

The 2015 Cargill Cocoa Promise global report

Improving livelihoods for cocoa farmers and their communities

The Cargill
Cocoa Promise 



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The fast read:

Improving livelihoods for farmers and their communities

Our ambition is to accelerate progress towards a transparent global cocoa supply chain, enable farmers and their communities to achieve better incomes and living standards, and deliver a sustainable supply of cocoa and chocolate products.





About the Cargill Cocoa Promise evolution

Our ambition really comes alive through our Cargill Cocoa Promise. This report focuses on the progress we have made this year in improving incomes and living standards, or as we call them, livelihoods, for cocoa farmers and those people living in cocoa farming communities.

“We have advanced our way of thinking and reporting. It’s not only about reaching the farmer anymore, we are committed to improving livelihoods. Capturing the results of our effort is key.”

Harold Poelma
President
Cargill Cocoa & Chocolate

Improving livelihoods and measuring outcomes

We have been committed to sustainability for a long time and launched the Cargill Cocoa Promise in 2012, to unify and expand our sustainability activities. Since its launch, we have progressed a lot, but this year we have also evolved the way we deliver the Cargill Cocoa Promise and measure its impact. We have extended its scope and reach, bringing more farmers, families and cocoa communities into our programs. Even more importantly, we have sharpened the focus of these programs so that we contribute directly or indirectly towards one, overall objective: improved livelihoods for farmers and their communities. To make this more tangible, we have set 2020 goals in the areas of farmer and community livelihoods.

The thinking behind this evolution

Why is this evolution so important? Focusing on real results demonstrates to farmers that we mean business when we say we want to support them in improving their livelihoods, because they know our programs prioritize their needs. For our customers, it makes it easier to measure the true return on investment our programs deliver for them. And for NGOs, governments and other organizations we partner with to design and run our programs, it clearly demonstrates the longer-term results we are aiming to achieve and how we intend to get there.

The training, support and resources we give to farmers enable them to run their farms more profitably and productively, in ways that also protect the natural environment. The investments we make in improving livelihoods in cocoa communities ultimately strengthen households’ capacity too. To give just one example, they empower women to become income generators and agents for sustainable development themselves, by running their own farms, working in farmer cooperatives, or starting their own businesses.

Our integrated approach is already delivering measurable improvements in farm productivity. We know this now, because our measurement metrics tell us. We explain more about how our inherently sustainable approach works throughout our 2015 reporting.

About the Cargill Cocoa Promise evolution continued

The Cargill Cocoa Promise, launched in 2012, is our commitment to improve the livelihoods of farmers and their communities in ways that enable them to deliver more cocoa in the long term and secure a thriving cocoa sector for generations to come. It makes a real and lasting difference across our five origin countries.

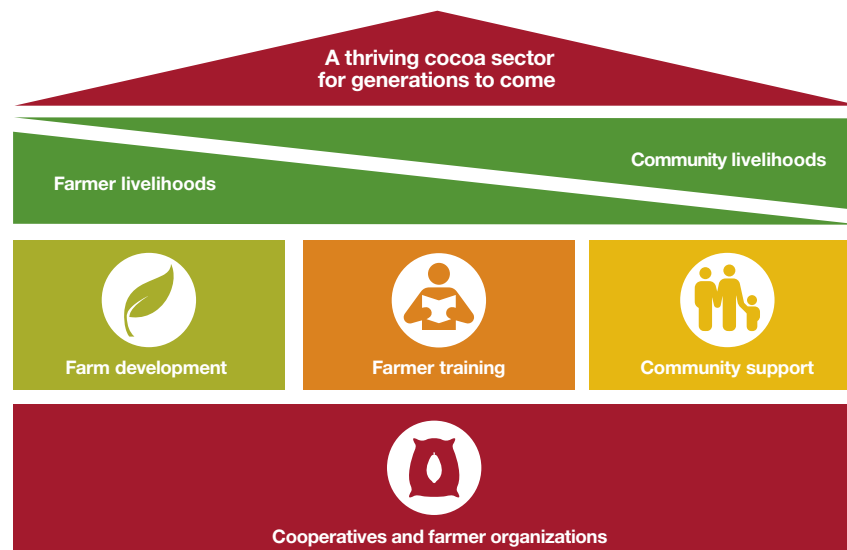


“Only when farmers take their destiny in their own hands will we have a truly sustainable cocoa sector.”

Lionel Soulard
Cargill West Africa Managing Director
Cargill Cocoa & Chocolate

At the heart of the Cargill Cocoa Promise, are our partnerships with empowered farmer organizations. Through them, we are able to implement the many different farmer training, farm development and community support programs, which help to improve farmer livelihoods and community livelihoods.

