

Philippine Cocoa Exports Up Six-fold

Data gathered from the Bureau of Customs (BOC) Region XI (Southern Mindanao) office reveals that the volume of cocoa products exported from 2008 to 2009 has increased dramatically.



"The increase in the export volume of cocoa-based products from the region as compared to the previous years has been very impressive. Years back, we rarely handled transactions related to cocoa exports. Surprisingly, in 2009, the number of transactions increased and we at the Bureau are glad to see developments like this for we know it translates into a number of opportunities which is good for the country's economy," Mary Ann P. De Guzman, the acting chief of the export division of BOC XI said in an interview.

From 2008 to 2009, cocoa product exports posted an impressive six fold increase from only 151 MT in 2008 to 1,113 MT in 2009. In 2008, China and the United States were the main importers of cocoa products from the region. However, in 2009 the market expanded to Europe, with the Netherlands as the main shipping point, and to neighboring countries of Thailand and Malaysia.

In 2009, the bulk of cocoa exports (59 percent) was shipped to Malaysia. A total of 25 percent went to Thailand, 9 percent went to the Netherlands, and 7 percent went to the USA, which was the top export destination in 2008. The Malaysia and Thailand markets have contributed to the decrease of volume exported to the USA.

Mrs. Charita Puentespina, the owner and manager of Puentespina Farms, is among the exporters of cocoa products and among those who are very happy with this development. "A few years back, in cooperation with other industry stakeholders, including Mars Inc. and ACIDI/VOCA, we encouraged massive cocoa production to farmers through trainings, technology upgrading and marketing efforts," Mrs. Puentespina said in an interview.

Mrs. Puentespina added that the development the industry has experienced has been a great reward. "However, cocoa players must not forget that sustaining this needs everybody's cooperation. To produce products which are of good quality and right quantity is one of the keys to advance the industry's position. This strongly requires chain wide observation and implementation of good practices which warrants the cooperation of everybody," Mrs. Puentespina continued.

A lot of farmers are now interested and have engaged in cocoa production and cocoa farm rehabilitation activities. Cocoa production has become very attractive among farmers since it promises to be a very profitable venture. The expectation of profitable local and export markets and steadily increasing prices for cocoa products is a huge incentive for many farmers throughout the country.



M'Nong Farmer Brings Prosperity to His Family and Community through SUCCESS Alliance Cocoa Program

Mr. Y Nhuon Dak Cak, a SUCCESS Alliance Training Facilitator in Dak Lak province in Vietnam has just built a house.



A red metal roof graces the building, and soon he will install a new floor. When asked how he paid for his new home, Y Nhuon replied "from selling the cow because we are going to harvest cocoa soon. And I believe cocoa will help us with much more money, get out of hunger and poverty."

As a member of the M'Nong ethnic minority, Y Nhuon's family has lived in Dak Lak for over ten years. For over a decade he has tried growing several crops, planting only for consumption and getting insufficient yields. His difficulties were common to many ethnic minority households in this area because he lacked farming skills and long term planning techniques. Because his crops were not profitable, he had to sell his labor to neighbors in order to cover family expenditures such as medicine and school fees for his children.

In 2007, when the USAID-funded SUCCESS Alliance launched its program in Dak Lak, Y Nhuon volunteered to be a training facilitator for his district and mobilized neighboring farmers to establish a cocoa club. Y Nhuon participated in SUCCESS Alliance training programs and organized Farmer Field Schools to transfer what he learned to his club members in his village. During training, Y Nhuon received 200 cocoa seedlings and acquired methodologies applicable to each stage of cocoa growth. Applying these techniques, Y Nhuon and his fellow club members began to grow healthy cocoa trees on their farms.

Y Nhuon's cocoa farm had its first flowering season in 2009. Instead of selling the fresh pods at about 3,000 VND/kg (\$0.15 USD/kg), he decided to ferment his cocoa and sell dried beans at a higher price. At that time, the SUCCESS Alliance had not yet organized a formal training on fermentation techniques and running a fermentary; however, thanks to a project-organized study tour to Ben Tre, Y Nhuon learned about cocoa fermentation and took independent notes. Those notes helped him successfully ferment his cocoa and earn 740,000 VND (about USD \$37) from the first sale.

Y Nhuon started to buy fresh pods from his club members for fermentation and refined his techniques in 2010 at a project-organized fermentation training. His adherence to best practices has yielded excellent results, and Cargill paid him a premium bonus of \$0.08 USD/kg for his bean quality. From the harvest between October 2009 and April 2010, Y Nhuon sold 60 kg of fermented cocoa for about \$2.58 USD/kg. Y Nhuon was very encouraged by his success and estimates that in the near future he can ferment



and sell 200 kg of cocoa and earn US \$150 in profit after expenses. Given his current and predicted future success, Mr. Y Nhuon will no longer be ranked as a poor household by the criteria of the Vietnamese Government or the World Bank. He will be able to send his two children to university in the future.

Y Nhuon said that he will pursue his dream to be a successful owner of a cocoa fermentary. With his dedication to his fields and with the help of continued SUCCESS Alliance training, Mr. Y Nhuon said, "I believe that we can earn much money from cocoa, our livelihood will be better...I will continue to build [my house's] floor, and then buy a new cow to raise."

