IMPROVING COCOA SECTOR CLIMATE-SMART AWARENESS AND DECISION-MAKING

KEY LESSONS FROM PRIVATE SECTOR ENGAGEMENT IN THE USAID LEARNING COMMUNITY FOR SUPPLY CHAIN RESILIENCE
Summary

The cocoa industry recognizes climate change and weather volatility as direct threats to their businesses, and many are acting to incorporate climate smart practices into their farmer programs. This case study shares lessons from industry engagement with the Climate Change, Agriculture and Food Security (CCAFS)-led Consortium’s research on climate smart cocoa in Ghana, in connection with the USAID Feed the Future Climate Smart Cocoa Program, led by the World Cocoa Foundation (WCF). While a large cross section of the industry has been engaged in the effort, this document focuses on a subset of the companies engaged. Included are company-specific case studies which describe how Touton, Ecom and The Hershey Company (Hershey), have leveraged the decision-support tools produced by CCAFS, namely climate suitability maps, the science underpinning the Climate Smart Cocoa Manual with recommendations by impact zone, and various climate-smart agriculture (CSA) Apps. We share also companies’ constructive feedback on remaining gaps and opportunities, and conclude with potential future directions for CCAFS and USAID for effective partnership with industry. The case was developed by the Sustainable Food Lab, in collaboration with IITA, in July-September 2018 and draws from extended qualitative interviews with four cocoa companies and several project participants.
Science-Industry Gap

CCAFS is the Climate Change, Agriculture, and Food Security Program, a global research program of the CGIAR research network. CCAFS has led a coalition in Ghana known as Mainstreaming Climate Smart Value Chains, which includes CIAT, IITA, Rainforest Alliance, Root Capital, and the Sustainable Food Lab (SFL) – referred to in this paper as the ‘CCAFS Consortium’; and leads the linked initiative known as the USAID Learning Community for Supply Chain Resilience. In Ghana, the CCAFS Consortium closely collaborated with the WCF-led USAID Feed the Future Climate Smart Cocoa Program.

The goals of the CCAFS Consortium are to identify pro-poor climate smart practices, technologies, and policies, and, through cross-sector collaboration, to develop and facilitate site-specific adaptation activities for cocoa farmers in zones that are differentially affected by climate change. At its launch in 2015, the main pathways of this consortium’s efforts were through: (1) certification training and curricula and (2) impact investment products (separate case studies by Rainforest Alliance, and IITA and Root Capital describe the outcomes of these pathways, respectively). In 2017, CCAFS, Root Capital and the Sustainable Food Lab received funding from the USAID Feed the Future Initiative to incorporate a third impact pathway: (3) private sector engagement. This third pathway is the subject of this case.

The private sector engagement workstream, named the USAID Learning Community for Resilient Supply Chains, was added to encourage concerted investment by the private sector to accelerate the adoption of CSA practices by cocoa farmers. The idea was to work directly with cocoa companies – where they would be active participants, rather than passive recipients of information – and together, acting on the basis of climate science, to identify strategies that were consistent with private sector sustainability plans and to incentivize their investments in climate-smart agriculture. The Learning Community was explicitly meant to contribute science and learning into the USAID Climate Smart Cocoa initiative, led by the World Cocoa Foundation. This program focused on the development of a CSC strategy for the private sector, and the pre-competitive piloting of CSC innovations.

Meetings with cocoa and chocolate companies (including Barry Callebaut, Cargill, Ecom, Guittard, The Hershey Company, Lindt & Sprüngli, Mars, Mondelez, Nestlé, Olam, Tou-ton and TransRoyal) solidified the types of support that would be most beneficial for industry. In 2016, the consortium finetuned its primary goal to be the translation of climate science into actionable recommendations for companies. Specifically, CCAFS prioritized the creation and dissemination of two key decision-making tools for companies to target investments in CSC: (1) climate suitability maps, and (2) geographically specific recommendations of climate smart practices. Rainforest Alliance and the World Cocoa Foundation then agreed to adapt these tools into a training manual on climate smart cocoa.
Climate Suitability