This diagram shows how it all fits together:



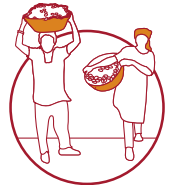
Making progress through partnerships

The power of partnerships is vital to progress the Cargill Cocoa Promise, and this is why we value them so highly. Our partners include farmer cooperatives, development agencies, our customers and suppliers, financial institutions, and national governments. We work with each of them in unique ways, but always to achieve mutual benefit and move our programs forward, to the point where ultimately, they become self-sustaining.

Some of our most essential and closest partnerships are with farmer organizations. Together with them we evolve long-term solutions that help them do more for farmers.

We also work together with many other agencies. Their expertise is often vital in enabling us to share knowledge with farmers. Governments are our long-standing partners too. We ensure that the Cargill Cocoa Promise aligns with their national strategies and policies.

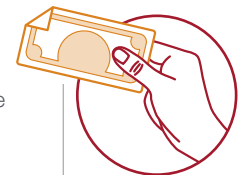
The principles of our Cargill Cocoa Promise



1. Work closely with farmers' organizations



2. Leverage efforts (of Cargill Cocoa Promise) through public and private partnerships



3. Aim for farmers and communities to become self-sufficient



4. Measure the impact of our work

About the Cargill Cocoa Promise evolution continued

Enabling farmers to achieve a living income

This year we have evolved the Cargill Cocoa Promise. Without doubt, our biggest evolutionary step is the shift to a more holistic approach that stresses ways to improve the profitability of farmers' businesses, rather than simply on ways to support increases to their cocoa yields. Meanwhile we have set ourselves clear goals in the respective areas.

Measuring results for farmers and their communities

By working even more closely with farmers and farmer organizations, we are building the trust and access to information that we need to measure the results of our programs – the positive differences they make – and not only their reach in terms of levels of participation or involvement. Measuring program performance this way, using GPS mapping and other innovative tools, has huge potential. It allows us to understand what works and what does not work, then evolve our programs in response.

Empowering women

Based on what we have learnt on the ground since we launched the Cargill Cocoa Promise, we have introduced initiatives this year, designed to help women in farming communities to become income generators and community leaders in their own right.

Empowering women in this way brings many direct and indirect benefits. Whether they work as farmers, in other trades, or as business owners, women can make a bigger financial contribution to their families; and because women generally manage household and family matters, they can afford to pay their children's school fees and buy more nutritious food for the family table. So, empowering women becomes a powerful tool to improve household livelihoods and tackle child protection and malnutrition issues.

Accelerating transparency in our supply chain

Consumers are becoming increasingly interested in the provenance of their food, so consequently our customers want to know where the products they buy come from and how they are sourced. They measure the value of their investments in sustainability in terms of top line growth or bottom line results. We want to do more to demonstrate to them that our sustainability programs contribute to both.

In fact, transparency is a fundamental principle we always adhere to. Sharing information about our approach and the returns on investment that our programs achieve for customers, comes naturally to us. Our commitment to independent certification standards further enhances our transparency.



2015 highlights



Working with farmer organizations in 2015

Cargill believes that professional and business-oriented farmer organizations should take responsibility for management of sustainability programs, supporting the implementation by their farmers and in their communities.

Progress highlights

Reach and adoption:

320

leaders from 80 cooperatives have completed or are currently enrolled in our Coop Academy

US\$16 million

was paid to farmers and farmer organizations in 2015 as premiums through their participation in sustainability

Achievement:

Our vehicle finance scheme in Côte d'Ivoire was awarded the FIE Innovation Award as the "Sustainability Initiative of the Year 2015"

Improving farmer livelihoods in 2015

Participating in the Cargill Cocoa Promise will result in farmers becoming empowered entrepreneurs who manage professional and responsible farms that generate a living income or beyond. Farmers reach maximum profitability of their cocoa farms, by optimizing cocoa production and using inputs cost efficiently, while protecting the environment.

Progress highlights

Reach and adoption:

90,000

farmers attended our Farmer Field Schools in 2015

>30,000

farmers have enough expert knowledge to correctly use fertilizer

Results:

23%

average yield improvement achieved by farmers through applying better crop protection, which has led to net income increase of US\$194, ROI of 430%

Improving community livelihoods in 2015

To help create thriving communities that are armed with the social services, related to education, health and nutrition. Also, community members are united to protect children from child labor and to empower women, to strengthen and build a thriving community.