Kwadeador Savings and Loan Club Completes Successful Year

By: Korley Armah, ACDI/VOCA-Liberia

“This money club that ACDI/VOCA introduced to us has really proven to us that we can manage our own loan clubs with no problem at the end of the cycle, where we share our money with no signs of cheating, compared with previous money clubs in our town.”

This was the assertion made by Madame Lucy Yahnplu, a member of the Kwadeador Savings and Loan Club (KSLC) in Nimba County, part of the Kwakerseh Farmers Association, an association sponsored by ACDI/VOCA's USAID-funded LIFE project.



The Village Saving and Loan program was introduced to the Kwakerseh Farmers association over one year ago. Credit obtained through the KSLC has prevented some farmers from pre-selling their cocoa to middle-level buyers when the cocoa is not fully grown on the trees. In general, middle-level buyers pay a far lower price than what is published by the Government of Liberia. These advance sales also deprive cocoa farmers of the opportunity to bulk their produce to attract better prices from licensed buying agents or exporters.

The KSLC became operational in January 2010 with 70 members. At the end of the club's first year of operation (or cycle) in December 2010, the club still had all of its original members. This is unique because regular loan clubs in Liberia, known as Susu clubs, typically experience a 40 to 50 percent dropout rate. The difference can be attributed to the club membership and lending structure. In Susu clubs, members contribute a fixed amount over specific intervals, and the money collected is then given to one member in rotation. The money is not a loan and interest is not charged. In contrast, the KSLC offers shares-for-purchase to become a club member. Members can choose how many shares to buy at each weekly meeting up to a limit of ten. Weekly limits and share prices (\$0.28) were determined when the club began. At the general meeting with all members present, members can simultaneously take out loans for up to three times their total shares purchased. Members pay interest at 10 percent, and non-members can also take out loans with interest of 15 percent. Individual and group loans are available. This model encourages continued participation and business-savvy thinking and provides sustainability and flexibility to borrowers. This method of access to capital also serves as a means of training farmers to become credit worthy for the formal financial institutions.



During the course of the year, KSLC was able to generate \$2,050 USD from shares purchased. The club was able to grow this to \$2,180 USD. At the end of the cycle, the total was distributed to members according to shares purchased. Social funds are also collected and disbursed during the cycle to assist members with problems such as loss of a family member, and any unused funds carry into the next cycle. During the disbursement of interest earned among members of the KSLC, a large celebration was held. This celebration created more awareness of the savings and loan club in the community. At the beginning of the club's second cycle in January 2011 they have registered 100 members and have had \$525 of shares purchased.

Though the membership seems large, compared to most Village Savings and Loan clubs that have between 30 to 50 members, KSLC members are not willing to split the club. According to the chairperson of the club, Madame Yah Bolie, "this club will be willing to provide [larger] loans to the Kwakerseh Farmers Association to pre-finance their cocoa bulking efforts for the 2011/12 harvest season."



LIFE Program Completes Evaluation of Phase I

The USDA-funded Livelihood Improvement for Farming Enterprises (LIFE) project underwent an independent final evaluation of Phase I in July of 2010. The evaluation results revealed that LIFE had met or exceeded nearly all of its expected results and achieved several unexpected ones during its two and a half years. Among expected results, 5,600 project-sponsored farmers and their associations who sold their cocoa in bulk realized a price increase of more than 100 percent. LIFE fostered the creation and development of 15 successful cocoa farmers' associations. At least 2,500 formerly subsistence farmers who were trained in Farming as a Business (FaaB) are keeping farm records and doing commercial farming. FaaB has not only helped farmers to commercialize their cocoa operations, but has allowed them to benefit from training and facilitation in crop diversification and become commercial farmers of vegetables, roots and tubers and rice as well. Farmers overwhelmingly adopted better cocoa cultivation and processing techniques that greatly improved their production and quality. In particular, LIFE helped farmers construct and use affordable solar dryers designed by the project to cut drying time in half and to shelter the beans. This design also reduces the workload of women who customarily had moved drying cocoa to another shelter when it rains. There are now more than 50 such solar dryers in Liberia.



In addition to initial expected outcomes, the evaluation highlighted that LIFE had managed to help eliminate constraints in the cocoa sector policy environment that had prevented the cocoa value chain from functioning effectively. This included helping to establish an internationally accepted cocoa grading

system in country, reducing taxes and fees paid by cocoa sector actors, eliminating the regional monopolies for licensed buying agents, allowing all farmer organizations to sell directly to exporters and establishing farmgate cocoa reference prices. The project also facilitated the flow of information and fostered commercial relationships between associations, exporters, financial institutions and input service providers. This helped to strengthen the value chain, ensure premiums on better quality cocoa and provide access to credit and capital for farmers. The capital enabled LIFE sponsored associations to operate successful warehouse receipts programs that facilitated cocoa bulking for sale directly to exporters.