The first tool, climate suitability maps, were created by CIAT with IITA’s support in order to help governments and other value chain stakeholders visualize in granular detail the vulnerability of different cocoa growing zones. Drawing on the expertise of the Cocoa Research Institute of Ghana (CRIG), and using GPS data from companies, these maps characterized zones as Cope (lowest vulnerability – minor adaptation necessary), Adjust (moderate vulnerability – significant adaptation necessary), and Transform (high vulnerability – need to transition to other crops). Although companies had already been aware of existing climate change risk, they also had lacked clarity on the localization and projected impacts of climate change. This made it difficult to respond appropriately and invest strategically in adaptation. The climate suitability maps answered this call, using advanced ‘machine learning’ models to translate data on historical climate conditions, soil conditions, and cocoa suitability, to predict cocoa suitability in expected future climate conditions.

As an important offshoot of this work, CIAT also completed research on the “cost of inaction,” i.e., the projected economic costs of not helping farmers to adapt to climate change – and found a staggering cost by the 2050s of $410 million per year or 1% of Ghana’s GDP, a tremendous potential loss for Ghanaian smallholder farmers.
Practice Recommendations & CSC Manual

To create geographically specific practice recommendations, Rainforest Alliance and IITA led field work with cocoa farmers in each of the climate exposure zones that captured the practices being used, as well as possible innovations to adapt to specific climatic threats such as extended dry periods or heavier rainfall. RA and IITA then consulted experts in civil society, government and private sector organizations for validation of these practices.

Using the climate suitability maps and practice recommendations as a point of departure, World Cocoa Foundation and Rainforest Alliance created a Climate Smart Cocoa (CSC) Manual, which adapted the science into user-friendly training materials to be used with farmers in different locations and with different profiles. The customization of practices by impact zone distinguished this manual from the standardized training materials that cocoa companies and public entities had been using previously. Most strategies proposed in the CSC Manual were not new per se, but rather sets of practices that many companies were already promoting, now factoring in the specific climate-related risks in each zone. This guidance promoted more targeted and efficient investments.

Recommendations notably also differed by farmer, following IITA’s ‘stepwise investment pathway’ approach, such that farmers were encouraged to adopt a minimum basket of practices depending on their impact zone location, and could then, as their resources and abilities allowed, take on further “bronze”, “silver”, or “gold” investments to improve their farms’ productivity and resilience to climate change risks.

Linking Tools with Corporate Priorities

In 2016, the Sustainable Food Lab and CIAT conducted interviews with cocoa companies and learned that, across the board, companies are aware of and worried about climate change and climate variability. In West Africa, companies had already borne witness to the negative effects on cocoa quantity and quality due to drought and excess high intensity rainfall. They recognized both the risk for their supply and for farmers’ livelihoods. In response, all cocoa companies turned their attention to figuring out how to help farmers adapt and sustainably increase productivity while maintaining cocoa quality, with many companies formally beginning to focus on CSC in 2016. Even before that, companies were already supporting farmers in implementing Good Agricultural Practices to increase pro-
Motivations
Companies consider climate change to be a serious supply risk. Climate science and tools help them to implement their commitments to climate smart cocoa, ending deforestation and promoting sustainable livelihoods.

Productivity, including providing training, inputs, and credit.

More recently, companies also began to explore how to simultaneously promote adaptation activities, including considering whether they need to provide more extensive support with costly interventions such as irrigation, tree ownership and diversification. Many companies, however, lack in-house expertise for these adaptation activities and appreciate guidance. To assist companies, the consortium produced a Tree Registration Guide in response to an industry wide challenge of helping farmers register their ownership of newly planted shade trees, a critical climate adaptation practice.

In this context of strong interest in climate change adaptation, and limited knowledge, companies were keen to partner with and learn from the CCAFS consortium. Specifically, they were very interested to receive detailed region-specific information about projected impacts of climate change in their sourcing areas; an assessment of which practices they support that are already climate smart; and ideas for what they should do differently today and in the future to succeed in helping farmers adapt and thrive.

