LEARNING ONE

COCOA YIELD IS CONTINUOUSLY IMPROVING

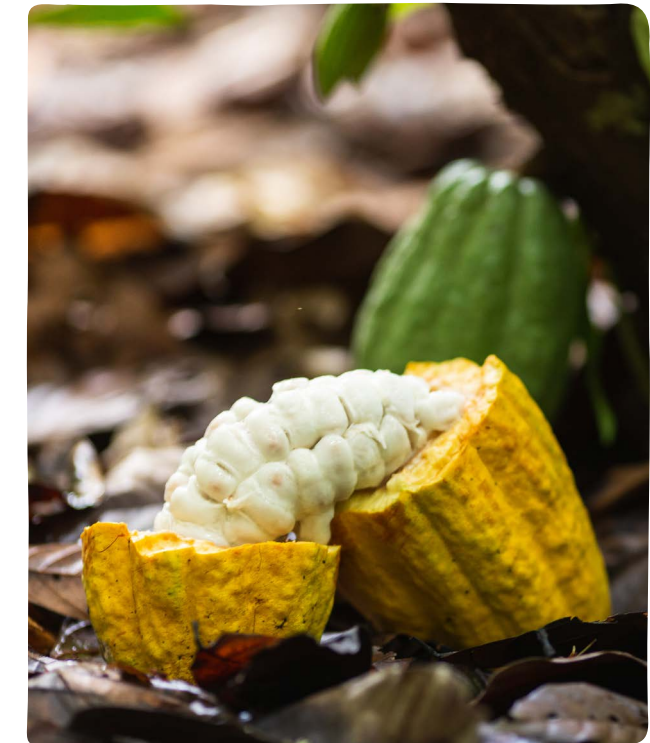
Our results show that as we help cocoa farms become more efficient, their yield increases. This is an important development, as farms that can do more with less land are in fact able to free land to be used for other income-generating activities, helping make cocoa farming a prosperous business. Results indicate that Cocoa Life farms are typically more productive than non-Cocoa

Life farms in similar circumstances; for a recent crop year in Ghana, we found that Cocoa Life trees produced on average 15% more fruit than trees on non-Cocoa Life farms. This is shown in the graph below. The production and subsequent ripening of the fruits is a good indicator of the health of the cocoa trees and for the yield that the farmer can expect from them.

GHANA MAIN CROP TREE POD COUNT PERFORMANCE TYPICAL OF RECENT YEARS'



An improvement in farm efficiency is usually accompanied by a positive change in farmer behavior. Cocoa farmers who have spent three years with Cocoa Life and taken part in training modules tend to apply Good Agricultural Practices – such as weeding, pruning, and shade management – more diligently, as shown in the diagram below. The effect of an optimized Good Agricultural Practices scheme on farm efficiency has been confirmed by Mondelez's research and development project: 'Targeted Good Agricultural Practices.' The applied research found that a high-performing, targeted scheme could even raise farm productivity to 3000 kg/hectare (ha) in individual cases (average results are about 1225 kg/ha per year) over two years and could double farmers' return on investment from their land. We know that a significant subset of Cocoa Life farms are ready to support an optimized Good Agricultural Practices scheme.



CHANGE IN THE APPLICATION OF GOOD AGRICULTURAL PRACTICES OVER THREE YEARS IN COCOA LIFE



WEEDING

GHANA	INDONESIA
+29%	+23%



PRUNING

GHANA	INDONESIA
+42%	+59%



PLANTING OF SHADE AND NON-COCOA TREES

GHANA	INDONESIA
+12.5%	+2.5%

All Ghana and Indonesia figures taken from 2015-2017/2018

“THE TRAINING HAS BEEN VERY BENEFICIAL TO US BECAUSE IT HAS HELPED US GROW MORE COCOA TREES. BEFORE I WOULDN'T NURSE THE TREES, AND MY COCOA WASN'T BOOMING. THE EDUCATION ON NESTLING SEEDLINGS HAS REALLY HELPED ME GROW MORE COCOA.”

Farmer, Ahodwo Nyamebekyere,
Ahafo Ano North, Ashanti, Ghana

Acknowledging the diversity of cocoa farming as a business has enabled Cocoa Life to classify farmers in groups, in order to create tailored responses to their needs, as well as better measure and improve the impact the program has on their farms.

For example, in Ghana we found that the group of farmers that initially had the lowest farm efficiency improved by about 93% over three years. Meanwhile, the group with the highest performance at the start began to rehabilitate and diversify their cocoa farms – an activity that is necessary in order for farmers to continue improving farm efficiency long term – leading to a temporary decrease in their cocoa production (-38%). This decrease will continue for a few more years until the new crops bear fruit. Current cocoa production, farm potential, and overall business resilience all exist in a delicate balance, and benefit from individual attention.

To aid in this decision, we increasingly promote individual farm development planning which aligns farmer's interests with the potential of their farm and household to ensure that short-term windfalls are accounted for through diversified income, until the farm can reach higher levels of productivity.

A holistic approach is key to addressing the root causes of unsustainable farming. While a high percentage increase in farm efficiency is a step in the right direction, it is not the end of the intervention needed. For example, while we

have seen farmers in the lowest-performing group in Ghana improve their cocoa productivity from 100 kg/ha to 194 kg/ha per year, this is still not enough to support the livelihoods of farming families operating on small landholdings.

For some farming families, the best support will be helping them to identify supplementary business paths, or to completely

rework their farming approach. Encouragingly, we found that Cocoa Life farmers are increasingly investing in their future: in 2017, 52% of Cocoa Life farmers in Côte d'Ivoire undertook some level of farm rehabilitation, and boosted their resilience by integrating non-cocoa trees and complementary crops into their farms.

We also found that methods that make cocoa farming a prosperous business for one farmer might not work for another. For instance, even though older and younger Cocoa Life farmers depend equally on farming for their livelihoods, we found that older Cocoa Life farmers are more reluctant to try new farming techniques and are less able to invest in their own labor compared to younger farmers. To add to this, the global average age of Cocoa Life farmers is 53 years. This points to the importance of encouraging young farmers to see cocoa farming as a business of choice as part of a sector-wide strategy for lasting change.

Through our program, we have learned that farm efficiency is best improved through a tailored training program. We can do more in the future by concentrating our efforts on providing the right support for the right farmer, based on shared understanding between the cocoa farmer and Cocoa Life. Efficient farming frees land to be used for other means, which addresses one driver of deforestation and allows for complementary diversification efforts alongside cocoa to improve farmer resilience and livelihoods.

We have also learned that efficiency gains in cocoa are limited, and even steep gains will not provide enough support for some farming families to live exclusively from cocoa. Creating lasting change requires us to address root causes from all perspectives, through a systemic and holistic strategy – of which cocoa is a key part.

IN 2017
52%
OF COCOA LIFE
FARMERS IN CÔTE
D'IVOIRE UNDERTOOK
SOME LEVEL OF FARM
REHABILITATION,
AND BOOSTED
THEIR RESILIENCE

KPI 3
Increase in women's participation in decision-making process

KPI 4
Increase capacity in the community to plan and advocate for their own social development

KPI 6
Cocoa farmers' reduced vulnerability to external shocks

KPI 7
Reduction in child labor and forced child labor

IMPACT LEARNING TWO

MORE RESILIENT COMMUNITIES CAN STEER THEIR OWN DEVELOPMENT

COMMUNITY ACTION PLANNING

Cocoa farming communities can become drivers of change. Through the use of planning and advocacy tools, our communities have been able to attract the funding and resources needed for them to develop. In the process, they have taken ownership for steering their own development — an important step because sector change will only be sustained if local actors feel empowered to do so.

By 2019, 92% (1,355) of all 1,476 Cocoa Life farming communities have developed Community Action

BY 2019, 92% OF ALL 1,476 COCOA LIFE FARMING COMMUNITIES HAVE DEVELOPED COMMUNITY ACTION PLANS

Plans (CAP), which enable them to advocate for their own development and secure funding to achieve their priorities. In Côte d'Ivoire, 83% of community leaders that had taken part in community action planning successfully elevated projects beyond their local community structures, integrating them into official village or district development plans. And 88% of cocoa farmers agreed or strongly agreed that CAPs are actively contributing to improving conditions in their communities.