Progress highlights

Reach and adoption:

90,000

farmers trained or currently training to understand the worst forms of child labor – ahead of our 2016 target

2,500

people benefiting from access to finance through VSLAs. Over half are women

Results:

97%

of the children we reach stay in school for at least five years in Ghana

Planet cocoa

It is a humble bean that brings pleasure to billions of people worldwide. It is in greater demand than ever, but also faces some big challenges. It can be difficult to grow well and is under increasing scrutiny from manufacturers, retailers and consumers throughout its transformation from tree crop to end product.



Planet cocoa continued

Global issues can have profound local impacts, as we know well thanks to our experience around the world. Our challenge is to help farmers and communities address them successfully. Read on to find out how we are addressing the big issues affecting planet cocoa.



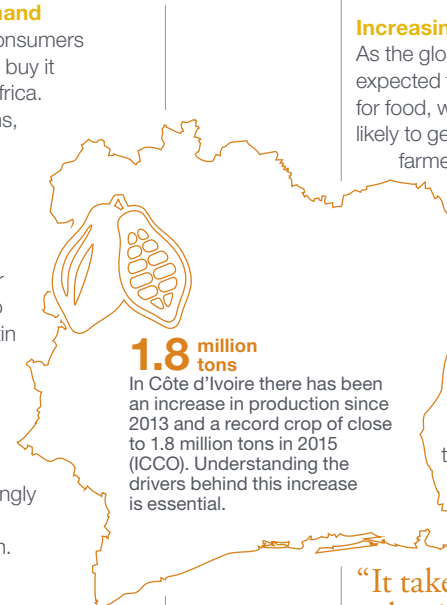
Changes in global supply and demand

The number of affluent middle class consumers who enjoy chocolate and can afford to buy it is increasing, particularly in Asia and Africa. However, the high price of cocoa beans, combined with downturns in many economies worldwide, has slowed the growth in demand to around 0.5-1% a year, from 2-3% in 2014.

Despite this, the cocoa-growing sector has still struggled to increase supply to meet demand. Production levels in Latin America have increased very fast, but this has been offset by smaller than expected growth in Ghana and a negative trend in Indonesia. What is the long-term answer? One thing is clear, as natural resources are increasingly limited, simply increasing acreage to grow more is not a sustainable solution.

Making farming attractive for future generations

The world needs more young people to become farmers if we are to feed future generations. In some of the countries where we operate the average age of a cocoa farmer is around 46 years, with median life expectancy often no higher than the low fifties. How do we ensure that young people choose farming as the best way to make their living as they see their elders struggle and see other opportunities, often by migrating from the countryside to the city?



Under-resourced cocoa farmers

Changing cocoa-growing patterns is very hard. We must work with thousands of cocoa farmers in origin countries, many of whom currently grow ageing, unproductive cocoa trees, often without suitable inputs, finance, and skills. It is important to give farmers better resources, but also to ensure they make the best use of them. For example, giving farmers fertilizer may lead to short-term increases in yields, but not necessarily improve their profits if they pay too much for it. Understanding the reality of farmers and the choices they make is vital.

Increasing competition for natural resources

As the global population edges upwards, and is expected to hit nine billion by 2050, competition for food, water, energy and agricultural land is likely to get more intense. There is a danger that farmers may turn to crops that are less

resource intensive to grow than cocoa.

For example, experience tells us that farmers in Indonesia often perceive cocoa as a risky crop.

After 20 years of poor soil and plant management, they are struggling to invest in replanting and efficient pest and disease control. The temptation for them to switch to other crops, for example palm or rice, is often hard to resist.

“It takes around five years from planting for a tree to mature, so you need to anticipate demand evolution. Many farmers are struggling as they have ageing trees plus lack of access to necessary knowledge and inputs. The industry is looking for solutions to support farmers, but it’s important to understand that there will be no easy one. That is why at Cargill we take a long-term view.”

Jean-Marie Delon

Cocoa Sustainability Country Lead, Côte d'Ivoire
Cargill Cocoa & Chocolate

Planet cocoa continued

**Africa rising**

The UN predicts that half of the increase in global population up to 2050 is likely to be in Africa¹, where manufacturing and service economies have grown rapidly over the past decade, largely because of increasing demand for the commodities Africa produces. However, there is a risk that growth in Africa will slow down if global demand for African commodities falls. This, together with the rise in rural to urban migration across the African continent, could result in declining numbers of cocoa farmers.

Facing up to climate change

Climate change affects future food security and we may need to re-draw the cocoa-growing map, as median temperature increases and more erratic rainfall patterns make it impossible to continue growing in some locations. We are monitoring climate change research as it evolves, to make sure we understand its potential impact on our sector.