From July-September 2010, LIFE operated on a very limited budget, but still managed to support quality and grading enterprises, facilitate marketing relationships between our associations and exporters and participate in reference price discussions/determination, which led to record bulking, quality and sales among our associations.

ACDI/VOCA is pleased to announce that USDA awarded a three-year second phase, which began in October, 2010. LIFE II will build on the successes of LIFE I and make adjustments that will ensure even stronger performance. These include fostering the development of a sustainable supply chain for improved planting material and seedlings in Liberia and expand to an additional two counties. The expansion will allow ACDI/VOCA to provide much-needed support to all five of the top cocoa-producing counties in Liberia and at least one-third of its known cocoa farmers.





A Farmer's Success through Farmer Field School

Pablo Pesquera, also known as "Abloy," is a 60 year-old farmer from Compostela Valley, Philippines who has been a farming his whole life.



Abloy is just one of the more than 15,000 farmers who have benefited from the SUCCESS Alliance Philippines Phase II project. The Sustainable CoCocoa Enterprise Solution for Smallholders or SUCCESS Alliance Philippines Project Phase II (SA II) is a project implemented by ACDI/VOCA with funding from United States Department of Agriculture (USDA) in partnerships with the Cocoa Foundation of the Philippines (CocoaPhil), the World Cocoa Foundation (WCF) and MARS Inc.

In order to meet his family's basic needs, Abloy has planted a variety of crops and has raised livestock, poultry and fish. These gave his family food for consumption and some income. He began growing cocoa in 2007 by planting 400 trees of Brazilian variety.

Despite his extensive knowledge and farming experience, Abloy responded to an invitation to enroll in a Farmer Field School (FFS). The FFS offered a season-long training on sustainable cacao production and new knowledge and skills on improved cocoa technologies, which increased the ease and comfort level of several farm activities. For example, before the FFS, he used to manually bag and tie his cocoa pods, which he found very time consuming and tiresome. Bagging of pods is one way of controlling the damage caused by the cocoa pod borer, one of the most destructive pests. The FFS introduced the use of sleeving poles, a relatively simple technology, with which he is now able to bag more pods in less time, finish early and attend to other farm activities.

Abloy's pruning method was also improved as a result of the FFS. Before, he used to over-prune his cacao and would tie the branches to train them. With his new skills, he is able to properly prune the branches to form their optimal canopy shape.

Abloy has been able to increase the number of cocoa trees in his farm from 400 to 1,800 and diversify from Brazilian varieties to hybrids like BR25, UF18, and K-Lines. From these new varieties, he has sold budsticks and wet beans to neighboring farmers and nursery operators (both private and government) for use in plant propagation. These activities provide him with direct income, contribute to upgrading the cacao genetics in his locality and improve the cacao industry in the province as a whole.



Abloy has also adopted the proper fermentation process for cacao beans by using a wooden fermentation box. His wife Victoria processes the properly fermented cacao beans into "tableya" by roasting and grinding the cacao beans. Tableya is an unsweetened cocoa powder pressed into round tablets that is used to make a chocolate drink. Victoria packs the tableya into 12-piece packages and sells them at 20 pesos per pack. They usually process 10 kilograms of beans per week. This has become another additional source of family income.

Two New Business Services Providers Help Achieve Sustainability

ACDI/VOCA is helping two local companies complete the final steps to begin offering professional services to the Ecuadorian cocoa sector. The formation of these local business service providers is part of the SUCCESS Alliance Ecuador's strategy to ensure project sustainability after donor funding has ceased. With ACIDI/VOCA's assistance, and with funding from the PL-480 corporation, interested extension technicians from Los Rios and Guayas provinces joined together to form Tecnicos de Vocación Agrícola (TECNIVOCA), and technicians from Manabí province formed Manabitas con Vocación Agrícola (MANAVOCA). TECNIVOCA and MANAVOCA will provide many services that are not currently available to the cocoa sector and that will add value to products for a wide range of clients.



Establishing such companies in Ecuador is a complicated process, but after several months of knocking on government doors and waiting at law offices, the efforts have finally paid off and the companies have been incorporated. Each business model will use a gradual approach for the introduction of fee-based service provision. Clients may include: smallholder farmers, associations, medium and big farmers, cacao buyers (exporters / processors), input suppliers, local, provincial or national government and international clients including specialty markets.

To bolster company management skills, ACIDI/VOCA organized a Business Training Workshop in Guayaquil in September 2010 for the manager, president, treasurer and secretary of each company. The 40 hour training course covered crucial themes for business startup including agricultural business management, customer service, marketing and sales, legal and tributary aspects, financial

controls and business planning. The workshop was conducted by Gamboa Valladares Consulting Group, a local company with extensive experience in management training, with participation from four ACIDI/VOCA technicians. All participants were pleased with the training and expressed that the additional skills and practical knowledge gained would help them to confidently start their new business.

Company extension technicians are experienced professional Farmer Field School trainers who have worked with hundreds of farmers and have helped form many farmer associations since 2005. A broad range of services are offered by TECNIVOCA and MANAVOCA to various types of clients including individual farmers, farmer groups/associations, cocoa buyers, input suppliers and government institutions.

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