In Ghana we see an example of how empowering communities to take on their own development agenda can tackle the root causes of the complex challenges cocoa farming communities face. There, implementing partners such as the Institute for Democratic Governance (IDEG)³ mobilized women's groups to lobby the government to focus more on rural development issues. Through our evaluation we've seen cases where the program's community empowerment initiatives have been so successful that they have created competition among communities for government funding.

“EVERY COMMUNITY LOOKS TO THE DISTRICT ASSEMBLY [GOVERNMENT AUTHORITIES] AND IF I TELL YOU THE NUMBER OF LETTERS WE HAVE WRITTEN TO THE DISTRICT ASSEMBLY YOU WILL BE AMAZED.”

Village leader from Manfia community in Ghana

Whilst competition is a successful indicator of empowered communities, we recognize that limited government funding is also a challenge, which is why we are stepping up our support to unlock more funding channels. This process has

already led communities, together with Cocoa Life, to explore innovative funding mechanisms so that they can drive new development projects. These mechanisms are shown in the overview below.

OVERVIEW OF PRIORITIES SET OUT IN COMMUNITY ACTION PLANS AND FUNDING APPROACHES

	TOP 3 COMMUNITY ACTION PLAN PRIORITIES	TOP 3 COMMUNITY PROJECTS THAT ATTRACTED FUNDING	TOP 3 MOST COMMON FUNDING MECHANISMS (incl. joined funding)
CÔTE D'IVOIRE	<ol style="list-style-type: none"> 1. Education infrastructure (40% of communities selected as 'most important') 2. Access to safe drinking water (19% of communities selected as 'most important') 3. Health facilities (15% of communities selected as 'most important') 	<ol style="list-style-type: none"> 1. Access to safe drinking water (31% of communities attracted funding for project) 2. Education infrastructure (20% of communities attracted funding for project) 3. Transport/ road infrastructure (19% of communities attracted funding for project) 	<ol style="list-style-type: none"> 1. Government Authorities (32%) 2. NGO with/or without Support from Cocoa Life (18%) 3. Village fund (16%)
GHANA	<ol style="list-style-type: none"> 1. Transport/ road infrastructure (24% of communities selected as 'most important') 2. Education infrastructure (17% of communities selected as 'most important') 3. Access to safe drinking water (16% of communities selected as 'most important') 	<ol style="list-style-type: none"> 1. Education infrastructure (30% of communities attracted funding for project) 2. Access to safe drinking water (23% of communities attracted funding for project) 3. Health facilities (9% of communities attracted funding for project) 	<ol style="list-style-type: none"> 1. NGO with/or without Support from Cocoa Life (68%) 2. Village fund (61%) 3. Government Authorities (41%)
INDONESIA	<ol style="list-style-type: none"> 1. Transport/ road infrastructure (60% of communities selected as 'most important') 2. Access to Agricultural Extension Service (13% of communities selected as 'most important') 3. Access to safe drinking water (7% of communities selected as 'most important') 	<ol style="list-style-type: none"> 1. Transport/ road infrastructure (80% of communities attracted funding for project) 2. Education infrastructure (67% of communities attracted funding for project) 3. Health facilities (53% of communities attracted funding for project) 	<ol style="list-style-type: none"> 1. Government Authorities (65%) 2. Village fund (26%) 3. NGO with/or without Support from Cocoa Life (3%)

³ The "Institute for Democratic Governance" (IDEG) implements since November 2015 the "Civic Empowerment of Cocoa Communities" project with remarkable success in training local leadership.

“SAVINGS AND LOAN GROUP MEMBERS CONTRIBUTE AND LOAN MONEY TO THEMSELVES UNTIL THE END OF THE YEAR, THEN THEY SHARE IT WITH THE INTEREST. IN ONE COMMUNITY, I TALKED TO THREE LADIES WHO WERE VERY HAPPY WITH THE AMOUNT OF MONEY THEY HAD SAVED. THE LOANS HELP THEM TO PAY SCHOOL FEES AND AVOID PETTY TRADERS. SOME TAKE THE LOAN AS SEED CAPITAL FOR THEIR TRADING. IT IS HELPING.”

District assembly member of Sekyere East in Ashanti, Ghana

As a key element of our holistic approach, CAPs encourage inclusive communities by enabling more voices to be heard. For instance, women's and young-adult groups are included in their design. We do this because as well as playing a crucial role in households and communities, these groups are typically marginalized and not present in decision making processes, despite being a major part of the cocoa sector's labor force.

As a result of the program we've seen communities become more inclusive. In Ghana, for example, in 2018, 47% of community leaders changed their behavior and made a conscious effort to involve women's groups in official community planning meetings, whilst 32% also chose to involve young-adult groups.

SAVINGS AND LOAN GROUPS

Making cocoa farming a prosperous business also involves supporting farming families in increasing their resilience and ability to withstand the impacts of crop seasonality, small land size, and changes in weather patterns. Village Savings and Loan Associations (VSLAs or savings and loan groups), which allow community members to actively save and take small loans, have proven a trusted institution for community members to cope with volatility.

By 2019, with Cocoa Life's support, 1,817 savings and loan groups have been established across all our origin countries, with over 70,000 members (73% of members are women). Evaluation shows that over three years in the Cocoa Life program, cocoa farmers in Ghana managed to increase their total savings by about 24%. Our partner Wahana Visi Indonesia found that in Indonesia 87% of members have built a savings buffer to cover essential needs such as food, clothing and education for three months or more. Some savings and loan groups have been so popular that they are unable to take on additional members, creating the demand and opportunity to scale and improve the program.



HEALTH AND EDUCATION

A holistic approach is crucial for sustained long-term change. For instance, we found that women's groups play a key role in addressing the challenges cocoa growing faces, and therefore we capitalize on their power as change agents. During community meetings, women's groups were the strongest advocates for health and education related community infrastructure (table on page 21 shows how as a result, education became a high CAP and funding priority). We also saw that empowered women took on a larger share of household decision-making, which benefited children, family well-being, and overall resilience. Wahana Visi Indonesia found that in Indonesia female participants of savings groups said their top two ambitions were: first, to "pay for education" (40% of respondents) and, second, to "pay for medical expenses" (28% of respondents).