Protecting forests

Forests contain carbon. When they are cut down, carbon dioxide is released into the environment. At the same time, forests play a key role in preserving biodiversity and regulating local rainfall patterns, and by doing so, they support agriculture. According to UNEP, they also provide livelihoods for over one billion people worldwide. We aim to halve deforestation across our agricultural supply chain by 2020, and eradicate it completely by 2030.

What do these challenges mean for us in the cocoa supply chain?

We work hard to understand these trends and challenges – how they influence each other and what role we can play in addressing them. Crucially, we must keep abreast of the variable factors that drive cocoa farmers, to ensure that cocoa remains a crop of choice. It is vital that we adapt and evolve our approach to remain resilient and successful over the long term. In practice, this means identifying and focusing on the issues that matter most now, and anticipating emerging issues that may become a priority in the future.

Our commitment to the UN Sustainable Development Goals

We welcome the new Sustainable Development Goals, which succeed the UN Millennium Development Goals that expired in 2015. The role of the private sector, from micro-enterprises to cooperatives and multinationals, is crucial to drive economic growth and gain sufficient momentum to address the 17 new goals by 2030. We believe that Cargill is already playing a role and will continue to do so. For example, we already widen access to food through more efficient logistics and distribution, and improve nutrition through innovative products. We work with farmers to increase productivity through sustainable farming methods and we are involved in widening access to education. Looking forward, we will be doing more year-on-year to encourage gender equality and empower women and girls.

Cargill is committed to feeding the world in a responsible way, reducing our environmental impact, and improving the communities where we live and work. We want to be the most trusted source of sustainable products and services. We believe supply chains that support the global food system must be sustainable; they should balance feeding the world today with the needs of future generations.

Cargill has been acknowledged by Fortune Magazine, reaching number 25 in its first ever “Changing the World” list, which recognizes the top 50 companies making a sizable impact to major global, social or environmental issues. Read more at <http://www.cargillcocoachocolate.com/news/news-items/NA31887456.htm>

You can read more about Cargill and sustainability at: www.cargillcocoachocolate.com/sustainability/

¹ United Nations, Department of Economic and Social Affairs (2015). World Population Prospects.

Working better together

Technical partners



The power of partnerships

We believe in the power of partnerships to achieve our sustainability goals, and the list of organizations we work with, which range from small, recently formed farmer cooperatives to national governments and international food industry and sustainability organizations, is a long one. Partnership is central to our stakeholder engagement activities, which help us to understand different perspectives.

Together we contribute to proven improvements in the livelihoods of farmers and their communities.

Working better together continued

CocoaAction is a strategy that brings the world's leading cocoa and chocolate companies together to accelerate sustainability and improve the livelihoods of 300,000 cocoa farmers in Côte d'Ivoire and Ghana by 2020.

Taco Terheijden, Director of Cocoa Sustainability at Cargill, Darrell High, Cocoa Manager at Nestlé, and Nira Desai, Deputy Director of CocoaAction at The World Cocoa Foundation, discuss the benefits of closer alignment between businesses, NGOs and other organizations with a stake in sustainability.



Taco Terheijden (TT)
Director of Cocoa Sustainability
Cargill Cocoa & Chocolate

“The idea to set up CocoaAction really came from the companies themselves. There was a feeling that they were doing great work and making progress, but there was more to be gained by working closely together in certain areas.”



Darrell High (DH)
Cocoa Manager
Nestlé

“Without CocoaAction, it wouldn't have been possible for us to get together with our competitors for antitrust reasons. We have built up trust as we have gone along and we've had senior representation from each company from the start.”



Nira Desai (ND)
Deputy Director
CocoaAction, The World Cocoa Foundation

“The sector is a competitive one, but CocoaAction is a partnership of companies that are willing to take brave, bold action to address challenging complex situations. It says a lot about how committed these companies are.”

Working better together continued

CocoaAction in a nutshell

In 2013, 10 companies involved in the cocoa supply chain, including suppliers and manufacturers, came together to create CocoaAction – a strategy through which they could align their individual sustainability strategies and objectives in ways that would benefit them, others in the cocoa sector and, most importantly, cocoa farmers and their communities. CocoaAction was created with one fundamental principle at its heart: that members can achieve even more collectively, whilst still retaining the freedom to act individually.



Given that many people would consider the cocoa sector to be a competitive one, in which rival players work “against” each other, how has the concept of partnership come to be so integral to CocoaAction?

ND The sector is a competitive one, but CocoaAction is a partnership of companies that are willing to take brave, bold action to address challenging complex situations. It says a lot about how committed these companies are.

TT We are driving sector alignment – agreeing what can be achieved collectively and what not, and having discussions about how best this can happen.