The other key driver for companies’ engagement was the alignment between climate smart cocoa and their broad strategic goals, including improving farmer livelihoods, increasing productivity, and as of the last few years, their commitment to end cocoa-related deforestation as part of the Cocoa and Forests Initiative (CFI) — committed to at the UN Climate Change Conference (COP23). Under this partnership, led by WCF, IDH, and the International Sustainability Unit of Prince of Wales’ Trust, the national governments of Ghana and Cote d’Ivoire and leading chocolate and cocoa companies have released Action Plans detailing how they will sustainably intensify cocoa production on existing land, while incentivizing preservation and restoration of forests, or in other words, “growing more cocoa on less land”, while also safeguarding against any potential social and environmental impacts. The governments of Côte d’Ivoire and Ghana have developed their National Implementation Plans, with a strong focus on CSC and cocoa agroforestry solutions. Each company is now identifying the actions it will take to achieve its aims, including for example providing improved planting materials and scaling their agronomic training programs. CSC is high on their priority list as an area of focus, as a package of activities that can increase yields, resilience, and incomes, and discourage encroachment on new land.
Main Findings from Company Interviews

Initial interviews revealed that the cocoa industry was primarily investing in the Sustainable Productivity Pillar of climate-smart agriculture, through their investments in Cocoa Action. Some investment was also happening in small farmer livelihoods through efforts like the Cocoa Livelihood Program and companies’ own sustainability programs. Mitigation of GHG Emissions has only become a core focus of the industry with the recent commitments made to the Cocoa & Forests Initiative, with pledges to preserve standing forests and implement climate smart cocoa on existing farms. The CCAFS consortium focused on the third pillar, enabling more investment and action on the Adaptation for Resilience Pillar of CSA.

The initial engagement process with companies involved a deliberate set of sector-wide workshops. Companies also attended other meetings of the CCAFS consortium, where they were not the primary audience. Companies found these convenings moderately helpful, with interviews highlighting two key perceived benefits:

1. **Fostering a shared definition and understanding of climate smart cocoa.** Prior to these meetings, there had been varied levels of understanding among company sustainability teams of climate smart cocoa. There was some confusion about how the recommended practices differed from business-as-usual with agronomic teams already focusing on increasing productivity, conserving forests, and improving livelihoods. These meetings helped to clarify the distinction, namely the call to take into account varied vulnerability in different zones, and correspondingly different recommendations for adaptation practices or transformation practices. Based on this shared understanding, companies could act on their new knowledge and customize recommendations by vulnerability zone.

“For some of us who are not so familiar with the topic, it was at first hard to see how all the discussions were going to play out in the implementation of programs and actual work in the field. At first, it was more theoretical. It became clearer over time, as we started seeing specific practices and specific implementation and what it means for farmers on the ground. Now, we are focused on supporting farmer adoption of these practices..”

— Tawiah Agyarko-Kwarteng, The Hershey Company

Convenings

CCAFS Consortium convenings with companies helped to socialize a shared understanding of climate smart cocoa and decision support tools.
Company representatives qualified that these meetings would not have been useful on their own. Their usefulness hinged on the concrete materials that the CCAFS consortium delivered to companies, as part of and alongside these convenings. It was then incumbent on each company to take the tools and adapt to their farmer outreach programs. The application of these tools took different forms in distinct companies, with several cases presented below.

The CSC Manual, created by WCF and RA, was distributed to companies in early January 2018, with follow-up training to leaders of company sustainability teams in March 2018 delivered by IITA, WCF, and RA. The manual leveraged the climate exposure mapping, and provided clear recommendations by impact zone as well as by the ability of the farmer to invest in his or her farm, aligned with the ‘stepwise investment pathways’ approach. Training topics include climate-smart agriculture, the establishment phase, pest and disease management, crop management, shade tree management, soil management, water management, and increasing resilience.

The companies report finding the CSC Manual useful and actionable, and the training helped to clarify how they could use the manual in their work with farmers. Companies reported that the training and manual were also helpful insofar as they were consistent with their already existing training approaches and manuals, particularly the framework of Setup-Delivery-Follow-up.