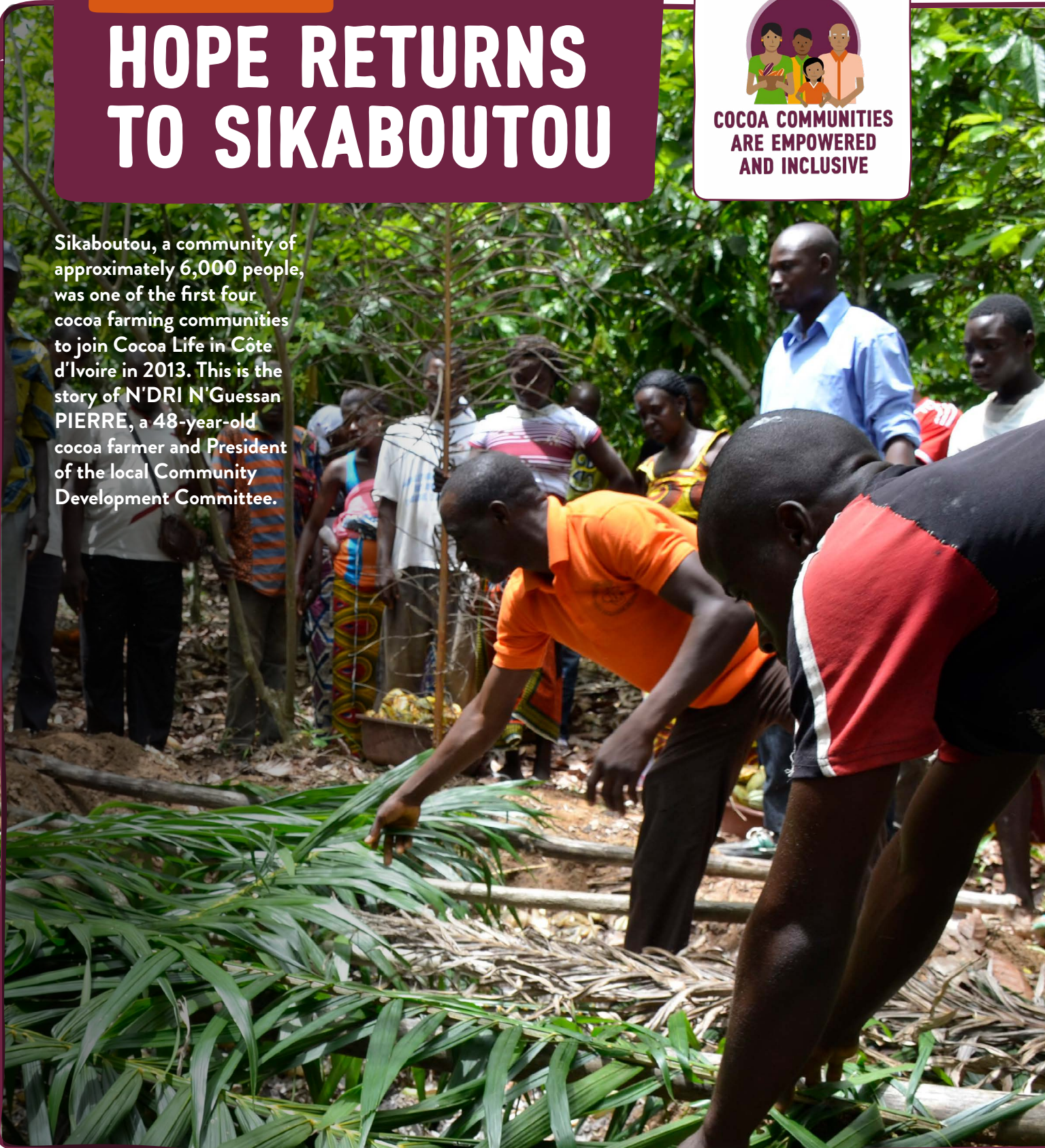
Improving the conditions under which cocoa is farmed is bigger than one cocoa farm, community, country or even the entire cocoa sector. We can't do it alone. Only coordinated action spanning local communities, national governments, civil society, and more will lead to lasting change and improve living conditions in remote rural areas. Empowering local people to advocate for this change through community action planning has been an important step, but we need more support. That's why we are stepping up our efforts to build innovative funding strategies and partnerships that allow local leaders to realize their projects.

Savings and loan groups have proved successful, especially when led by women or youth groups as they allow those who are typically excluded from decision making in cocoa communities to take a lead in tackling the root causes of the complex challenges their communities face. In the future, Cocoa Life plans to increase the reach and scale of these groups, as well as to help connect cocoa communities with formal banking services such as credit, to widen and professionalize what these savings groups offer.

CASE STUDY:

HOPE RETURNS
TO SIKABOUTOU

Sikaboutou, a community of approximately 6,000 people, was one of the first four cocoa farming communities to join Cocoa Life in Côte d'Ivoire in 2013. This is the story of N'DRI N'Guessan PIERRE, a 48-year-old cocoa farmer and President of the local Community Development Committee.



“Before Cocoa Life partnered with Sikaboutou, there were no organizations dedicated to community development. The community comprised a number of hamlets, who shared no common agenda. With the support of Cocoa Life and CARE International, a local Community Development Committee was set up, which worked through community leaders to develop a CAP. The CAP brought cohesion and structure to the hamlets, and united them under a common goal. Sikaboutou is now about to achieve the status of official village. Because of the work carried out under the CAP I now proudly say: if you want to understand Cocoa Life, come to Sikaboutou.

Thanks to training, sensitization and crucially an ongoing presence on ground that has built trust daily, behaviors in the community have evolved positively and attitudes have changed. There is less gender-based violence; people trust community leadership; conflicts are better managed; and people come together to raise resources. These achievements have changed their lives.

With the knowledge we have gained, the Committee even initiated the process for transforming Sikaboutou into an official village – which is about to be completed. We have an effective system that has enabled us to facilitate access to birth certificates for 77 children. Because of the community development work, a private investor saw the opportunity to build a high school, which has created a better future for children and is a great relief for their parents. Thanks to what Cocoa Life has taught us about lobbying, we convinced the Conseil du Café Cacao⁴ to improve the main access road to the village, making the community more economically competitive. In other words, Cocoa Life brings people the capacity to take care of themselves.

A major accomplishment for us is the construction of a health clinic co-funded by Cocoa Life, the Conseil du Café Cacao and the community. Even surrounding communities chose to help fund the clinic.

Our 24 savings groups provide opportunities for entrepreneurship and solidarity, increasing our resilience as a farming community. Before the program, a few people met during periods of intense farming activities to help each other in response to lack of labor.

I cannot forget the benefits of improved cooking stoves. Cocoa Life taught us a new technique for building stoves at no extra cost, which has reduced the exposure of our mothers, women and girls to the smoke and heat of the fire, while reducing the amount of wood needed for cooking and therefore the burden of time in getting it. The next step is for these women to be able to turn this technique into an income generating opportunity by building stoves in other households and communities.

Beyond all these achievements, the most important for us is the strengthening of social cohesion in Sikaboutou. Looking at the configuration of the Community Development Committee and its inclusivity, we work hand-in-hand with people from all social and ethnic groups. Our cultural diversity is our strength and charm. Thank you Cocoa Life and CARE International for helping restore the dignity of the cocoa farmers we are, while improving the living conditions in our communities.”

⁴ Conseil du Café Cacao is the body that regulates cocoa in Côte d'Ivoire. <http://www.conseilcafecacao.ci/>

- KPI 3** Increase in women's participation in decision-making process
- KPI 5** Net income from sources other than cocoa
- KPI 6** Cocoa farmers' reduced vulnerability to external shocks
- KPI 7** Reduction in child labor and forced child labor
- KPI 8** Increase in career opportunities for youth in cocoa sector

IMPACT LEARNING THREE

NEW INCOME GENERATING OPPORTUNITIES INCREASE INCOME

...BUT NOT FAST ENOUGH TO MOVE ALL FARMERS OUT OF POVERTY



Cocoa farming needs to be a prosperous business of choice. That means generating enough income when combined with other local income opportunities to support the livelihoods of rural households. As part of our evaluation work we measure on-farm and off-farm income. This helps us understand the impact we have through our holistic approach. We have also used new partnerships, for example with the Living Income Community of Practice, to review our measurement methods and ensure our results will be comparable against latest income benchmarks.

We've seen overall income of Cocoa Life households rise over three years, driven both by cocoa and non-cocoa income. We do see fluctuations, but these are mainly due to local farming conditions and economic factors. In Indonesia, between 2015 to 2018, overall cocoa income improved by about 13% with upward and downward movements depending on location and year. In Ghana, we saw farmers in some regions improve their cocoa income by 6% while farmers in other regions decreased their income by 26%, partially due to a 20% reduction in overall cocoa farming area over the same time frame – mainly the result of plant disease or farm diversification.

Through evaluation, we have learned that for many cocoa farmers, overall net income from cocoa is not enough to support their household year round. That said, cocoa farming is still the largest reliable source of cash income for the majority of farmers. That means that cocoa farming beats other opportunities to earn income in rural areas, but this truth is potentially keeping farming households in cocoa despite them not having the right conditions to create a sustainable livelihood from it. For cocoa farming to be sustainable long-term, we need farmers to be able to choose it as a prosperous business of choice, not simply be forced into it as the only viable way to earn a living. Only coordinated action beyond the cocoa sector will create this change.

Non-cocoa income complements nearly every cocoa farming family's livelihood. Often cocoa farmers themselves are also petty traders, livestock raisers, or service providers. **We learned that the availability of opportunities is one of the main factors determining the level of household resilience. In Indonesia, about 90% of cocoa farmers have several options to earn income with an average of 2.9 different sources. In Côte d'Ivoire about 66% of farmers have an average of 2.1 different sources of income.** Being closely tied to local economic context, non-cocoa income

BY THE END OF 2018,
WE SUPPORTED OVER
18,500
HOUSEHOLDS IN STARTING NEW
INCOME EARNING
ACTIVITIES

increased significantly among cocoa farmers in Indonesia by about 120% between 2015 and 2018. However, in Ghana we saw modest increases of about 6% alongside decreases of about 37% across different regions during the same time frame.