In the months following the training, most of the companies interviewed made progress in integrating recommendations of the CSC Manual into their training programs with farmers. Below, we profile several companies’ specific programs, with ECOM and Touton employing the manual for their farmer training, and Hershey adapting the curriculum for their digital agronomic extension application called CocoaLink.
Case Studies

ECOM Agroindustrial Corp. Ltd is a global agricultural commodity trader and the supplier for multiple well known consumer chocolate brands. Six members of their Ghana field management team participated in the Climate Smart Cocoa Manual training in March 2018, with an additional 16 field staff trained by IITA, with the goal of beginning to share information with farmers through their field assistance programs.

ECOM rated the CCAFS Consortium engagement and the CSC Manual specifically as extremely helpful due to the customized recommendations for farmers by impact zone. The ECOM team is also in the process of validating the recommendations by conducting demos of zone-specific recommendations (i.e., with respect to the number of shade trees), on 125 farmer plots they are rehabilitating. The idea of the demos, as a complement to the trainings, is to corroborate efficacy and build the case for CSC recommendations, such that farmers see in person the benefits of these practices and are incentivized to scale them to other plots.

The CCAFS Consortium research and CSC Manual are also informing ECOM’s strategic decision-making. For example, in considering how to allocate sustainability resources, they are taking into account the different suitability of cocoa in different zones. As their regional sustainability lead, Olga Gormalova, explains, “Let’s say there’s a drought. If it is in a Transform Zone then, [we are now thinking], maybe let’s not do rehabilitation here, since it just might not work. Maybe in these areas we should propose planting something else. We are now starting to review and to increasingly think this way.”

Touton Group is a global trader of responsibly sourced cocoa, coffee, and vanilla and other natural products, with an active climate smart cocoa program under its initiative, Professionalization Within a Sustainable Landscape. The senior leaders of Touton’s Ghana sustainability team participated in the CSC training and are translating the learnings to their training program targeting 7,000 farmers. Touton is also intending to pilot the recommended practices on its demo plots and emulate the methodologies applied at IITA demo sites.

Touton has found most useful 1) receiving detailed information about the impacts of climate change in different cocoa zones, and 2) the adaptation strategies captured in the CSC Manual that directly respond to the vulnerabilities and challenges of these different zones.

Touton acted quickly in light of receiving training, and has already integrated relevant
components of the CSC Manual into their training material. As their Ghana director of sustainability, Ernest Dwamena explains, “Touton already had our manual that included all certification and climate smart cocoa modules. When the new manual became available, we opted to go through and make sure it fully aligns, to make sure we aren’t missing any piece. So we didn’t translate everything verbatim, but adapted, pulling from the Ghana Cocoa Board (COCOBOD) manual for certain pieces, the CCAFS manual for other pieces and integrated these into our Trainers Facilitators Guide. The CSC Manual is distinct because it focuses specifically on climate smart adaptation.”

Touton is committed to moving forward with disseminating the CSC strategies to farmers, as part of their ongoing farm-level support work, and they are in the process of operationalizing the CSC Manual, and identifying strategies for following up and monitoring adoption.

The Hershey Company is a chocolate and snacking manufacturer focused on sustainable cocoa sourcing under their Cocoa For Good (CFG) Program, which includes prospering communities and the development of tools such as CocoaLink to lower barriers to information and extension services for farmers. Two of their sustainability team members in Ghana participated in the CSC Manual training.

Inspired by the CSC Manual recommendations, Hershey, like other interviewed companies, is improving its curricula and transitioning from standardized to zone-specific recommendations. They are looking to incorporate this specificity into their CocoaLink digital platform as well, so that farmers in Adjust Zones, for instance, will receive

WHAT IS COCOALINK?