The outside context of a depreciating currency and a budget shortfall in Ghana at this time cannot be ignored. From our

5 Typical business activities supported are: soap making, cassava processing, oil palm and coconut oil production, petty trading, food vending, making of pastries, and food crop farming such as vegetable cultivation.



own evaluation we know that, on average, farmers lost additional income earning opportunities across their households.

In anticipation of a longer-term, sector-wide, coordinated income strategy, we currently offer workshops to grow new income opportunities and increasingly advocate governments and other key actors to support the rural sector with sufficient investment. By the end of 2018, we supported over 18,500 households in starting new income earning activities. Encouragingly, from ABANTU for Development—a key implementing partner in Ghana—we learned that households which participated in these activities increased their non-cocoa income by 37% compared with before business start-up phase⁵. But we cannot create a diversified local economy on our own, which is why we are calling for a sector-wide strategy.

The majority (68% across all our origin countries) of participants in business start-up workshops were local women, often wives to or laborers for local cocoa farmers. As part of our holistic approach, we see that increasing the contribution women make to their household's income increases their share of financial decision-making significantly, and raises their community standing. It empowers them. We learned that 88% of women in Côte d'Ivoire who participated in business start-up workshops saw their income increase thanks to their new activities. The share of cash income generated by women increased 32% among participants in ABANTU's activities in Ghana. Importantly, 56% of women in Ghana also said that they are solely in charge of the income they earn themselves, and they typically invest it in family well-being and education.



“IT JUST FEELS DIFFERENT WHEN I GET TO BUY THINGS WITH MY OWN MONEY – IT FEELS GOOD KNOWING THAT I CAN PAY OFF THINGS WITH MY OWN MONEY. IT FEELS EVEN BETTER WHEN I CAN PROVIDE SOME MONEY FOR MY KIDS”.

Woman participant in Tettikengraae, Soppeng, Indonesia

We have learned that sustainability and household resilience in cocoa farming communities does not depend on cocoa alone—in reality, across several communities, over-reliance on cocoa might create unsustainable conditions. We want to see empowered cocoa farmers who have chosen cocoa farming as a prosperous business among competitive opportunities. We advocate for broader partnerships and stakeholder support to grow income opportunities within local economies, because we know the true root cause of poverty is a lack of opportunity. Local Community Action Plans guide the way: cocoa communities immediately press for working transport infrastructure, safe drinking water, and access to quality education. At the same time, we commit to scale up our support for local entrepreneurs to start new business activities, and to course correct where needed based on our impact evaluation, to focus on addressing barriers to entry and market access.

**KPI 9**

Helping future farming generations through sustainable natural resources use on farm

**KPI 10**

Increase in conservation of forests and maintenance of ecosystems

IMPACT LEARNING FOUR

COCOA LIFE FARMS AVOID PRIORITY PROTECTED AREAS AND FORESTS

Encouraging and enabling cocoa farmers and communities to protect the land where cocoa is grown has been fundamental to our approach. Understanding where and under what conditions cocoa is produced is critical to encouraging environment and forest-friendly farmer behavior. The most efficient way to achieve this is to map and monitor farms. Since 2016, we have partnered with our suppliers to locate and map the farms that supply our cocoa across Côte d'Ivoire, Ghana, and Indonesia, providing transparency about their location. About 63% (93,000) of these farms, spanning over 166,577 ha, have been mapped already.

Many farmers do not have adequate information about the size of their land, location, and legal status, so our mapping efforts also support them in understanding how to get more out of their farms – helping them build better businesses. From evaluation we have learned that farmers tend to over-estimate the size of their farms and sometimes the difference can create misleading assumptions about effectiveness and farming techniques. During a 2018 study in Indonesia, the average farm size according to farmers was 4.9 ha, with an estimated 3.5 ha of that land planted with cocoa. However, a satellite-based mapping exercise showed on average 0.79 ha was planted with cocoa.

Since 2016, we have openly published our farm mapping updates online, to promote a coordinated strategy and supply-chain transparency. This milestone marked the first time any large cocoa company had disclosed locations of the cocoa

farms they source from. Our interactive online map available here allows any user to see the approximate location of Cocoa Life farms. We partner with Global Forest Watch to analyze how Cocoa Life farms interact with forested and protected land, allowing us to intervene if farmers expand into protected areas.



"Mondelēz's Cocoa Life program has been diligently working to identify cocoa supply chain areas in need of improvement, a critical step towards meeting their no deforestation goals. The World Resources Institute is proud to support Mondelēz in this effort through Global Forest Watch Pro – an online platform that helps measure the impact of supply chains on forests. We look forward to continuing to work with Mondelēz and other Cocoa & Forests Initiative stakeholders to measure and manage deforestation within the cocoa sector."

Caroline Winchester, Global Forest Watch Commodities and Finance Research Analyst, World Resources Institute



We aim to map 100% of farms within Ghana, Côte d'Ivoire and Indonesia by the end of 2019, but we need national structures in place to secure lasting change. Governments must continue to review the legal classification and update the boundaries of protected areas. Encouragingly, national bodies are engaged and currently reviewing national forestry codes to ensure that the cocoa sector can access reliable information and clear process documentation to support the protection of forests. In the future, Mondelēz is committed to deforestation free cocoa across all of its cocoa supply.

As part of a sector-wide, long-term strategy, we became a founding member of the World Cocoa Foundation's Cocoa and Forest Initiative⁶ (CFI) in 2018. Through the CFI, governments, cocoa actors, and civil society act together to create a deforestation free cocoa supply chain, jointly committing to actions and targets. In line with the CFI, we have investigated all 93,000 parks and wildlife reserves in Ghana and Côte d'Ivoire.

Through our experience we have learned that taking responsibility for your supply chain is possible when strong partnerships are created. Engaging farmers and communities by providing information and training about the importance of environmental protection is crucial, but we have to go further by monitoring the exact location and expansion of farms. In the future, we will continue to explore innovative schemes such as Payments for Environmental Services (PES), to incentivize farmers and communities to protect forests and adopt forest-friendly farming techniques such as planting complementary crops alongside cocoa. But we know we can't do it alone. Legal frameworks need to come from governments to provide security and clarity to rural smallholder farming families who themselves are often operating in vulnerable conditions.

COCOA LIFE HAS TAUGHT US THAT THE CHANGES IN THE WEATHER CONDITIONS ARE A RESULT OF THE CUTTING DOWN OF TREES IN THE FOREST. THEY HAVE TAUGHT US NOT TO ALLOW THIS ON OUR FARMS AND THEY GIVE US TREES TO PLANT HERE."

Farmer, Ayomso



⁶ <https://www.worldcocoaoundation.org/initiative/cocoa-forests-initiative/>

AS OUR PROPRIETARY SUSTAINABILITY PROGRAM COCOA LIFE IS SIMPLY 'HOW WE DO BUSINESS' AND IS FULLY INTEGRATED INTO ALL OF OUR SOURCING DECISIONS. THIS IS IMPORTANT BECAUSE WE NEED A ROBUST SUPPLY CHAIN TO GROW OUR CHOCOLATE BUSINESS. I AM PROUD OF THE PROGRESS WE ARE MAKING TO IMPROVE THE LIVES OF THE FARMERS WHO GROW OUR COCOA AND AM KEENLY EXPLORING NEW INNOVATIONS THAT WILL FURTHER MODERNIZE COCOA FARMING AROUND THE WORLD."

Mark Dady, Senior Vice President, CPO & Global Supply Chain Strategy



EXPANDING COCOA LIFE

Encouraged by the progress we are making and the impact Cocoa Life creates, we are proud to commit that all our chocolate brands will source their cocoa from Cocoa Life by 2025. This means that we will know where our cocoa is grown, that it doesn't come from protected forests and that appropriate due diligence is in place to address the child labor risk.

Today, we source 43% of our chocolate through Cocoa Life, and we have everything in place now to scale this up. In order to ensure that we continue

creating a positive impact while introducing more farmers and communities to Cocoa Life, we felt it important to review the Cocoa Life framework – which defines why our program exists and how it delivers on the ground. As a result, we have brought an even stronger focus to our key areas of intervention.

TODAY, WE SOURCE
43%
OF OUR CHOCOLATE
THROUGH
COCOA LIFE
AND WE HAVE
EVERYTHING IN PLACE
NOW TO SCALE THIS UP



OUR FRAMEWORK TO SCALE UP

We have a vision to make cocoa right. That's why our mission is to lead the transformation of the cocoa sector. We do this by implementing our holistic program in partnership with others, sharing what we've learned on the journey, and by advocating for policy change.

We are creating a movement for lasting change, rooted in deep understanding, sector-wide collaboration and partnership.

To deliver on our mission, we have 5 principles that guide all our actions:

- 1 INCREASE TRANSPARENCY BY CONNECTING CONSUMERS TO COCOA GROWERS
- 2 ALWAYS AIM FOR COCOA GROWING COMMUNITIES TO SUSTAIN THEMSELVES BY BUILDING CAPACITY AT ORIGIN
- 3 MAKE GREATER IMPACT BY CREATING TRANSFORMATIVE PARTNERSHIPS
- 4 RESPECT HUMAN RIGHTS, WITH A FOCUS ON CHILD RIGHTS AND WOMEN'S EMPOWERMENT
- 5 ENSURE BUSINESS RELEVANCE



IT IS OF GLOBAL IMPORTANCE THAT COCOA LIFE, THE LARGEST SINGLE COMPANY SUSTAINABLE COCOA PROGRAM, FULLY RECOGNIZES AS A TOP PRIORITY OF THEIR PROGRAM TO CONSERVE AND RESTORE FORESTS. THIS PRIORITY IS ALONGSIDE EMPOWERING COCOA COMMUNITIES AND ENSURING SUSTAINABLE LIVELIHOODS FOR COCOA FARMERS. IT IS ONLY WHEN PLACED AT THIS LEVEL OF IMPORTANCE CAN INTERVENTIONS BE SUFFICIENTLY FOCUSED AND SUBSTANTIAL TO MAKE A REAL DIFFERENCE."

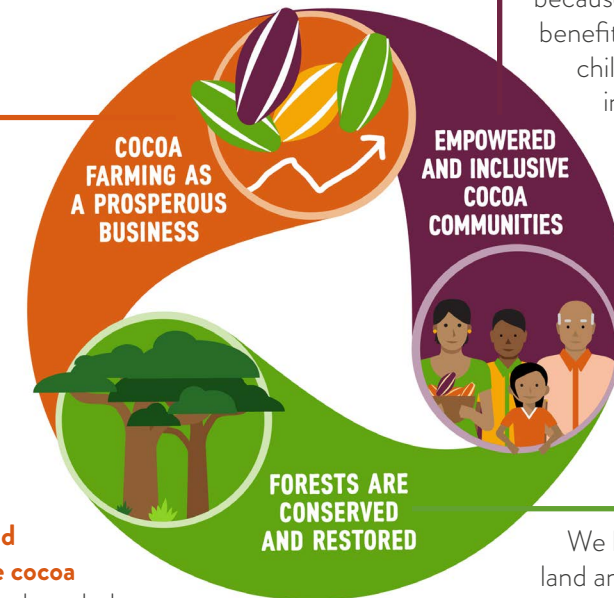
Andrew Bovarnick, Lead Natural Resource Economist and Global Head, United Nations Development Programme's Green Commodities Program, and Cocoa Life Advisor

We believe that integrity and accountability are as important as sun and water. That's why understanding the impact of our interventions, while maintaining full transparency of our supply chain, is a program essential. We continue to ensure independent evaluation of our program impact by working with Ipsos, and Flocert will continue to verify the volume and premium flow in our Cocoa Life supply chain so we maintain full transparency. Furthermore, we will continue to work with classic smallholder farming models but also explore more innovative ways of engaging with smallholders through, for example, aggregated farms.

Our interventions on the ground focus on making cocoa farming a prosperous business, while ensuring the communities they are part of are inclusive and empowered, and forests are protected and restored.

We need thriving cocoa growing communities that are empowered to drive their own development, that have the capacity and knowledge to identify development needs, design action plans and secure the funding needed to achieve them. We need women's voices to be heard and for women to be influential and economically empowered, because women's empowerment benefits all. We believe the work of children is education and play. Our interventions are focused around addressing these themes as well as bringing stronger resilience through promoting entrepreneurship and access to financial services.

We need to modernize cocoa farming and make sure that in the future, farmers choose cocoa because it is a productive crop that provides a good livelihood. Therefore, our first area of focus includes interventions that strengthen cocoa farmer organizations and help farmers grow more cocoa on less land. Informed by knowledge gained from agricultural research, and by grouping farms into comparable groups, we stimulate the adoption of Good Agricultural Practices in a targeted way. In addition, we provide access to fertilizer, crop protection, improved planting materials and financial knowledge – at the right time and with the right support. We believe farmers shouldn't have to farm cocoa because it's the only viable business option for them but because it is a prosperous business. For that to be the case, returns from other crops and rural development overall also need to increase.



We believe that conserving the land and forests is a promise to future generations. Under this key area, we focus on maintaining cocoa ecosystems by protecting the land and forests. All Cocoa Life farms are satellite mapped and monitored, allowing us to identify areas at risk of deforestation and take action to prevent this. Interventions include systematically including Good Environmental Practices in farmer coaching, promoting and piloting agroforestry models where appropriate, and implementing Payment for Environmental Services mechanisms with Redd+ and the relevant ministries to incentivize farmers and communities to restore the forests.

CASE STUDY:

A TARGETED GOOD AGRICULTURAL PRACTICES APPROACH IN GHANA

Over the years of Cocoa Life we have listened and responded to farmers' needs, and evolved our approach to improve our impact. We've learned that there is no 'one-size-fits-all'. The key to lasting change is a holistic program with targeted interventions, tailored to community needs. Nowhere has this been more clearly observed than through our work to embed Good Agricultural Practices within our cocoa-growing communities.



**COCOA FARMING
AS A PROSPEROUS
BUSINESS**

When Cocoa Life started, we rolled out standard farmer field training, where one farmer trainer would train groups fluctuating from 50 to 100 farmers, and sometimes even more, at once. The approach didn't take into account the fact that each farm and each farmer is different. The challenges on each farm were so unique that this approach did not lead to the improvements we had hoped for. So we developed a more targeted system: one better suited to individual farms' challenges.

We are now introducing individual coaching and the use of Farm Development Plans across our training program. We believe this will allow us to have more relevant recommendations, adapted to each farmer who will have to decide what investment they are prepared to make on their farm.

In Ghana and Côte d'Ivoire, we decided to go one step further and have been testing 'Targeted GAPs'. We believe about a quarter of Cocoa Life registered farms could be offered these. We devised this pilot using insights and learnings from the Mapping Cocoa Productivity project we ran with the University of Reading, the Cocoa Research Institute of Ghana (CRIG) and the Indonesian Coffee and Cocoa Research Institute (ICCRI). This project studied how different farming practices impacted smallholder cocoa productivity on more than 300 farms over 3 years – looking at all the different factors that affect a farm.

We found that the key factors affecting yield size included fertiliser application, fungicide application (against blackpod disease), planting density and soil nutrient content. The amount of shade recorded was also often below recommended levels, leading to the insight that additional shade planting may benefit many cocoa farms. Overall, the study's results highlighted that there was considerable potential for yield increase on cocoa farms if practices improved.

Building on our learnings from this project, we then worked to identify the key factors affecting adoption of Good Agricultural Practices:

- Access to the right inputs, such as fertilizer, at the right time
- Access to labor to apply the required interventions
- Ability to prioritize the most effective intervention for each specific farm

With this in mind, we created a targeted GAP system to help farmers prioritize which actions would be most effective, and tested it with them. We have now concluded the trial phase in Ghana, which involved providing tailor-made recommendations supported by soil analysis to farmers across 40 farms. We also provided assistance for farmers to implement the recommendations.

The results after 3 years are very encouraging. On average, we almost doubled the yield on cocoa farms: from 667 kg/ha to 1225 kg/ha per year, and we greatly increased farmers' annual net income.