CocoaLink is an interactive knowledge platform consisting of a voice messaging service and a mobile application built by FarmerLine and funded by Hershey that is used to share extension information on good agronomic practices. The voice messaging service delivers weekly messaging to over 2,000 farmers in Hershey’s supply chain. The mobile app was launched in May 2018 and currently has more than 700 users. In its Phase I (from 2011-2014 with Ghana Cocoa Board and WCF), the application used SMS and voice messaging and focused on agronomic fundamentals. Now, in Phase II, Hershey is expanding content and enhancing delivery mediums, so they can bring in more audiovisual content, and incorporate climate smart cocoa modules, among others. Hershey’s vision is to significantly scale this offering throughout its sourcing areas, and envisions this as a key tool to be used by field officers, current farmers, and future farmers, especially young tech-savvy farmers.
distinct recommendations from farmers in Cope and Transform Zones. To this end, with complementary funding secured through WCF under the Climate Smart Cocoa Program, the materials of the manual were adapted to CocoaLink’s mobile app, including condensing and simplifying the content, reducing text, and distilling to the most important pieces. Additionally, the CocoaLink mobile application is being upgraded to send location-specific recommendations, i.e., based on a farmer’s GPS coordinates.

The CCAFS kickoff workshop included a breakout session focused on private sector challenges to scaling climate adaptation. A representative from Olam shared the experience of their collaboration with Rainforest Alliance in the Juabeso region to rejuvenate the landscape and plant more shade trees. They described that farmers had been resistant to plant shade trees due to their enduring perception, derived from older laws, that they had no secure ownership of these trees. Even worse, logging companies had previously been able to cut trees within cocoa orchards, without compensation to the cocoa farmers. In this context, cocoa farmers had minimal incentive to invest in shade tree planting. These barriers were echoed by several other companies in the workshop.

In response to this challenge, WCF and the Sustainable Food Lab agreed to support a pilot test of an efficient and secure digital tree registration process with Ghana NGO AgroEco. The pilot sought to address one of the private sector’s key perceived barriers and demystify the steps involved in securing ownership over planted trees, and therefore to incentivize more shade tree planting on the part of farmers, supported by farm organizations and companies. The idea of the pilot was to complete tree registration digitally with a sample of farmers, showing that it would be accepted by the Forestry Commission, and in the process create a manual documenting each step, and associated costs, to motivate companies to undertake similar investments in their sourcing regions.

AgroEco, with the Sustainable Food Lab and WCF’s support, completed the pilot between June and October 2017. The pilot resulted in the successful registration of 150 farmers’ trees and a draft tree registration guide. By early 2018, the Forestry Commission officially signed off on the forms and returned them to the hands of farmers.

In accompanying farmers, and developing the guide, the team showed that tree registration was feasible, but that success is contingent on diligent and focused follow-up. Using the latest digital technologies made the process more efficient, though paper-based registration also appears do-able, individually or in groups of farmers.

Since the completion of the pilot, a policy lobby led by WCF has achieved more clarity.
on how to perform tree registration at scale. A Forestry Commission approved version of the guide, including a definitive procedure, is available online here. The Forestry Commission will use this guide as a basis to developing an official Manual of Operations.

Since the pilot’s completion, Ecom, Cargill and Mondelez have expressed interest in using the guide to more efficiently register farmers’ shade trees. Because trees can only be registered one year after planting, Cargill is first investing in community awareness and tree planting. Meanwhile, Ecom has contracted a consultant to identify how to integrate tree registration into their operations. Lastly, Mondelez, working with UNDP under the Ghana Forest Investment Program, has developed an App for tree registration.

Going forward, any program that supports tree tenure will need to be closely linked with efforts by the Forestry Commission and the Ministry of Lands and Natural Resources, preferably as part of work under the CFI Implementation Plan and aligned with the COCOBOD, CSC strategy and the Ghana Cocoa Forests REDD+ Program (GCFRP).

Several companies expressed confusion navigating the CCAFS consortium; it was not always clear who was responsible for what, and therefore with whom to engage on questions. As one sustainability representative shared, at times it felt like a “monster consortium”, with various people reaching out for different reasons. “At the end of the day, we just wanted the consortium to give us something to work with – if it’s a curriculum, we’ll adapt it; if investment pathways, we’ll work with it. We are quite a lean team, we are always in the field, it’s hard to do face time, and we want real products instead.” This same representative was ultimately pleased with the outputs received, but would have preferred fewer stakeholders to engage with, and/or more clarity around roles.