Some of the best feedback has come from the farmers themselves. Isaac Awiakyee Amoah, a cocoa farmer from the Adiembra community in Ghana, said: "I took part in the targeted GAPs project because my yield was not high - I needed more. I have learnt that when I use GAPs, my yield increases. I now no longer need to borrow money to pay for my children's university fees."

We're incredibly pleased with these results, but there's no time to lose. We are now moving into the next phase: designing and setting up partnerships to validate our approach across 500 farms in Ghana. **We are confident that this targeted system, responsive to individual farm needs, will create tangible, positive benefits for farmers in our cocoa supply chain, helping them to grow opportunities and improve their livelihoods.**

CASE STUDY:

A HOLISTIC APPROACH TO ELIMINATING CHILD LABOR



Respecting and promoting human rights is a key principle of our framework as part of our work to ensure our cocoa communities are empowered and inclusive. Central to this work are our efforts to eliminate child labor and protect the rights of children.

When a new community joins the Cocoa Life program, our NGO partners on the ground conduct a needs assessment, involving the local community. The assessment covers human rights issues such as forced labor and child labor. Based on this assessment and with support from partners, community members develop a Community Action Plan. This plan enables our partners to implement a range of activities to address identified issues. Working with communities, we then equip them with the skills they need to advocate for their own development, safeguard their livelihoods and prevent issues like child labor in the long-term.

Our approach to eliminating child labor is three-pronged: it focuses on prevention, monitoring and remediation, with a heavy emphasis on addressing the root causes of child labor.

PREVENTION

Cocoa Life's holistic approach addresses the root causes of child labor around poverty and lack of rural development. Through our Community Action Plans, we develop interventions to:

- Increase income from cocoa farming as well as additional sources
- Empower communities to advocate for their own development
- Empower women at household and community level

Prosperous cocoa farms mean farmers are less likely to rely on their children to support in their work. Empowered women and communities, who understand their development needs, will push for their children to remain in school.

MONITORING & REMEDIATION

In Côte d'Ivoire and Ghana, where extensive research, including studies commissioned by Mondelez International, confirms a high risk of child labor in the cocoa sector, we are working with local authorities and partners to roll out community-based Child Labor Monitoring and Remediation Systems (CLMRS).

When we say 'community-based', we mean that like Cocoa Life, the CLMRS is centered on communities. To ensure the CLMRS are sustainable and able to run independently of

Cocoa Life in the long-term, they also focus on building the capacity of the communities themselves, as well as that of public authorities to support them and fulfil their duty to protect human rights. That means, as part of our CLMRS, we:

- Set up and train Child Protection Committees to become the focal point within the community and primary liaison to school and district authorities
- Use government-developed tools to support national policies and avoid the creation of parallel systems
- Share all data with the authorities and refer identified cases for remediation whenever needed
- Take a broader lens and consider child rights beyond child labor, for instance setting up child reading clubs to empower children to advocate for their own rights

We are working with local authorities and partners towards having a CLMRS in place in all 1,123 Cocoa Life communities in Ghana and Côte d'Ivoire. By the end of 2018, 403 communities in Ghana were already covered by a community-based CLMRS.

Working through industry and multi-stakeholder platforms, we also call for industry and governments to join forces to create comprehensive, systemic solutions. In order to be effective, we need strong public-private partnerships and widespread recognition that child labor is a symptom of deeper underlying issues, such as poverty and lack of rural development. In order to make true and long-lasting positive change, these issues must be addressed at their core.

CASE STUDY:

DRIVING REFORESTATION EFFORTS IN CÔTE D'IVOIRE



Maintaining cocoa ecosystems and protecting the landscape has been core to the program since it was launched. Our innovative Payments for Environmental Services (PES) pilot project in the Nawa region of Côte d'Ivoire is a great example of our broad-reaching approach to protecting our forests.

Reforestation work needs to generate financial value to those involved, in order to ensure it continues. But reforestation is a big commitment both from a financial perspective and in terms of time and resources. The PES scheme alleviates some of these upfront costs to farmers.

"MONDELÈZ INTERNATIONAL IS A KEY PARTNER FOR US IN CÔTE D'IVOIRE. I AM IMPRESSED BY THEIR CONTINUED COMMITMENT TO PROTECTING AND RESTORING FORESTS, AND WE ARE DELIGHTED TO LEARN WITH THEM AS THEY SCALE UP THEIR PES PILOT FROM THE NAWA REGION. TOGETHER, WE HOPE TO CREATE A DYNAMIC AND SOLID COCOA SUPPLY CHAIN WHILE TRANSFORMING THE LIVELIHOODS OF FARMERS AND THEIR COMMUNITIES."

Mr. Alain-Richard Donwahi, Minister of Water and Forests, Côte d'Ivoire

Payments for Environmental Services are voluntary contracts created with farmers or communities, wherein economic incentives are offered for adopting agreed farming practices that protect and restore forests.

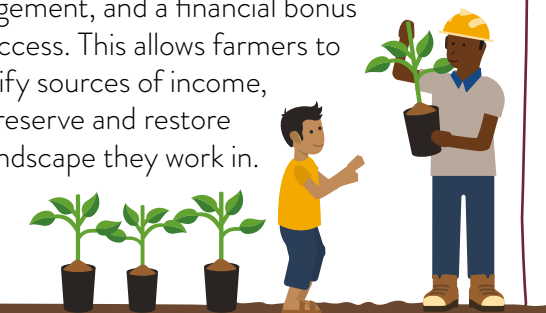
Within Cocoa Life, PES combines two approaches:

AT COMMUNITY LEVEL:

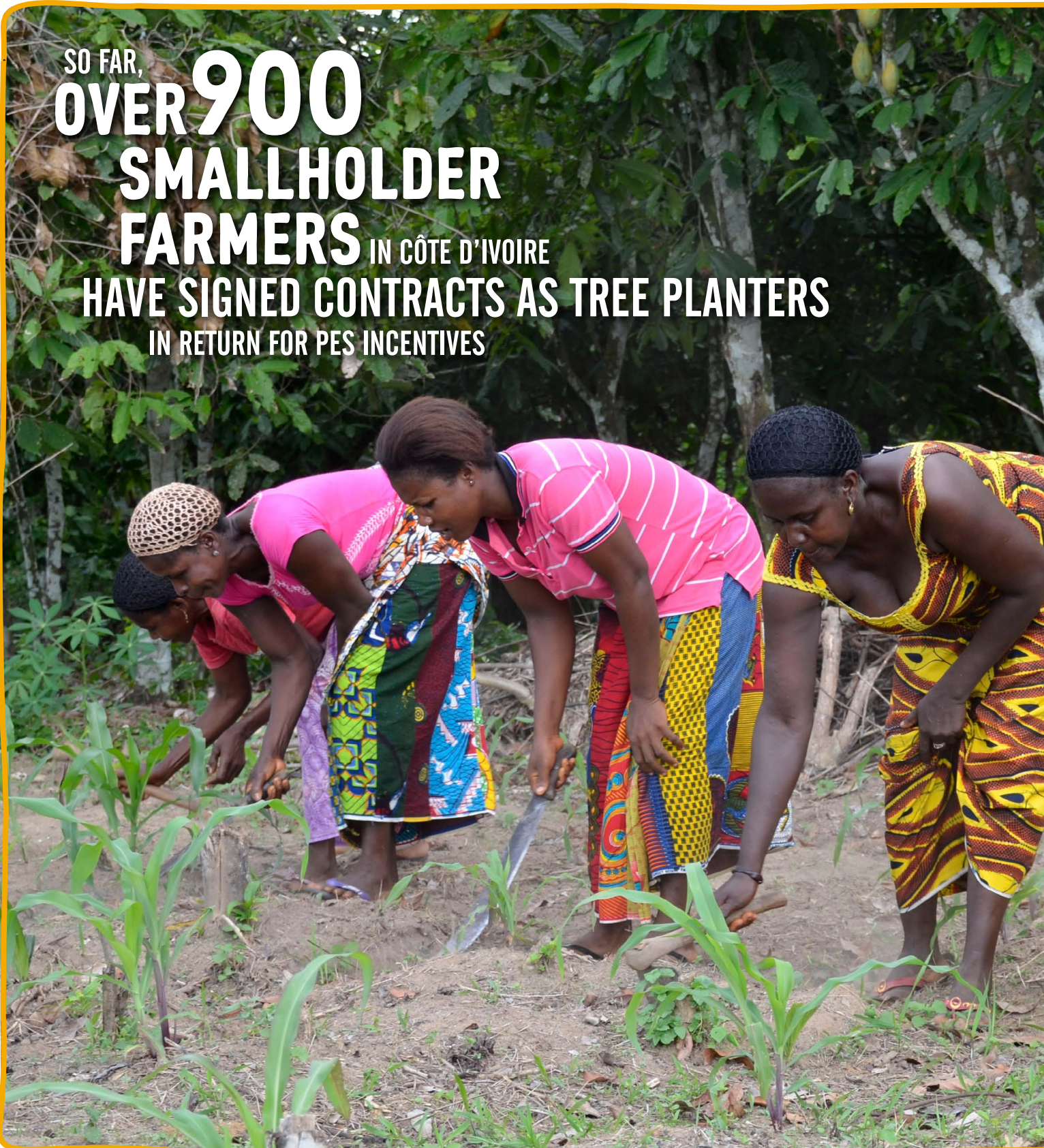
This involves cocoa growing communities in a collective conservation and reforestation effort, through a plan for land use.

AT COCOA FARMER LEVEL:

The purpose is to support cocoa farmers to invest in productive agricultural practices, which are respectful of the environment and forests, such as agroforestry – which means planting of non-cocoa tree crops on their farms. PES incentives can take the form of seedlings, technical support for plantation management, and a financial bonus for success. This allows farmers to diversify sources of income, and preserve and restore the landscape they work in.



SO FAR,
OVER 900
SMALLHOLDER
FARMERS IN CÔTE D'IVOIRE
HAVE SIGNED CONTRACTS AS TREE PLANTERS
IN RETURN FOR PES INCENTIVES



PES AS AN ENABLER FOR WOMEN'S EMPOWERMENT

Women often feel the impacts of climate change most immediately, as they tend to be in charge of their household's food security. Climate change makes it increasingly difficult for women to have access to key amenities including water, food, firewood and medicinal plants. So in partnership with organisations including Impactum and CARE International, we have been working to develop a green entrepreneurship program for women in Côte d'Ivoire, helping them build livelihoods while preserving the environment.

The project, which combines PES with reforestation and agroforestry, supports the creation of nurseries to grow food and shade tree seedlings. These are essential for a healthy and varied forest and provide shade to help cocoa trees thrive.

We connected six women-led savings and loan groups to three tree nurseries, which they now run. The women receive regular training on tree production techniques and how to manage the nurseries. We provide them with a continuous supply of seeds for timber and food trees such as mahogany and acacia. Once grown, seedlings are distributed to cocoa farmers registered under the PES scheme or sold by the women, creating an additional income stream for their savings and loan groups.

So far, over 900 smallholder farmers in Côte d'Ivoire have signed contracts as tree planters in return for PES incentives. This forward-looking project is not only seeing great success in terms of the number of farmers signing up; it is also providing many local women with new economic opportunities. Through community-level contracts, the scheme also provides social infrastructure such as schools, clinics and wells in exchange for successful reforestation or conservation.

To implement the pilot we work closely with our partners: NGOs Impactum and CARE International, as well the EU REDD Facility and the government of Côte d'Ivoire.

Such genuine collaboration between a range of public and private partners is generating positive results. We are committed to continuing to drive these projects in all our cocoa-growing communities: by the end of 2022, we aim to have 20,000 farmers signed up to PES schemes in Côte d'Ivoire. In Ghana, we aim to target 10,000 farmers from 50 communities with PES. And in Indonesia, our goal is 3,000 PES contracts.⁷ By working hand-in-hand with our communities and creating the right incentives we can achieve this goal, and grow opportunities for both men and women in all our origin countries.

⁷ Source: CFI Action Plans

LOOKING TO THE OPPORTUNITIES AHEAD

We take pride in the encouraging results set out in this report, and in working with our partners to deliver them. These results are only possible through working in partnership and by listening to the wisdom of our external advisors from leading environmental, policy and humanitarian organizations: their expertise and outside perspective keeps us on the right course. They challenge us to expand our goals and policies and hold us accountable to continuous improvement.

I'll never forget the experiences I've had working hand-in-hand with cocoa farmers. Some of my favorite moments have been starting needs assessments and finding success through true cooperation and co-creation. It's so powerful seeing the light in someone's eyes as they have that 'aha!' moment: as they realize that they are part of the solution and they have the ability to steer their own development. I remember one community member telling me that thanks to her involvement in her Community Development Committee, her confidence increased and she had taken on the challenge to steer the focus of her community's development plan. Through her training and support from the VSLAs she had also secured additional income for her family, helping position her as a co-decision maker alongside her husband and enabling her to send her two daughters to school, whereas previously they just sent their sons. This is where empowerment starts."

Cathy Pieters, Global Director, Cocoa Life.

But the job is far from done. As a sector, we still have a long road ahead, and our journey so far has taught us that we need:

A HIGH-LEVEL STRATEGY SUPPORTED BY LONG-TERM COORDINATED ACTION

At Cocoa Life, we have set the wheels in motion to ensure our activities contribute to this broader strategy. As a signatory and founding member of the Cocoa & Forests Initiative, we are proud to have been a driving force in this sector-wide commitment to tackle deforestation. We, alongside each ratifying member, now have our own action plan⁸ with concrete targets that ladder up to the wider goals. The result will be much more than the sum of its parts.

Public-private partnerships (PPPs) are a powerful tool. Working with World Cocoa Foundation (WCF) and the International Cocoa Initiative (ICI), we support a systemic approach to address the root causes of child labor in close partnership with governments, development partners and civil society organizations.

We are proud to be a founding and active member of CocoaAction.⁹ Over the past four years of CocoaAction, the industry has started to implement programming aligned on a common approach built on shared best practices. We learned that the industry cannot drive the change needed on its own and a multi-stakeholder approach especially with governments is critical to address the complex topics we are trying to tackle in a non-competitive way. We remain committed to CocoaAction and will proactively share the learnings in this report to help guide future actions, with more stakeholders onboard.

⁸ Cocoa Life (2019) Action Plans: Ending deforestation, promoting forest restoration and sustainable production in the cocoa supply chain. https://www.cocoalife.org/~media/CocoaLife/en/download/article/Cocoa_Life_Action_Plans_March_5_2019.pdf
⁹ <https://www.worldcocoafoundation.org/about-wcf/cocoaaction/>

At the World Cocoa Foundation, we are impressed with Mondelez's strong global leadership on the Cocoa & Forests Initiative. Ending deforestation in the cocoa supply chain is a complex and difficult journey. Its CFI action plans, developed with national and local governments, lay out a series of innovative and powerful interventions that will truly drive change in the supply chain and show the company's determination to protect and restore forests. Mondelez is already making great progress through its Cocoa Life program with concrete actions to tackle issues on the ground and by innovating with the introduction of Payment for Environmental Services among others."

Richard Scobey, President,
World Cocoa Foundation



HOLISTIC ACTION TO TACKLE ROOT CAUSES

To build truly sustainable livelihoods, we must look at all factors contributing to the amount of income a household needs: from the size of the household, to additional sources of income and farm productivity. Starting at the root, we are working with Fairtrade to understand the building blocks of a sustainable livelihood. Then we will look at where our Cocoa Life program is delivering, and identify potential gaps.

We hope our encouraging results inspire more industry members to implement integrated approaches and broaden their impact at scale.

We know that in order for cocoa farming to deliver for farmers and their families now and in the future, it must become a prosperous business, and the landscape must be protected. That's why we work closely with farmers to address the whole picture. We coach them on Good Agricultural Practices that help them grow more cocoa on less land. We introduce them to innovative agroforestry techniques (with financial incentives) that encourage crop and income diversification, and promote the conservation and protection of forests. We also develop tailored plans for farmers, laying out the actions individual farmers can take to get the most from their land. One size does not fit all, which is why we invest in developing targeted coaching programs for our farmers, in order to generate solutions that last.

However, beyond working with individual farmers, we as a sector need to be open to exploring new, innovative farming models that will take cocoa into the future as a modern crop. We need to be agile, flexible and adaptable in order to guarantee a sustainable supply of cocoa.