Most of the companies have multiple sustainability programs on different topics and prefer to work through their industry platform, the World Cocoa Foundation, to interpret the recommendations. They referenced that it was extremely helpful to work with the WCF staff to get concrete about their CSC strategies and link these to their CFI work.

The CCAFS Consortium sees this is a key learning, and will
Companies’ Recommended Next Steps for CCAFS Private Sector Engagement

Specifically, companies are eager to receive insights beyond the climate-zone specific agronomic recommendations, and to learn more about the costs and benefits of particular practices, which will aid in farmers’ decision-making to invest on their farms. As Olga Gormalova from Ecom shared,

“We need to understand, what is this type of investment that’s required for farmers and whether it pays off. Would it pay off to farmers for example to irrigate their .5 hectare farm? Is the cost worth the benefit? We’re struggling, and maybe need more analysis, to know the best option for the farmer. Is he really going to produce so much cocoa that it will pay off the investment? What if returns only start in years 8, 9, and 10? Or should he forget cocoa and plant something else? This would be a hard message. We need data on the benefits and costs.”

This detailing of costs and benefits of different practices could be linked to the farmer segmentation and stepwise investment work, such that farmers with different abilities to invest could start with “cheaper” (high benefit to cost) investments first. Indeed, WCF is seeking collaboration on this line of investigation with the USAID-funded Climate Economic Analysis for Development, Investment and Resilience activity (CEADIR) Program, which is looking into this question and aiming to conclude work by January 2019. Gaining this specificity on the costs and benefits of practices is a pressing priority for the industry.

More generally, while there has been substantial dialogue between companies and researchers during the CCAFS collaboration, companies noted that there is an opportunity for further communication and to align on the most helpful research to companies – both in terms of content and format.

The CSC Manual, while considered by companies to be a well-done and practical guide for agronomic extensionists, is not currently in a format that is user-friendly for farmers with lower education levels and limited time. The sustainability rep-
representative of one company suggested creating an accompanying manual for farmers that would be more akin to a rules of thumb fundamentals guide. This manual would be simplified, tailored to the farmer’s particular zone, and highly visual (so that farmers with limited literacy could use it too), and would be something that agronomists could leave behind for farmers to refer to. He described, for instance, an annotated calendar with visual reminders of which practices to apply when.

It is possible too that this “manual” would be delivered in a non-traditional format. In fact, IITA and Olam are already exploring a farmer-directed communication campaign, potentially through radio, TV, and farmer exchange visits, rather than a written manual. This is an idea that the CCAFS consortium could explore further with additional funding.

Future Directions for USAID

There is opportunity to increase effectiveness by deepening collaboration with national government, alongside private sector companies

COCOBOD has been involved in various parts of the initiative, but more could be done to fully integrate the tools and findings into government operations. Ten specialists from the agency reviewed the CSC Manual, and COCOBOD procured internal funding to create an official Climate Smart Cocoa standard. CCAFS could achieve further alignment by also collaborating with the Forest Investment Program, which is similarly prioritizing the development of training material for Climate Smart Cocoa. Enhanced collaboration, led by WCF, could also result in the government allocating funding for complementary uses such as the creation of accompanying farmer manuals and visuals or additional trainings of trainers.

Beyond gaining buy-in and consensus, the companies see value in aligning more closely with the Ghanaian government because they have a strong and distinct role to play in promoting Climate Smart Cocoa. As Tawiah Agyarko-Kwarteng, a sustainability lead from Hershey, explains, “We can’t forget the government’s role. Ghana’s government is working on CSC standards. How farmers will get access to what they need will depend on the government’s standard requirements, and also on the policy, for example around input delivery. The government’s role is important at the policy level and in implementation.”