Cocoa is the essence of our chocolate, so we must ensure it is made right. We believe getting it right at the root gives us the best chance. Success will not be found by acting alone, and this is why we are building a movement for lasting change: to scale our holistic approach through productive, collaborative partnerships.

Cocoa Life and Fairtrade evolved their partnership in 2016 to work together on new innovative programs to improve sustainable livelihoods for cocoa farmers, to strengthen farmer organizations, and to increase farmers' resilience in the face of climate change. Our latest joint research project aims to identify ways to scale up, innovate and create lasting impact for cocoa farming communities in Ghana and Côte d'Ivoire, complementing each of our programs and using an approach that allows us to investigate what works and improve.

The research allows us to see a picture of the whole sector effort, identifying opportunities for designing and delivering programs. The results will point the way forward not only for Cocoa Life, but for any interested actor designing programs or working in West Africa with cocoa farmers. Mondelez and Fairtrade will publish the study later in the year. Based on the outcomes of this landscape study, we are in a position to design programs with farmers using innovative approaches and introduce interventions to positively disrupt the cocoa sector and allow farmers to increase their incomes and improve their livelihoods in a sustainable way."

Naomi Somerville-Large, Monitoring, Evaluation and Learning Manager, The Fairtrade Foundation

Only by implementing a sector-wide, holistic, long-term strategy, and one that is supported by coordinated action by industry players, producing and consuming governments, and civil society, will we achieve this lasting change.

THANK YOU TO OUR PARTNERS



OUR PARTNERS

IMPLEMENTING PARTNERS

Barry Callebaut
CARE International
Cargill
Ecom
Fairtrade
Olam
Save the Children
Solidaridad
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UNDP
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World Vision Ghana
Abantu (Ghana)
Child Rights International (Ghana)
Right To Play (Ghana)
Institute of Democratic Governance (Ghana)
Treeglobal (Ghana)
AgroEco (Ghana)
Impactum (Côte d'Ivoire)
Earthworm (Côte d'Ivoire)
ADVANS (Côte d'Ivoire)
Conacado (Dominican Republic)
REDDOM (Dominican Republic)
Fuparoca (Dominican Republic)
Rizek (Dominican Republic)
WAHANA VISI INDONESIA

GOVERNMENTS

Ghana Cocoa Board
Conseil du Café-Cacao
Indonesian Coffee & Cocoa Research Institute (ICCRI)
Kerala Agriculture University (India)
CEPLAC (Brazil)
National Board for Small-Scale Industries (NBSSI) Ghana
Ministry of Environment Côte d'Ivoire
Ministry of Water & Forests Côte d'Ivoire

CHOCOLATE BRANDS

Cadbury Dairy Milk
Côte d'Or
Daim
Freia
Green & Black's
Marabou
Milka
Suchard

EXTERNAL ADVISORS

Aidan McQuade
Andrew Bovarnick
David McLaughlin
Jane Nyambura
Mil Niepold

INDUSTRY PLATFORMS

International Cocoa Initiative (ICI)
World Cocoa Foundation (WCF)

OTHER

IPSOS
Flocert
TNC (Brazil)
Magic Bus (India)
World Resources Institute/Global Forest Watch
Jacobs Foundation (Côte d'Ivoire)

GLOSSARY

AGRICULTURAL EXTENSION SERVICE

The application of scientific research and new knowledge to agricultural practices through farmer education.

AGROFORESTRY

On Cocoa Life registered farms, farmers are encouraged to plant non-cocoa trees alongside cocoa crops. This supports soil quality, encourages diversification and provides new sources of income.

CHILD LABOR MONITORING AND REMEDIATION SYSTEMS (CLMRS)

A structure embedded in our cocoa supply chain which aims to identify and remediate cases of child labor. Our CLMRS approach is centred on communities and focuses on building the capacity of the communities themselves, as well as that of public authorities to support them to fulfil their duty to protect human rights.

COCOA & FORESTS INITIATIVE (CFI)

A collective group of companies, industry and governments to end deforestation and promote forest restoration and protection in the cocoa supply chain.

COMMUNITY ACTION PLAN (CAP)

The development of these plans is facilitated by expert NGO partners and implemented by the communities to ensure their development socially, economically and environmentally. Communities determine their own community development actions – including forest protection and restoration – to encourage ownership.

COMMUNITY DEVELOPMENT COMMITTEES (CODEC)

Committees established through facilitation by Cocoa Life to ensure that CAPs are 'owned' by the community. These committees are formed by elected members, representing all groups of the community.

CROP DIVERSIFICATION

Growing a variety of crops on a farm and off-farm. This expands production-related activities and also reduces risk to farmers by allowing them to spread their income-generation over multiple crops.

DEVELOPMENT PLANNING DELIBERATIONS (MUSREMBANG)

A local community planning structure in Indonesia, which puts in place capacity to drive community development.

ECONOMIC / SHADE TREES

Shade trees are an important part of sustainable cocoa farming; they safeguard cocoa against too much sunshine and heat and improve soil quality. This has a positive influence on long term productivity, help safeguard biodiversity, and can provide additional income for farmers.

FARM MAPPING

Farm mapping is usually done by people walking around the farm with a GPS device to delimit the borders. It helps us understand farm sizes and locations. Understanding where and under which conditions cocoa is produced allows prevention of farms expanding into the forest.

FARM PRODUCTIVITY

Refers to the volume of cocoa produced on Cocoa Life registered farms. Analyzing this information will help us to support Cocoa Life farmers in increasing the production of cocoa.

FLOCERT

An independent international certification body that we work with. It continuously collects information from our direct suppliers and farmer organizations to verify the flow of cocoa from Cocoa Life communities into our supply chain, and the benefits that cocoa farmers receive. Verification provides transparency and enables us to quantify Cocoa Life's impact on farming communities.

GOOD AGRICULTURAL PRACTICES (GAP)

Cocoa Life farmers receive training in best practice farming methods to increase productivity and yields. We also facilitate access to inputs such as improved planting material and fertilizers.

IPSOS

An independent international research organization that works on the ground to measure our program and the impact we have. They look at 10 key performance indicators - such as cocoa yield and reduction in child labor - to assess whether we're creating the right change in these areas.

LIVING INCOME COMMUNITY OF PRACTICE

An alliance of partners dedicated to the vision of thriving and economically stable communities. As a partner, we use the community to review our measurement methods and ensure our results are comparable against the latest income benchmarks.

PAYMENT FOR ENVIRONMENTAL SERVICES (PES)

Economic incentives offered to farmers for adopting agreed agroforestry practices, as well as forest protection and reforestation.

PUBLIC PRIVATE PARTNERSHIPS (PPP)

These are cooperative arrangements between two or more public and private sectors of a long-term nature.

REFORESTATION

We encourage farmers to plant non-cocoa trees both on their farms and in forests affected by deforestation in order to protect the environment and help maintain cocoa ecosystems.

RETURN ON INVESTMENT OF THE FARM

We make recommendations to Cocoa Life registered farmers to help to increase productivity, such as making financial investment on the farm. Before making such recommendations we ensure the farmers will recover the money invested and make additional margin through increased productivity generated by the investment. We therefore look at the return on investment, or net income generated by the farm activity after considering the investment made.

VILLAGE SAVING AND LOANS ASSOCIATIONS (VSLA OR SAVINGS AND LOAN GROUPS)

A flagship activity of Cocoa Life, their purpose is to encourage savings and access loans for cocoa farmers. Members of a VSLA make small, regular monetary contributions to a shared pool, from which they may each take out low-interest loans. At the end of a one-year cycle, the sum of the pool is shared out among members based on contributions made, and a new contribution cycle begins.



GREEN
& BLACK'S

Cadbury

Milka

Daim



Marabou

WE BELIEVE

A sustainable cocoa supply begins with empowered cocoa farmers

Integrity and accountability are as important as sun and water

Partnership is the key to lasting change

Efficient farming practices lead to financial security

The work of children is education and play

Gender equality benefits everyone

Conserving the land and forests is a promise to future generations

COCOA LIFE: GROWING OPPORTUNITIES TOGETHER

Mondelez
International