– Tawiah Agyarko-Kwarteng, The Hershey Company
important at the policy level and in implementation.” Industry is working closely with government already, with RA, WCF, and Touton holding seats on the government’s CSC standards committee, but further deepening of collaboration would be beneficial.

Tree tenure continues to be a barrier to farmers increasing shade cover, and an issue that is ripe for improved public-private collaboration. The CCAFS consortium completed a pilot, described above, to identify the steps needed to register planted trees with the Forestry Commission and to incentivize tree replanting. The process for newly planted trees is now clearer and accessible for farmers. However, the policy and process for naturally occurring trees – trees already on the farm – stands to benefit from further clarification. In addition, the government is taking initial steps towards legislative changes that would allow farmers to receive benefits for trees directly, rather than those benefits flowing through customary leadership. The private sector can continue to play a supporting role, as the government works to generally improve the tree tenure system for farmers.

Most importantly, companies and WCF emphasized that any future private investments will need to be consistent with the Cocoa and Forests Initiative and landscape approaches. Indeed, CFI is the main framework governing current public and private commitments to end cocoa-related deforestation and support cocoa farmer livelihoods.

As Ernest Dwamena of Touton explains, “We need a pragmatic way to end deforestation, to identify the services that need to be provided to farmers, to have a better monitoring system for identifying illegal farms [that are deforesting], to know which farmers to buy from and which not to, and how to help farmers adapt. USAID can support governments in providing better services and to collaborate with companies to stop deforestation.”

Sander Muilerman, World Cocoa Foundation’s Climate Smart Cocoa Program Manager has hope for the industry explaining that, “The Climate Smart Cocoa work has informed the broad collaboration of governments, industry and farmers under the Cocoa & Forests Initiative. Several companies are including CSC activities in their company action plans. The process of consultation with scientists and researchers has spawned other lines of collaboration with our corporate members and government authorities which builds on and incorporates the CSA research and CSC training manual.”
Companies shared that farmers lack financing options to implement many of the CSC recommendations

Several companies expressed the need for expanded financing options for cocoa farmers to be able to implement climate smart recommendations such as tree renovation and rehabilitation, as well as general farm maintenance. Companies themselves lack the expertise and structures to provide this type of financing on a large scale.

Indeed, a recent report by Rainforest Alliance and Rabo Partnerships finds that lending to Ghanaian cocoa farmers for CSA investments is very limited and farmers are under-financed to undertake climate smart practices. This dearth of smallholder financing can be explained by the complexity of structuring these loans, and the real and perceived risks of agricultural lending. Tree replanting in particular requires large investments upfront that farmers need to repay over the long-term, and farmers need to have savings or other funds available to survive lower income while the young trees mature for three to four years.

According to the report, helping farmers to take this necessary step towards resilience requires blended finance, likely through aggregators such as farmer cooperatives, and specifically through a combination of lending and subsidy to weather negative cash flows. In this context, there is opportunity for USAID to collaborate with COCOBOD and other Ghanaian government players to address the significant financing gap.

In addition, once benefit sharing under the ERP/GCFRP is put in place, farmers could qualify for results-based payments (i.e., from the Green Climate Fund), which would serve as an alternative incentive for undertaking CSC practices including renovation. Similarly, the creation of a market for premium coffee from CSC landscapes could increase prices and incentivize farmers’ resilience investments.

There is need for public investment in Transform Zones

The impact zones designated as Transform Zones will likely not be suitable for cocoa in the medium term. Given this knowledge, companies either are already or over time will be transitioning away from supporting farmers in these areas and focusing their sustainability programming in their (new) sourcing regions. The recommendation for these zones – to help farmers diversify income streams and transition to new crops – requires significant additional research, investment, and training, and without companies leading the charge here, there is a risk, without near-term prioritization by public entities, that these communities fall through the cracks and slide deeper into poverty.

Additionally, there is an opportunity to partner with companies that trade multiple commodities – those currently trading in cocoa and those that do not – to move into transformation zones to source new crops, and benefit from earlier farmer investments (i.e., trainings in Good Agronomic Practices).