DH To be rather more pragmatic, it provides us with a forum we wouldn’t otherwise have. We’ve had a strong relationship with Cargill, our supplier, for many years. The change is mostly at the competitor level.

TT It is a significant achievement of CocoaAction to bring competitors and customers together – it is working because we share common ambitions and the belief that partnership will benefit all of us.

Some of the players involved in CocoaAction had never really communicated with each other in the past, let alone worked together. There must have been some significant obstacles to setting up CocoaAction. What were they and how did you overcome them?

TT The idea to set up CocoaAction really came from the companies themselves. There was a feeling that they were doing great work and making progress, but there was more to be gained by working closely together in certain areas. To facilitate this, we needed to establish clear governance and boundaries, as legally and from a practical point of view, many of these organizations are competitors.

Putting these new structures in place has taken time and there are still unanswered questions we will need to solve along the way.

DH Without CocoaAction, it wouldn’t have been possible for us to get together with our competitors for antitrust reasons. We have built up trust as we have gone along and we’ve had senior representation from each company from the start. Decisions are made on the CocoaAction board, and we know it’s legitimate to follow them. Plus there’s always an antitrust or compliance officer present at our meetings to advise us.



“It is a significant achievement of CocoaAction to bring competitors together – it works because these competitors share common ambitions and the belief that partnership will benefit all of us.”

Taco Terheijden
Director of Cocoa Sustainability
Cargill Cocoa & Chocolate

Working better together continued



“...sustaining the trust we’ve built so far is our next challenge. I think we are together enough now to do that.”

Nira Desai

Deputy Director

CocoaAction, The World Cocoa Foundation

From what you’ve said so far, it’s clear that there are clear benefits for the companies directly involved. Will CocoaAction involve and benefit the wider cocoa sector and other stakeholders?

TT I’d just say, emphatically, that our strategy could support the whole industry going forward, and ideally be endorsed by all WCF members, not just the bigger names in the business. If it will always remain only for these 10 companies, it won’t be as successful as it could be.

DH I agree...and we need to continue sharing tools and learning, particularly with smaller companies in our sector, who may not have the resources to act alone.

ND My long-term ambition is that CocoaAction becomes more accessible; an open-source to be able to share the measures and indicators we’re using, and the approach we take. Most importantly, we need to be honest about our failures; they can be tremendously valuable to others.

TT And we’re extremely conscious of not creating systems in parallel with what the government are doing. We have to work in tandem.

ND That’s the right phrase – “in tandem”. And not only with government, but potentially with other sectors. If we’re focusing on child labor or empowering women, this will effect farmers growing other commodities in the same villages. So for example, we could work with an alliance of rubber farmers.

It all sounds too good to be true, but most undertakings face obstacles. What are the barriers to progress that keep you awake at night?

DH It doesn’t keep me awake but during the daytime the biggest issue is how we communicate what’s going on. A lot of what we’re currently doing is work in progress, so the question is: should we share information now, or wait until things have actually been done?

TT My worry is common ground. All 10 companies have different target audiences internally and externally, so it can be challenging to find a common approach to communicate – but people do want updates and if we don’t provide them it may look as if we’re inactive. Let’s focus on what we need to do and measure before we start communicating with the outside world. First things first.

ND Shared strategy is really what we’re about, but we’re still building our vision and our understanding of each participant’s specific role. We share a lot of information, but we do need to make sure it’s relevant and useful. We also need to move forward at similar speeds – if one participant lacks the resources the others have, it slows us all up.

DH Let’s do the groundwork then talk about it.

The ultimate test of CocoaAction will be the value it adds, not just for those directly involved, but for farmers and ultimately consumers too. So what have you achieved so far, and what are the challenges ahead?

TT We never claim to have all the answers, but we do say CocoaAction is our winning strategy for working together, but we are only really just starting out. We are still walking and looking for shoes to run. We want CocoaAction to become a reference point for progress, bringing different sectors together – but to reiterate, there will still be space for participants’ individual programs.

DH It’s way too early to claim big wins, but what’s been really interesting to see is how the group is working so well together. Collaboration really is possible. For me, the simple and official goal still stands – 300,000 farmers on track to become professional farmers with improved productivity and income.

ND What I want to see happen soon, is companies doing this together, with minimal implementation support from CocoaAction. Building trust so people would work together was our first challenge; sustaining the trust we’ve built so far is our next one. I think we are together enough now to do that.



A perspective from Nick Weatherill, Executive Director at the International Cocoa Initiative (ICI):

It’s clear that whether we’re tackling child labor or, more broadly, promoting cocoa sustainability, no one set of actors can address all of the issues, and yet every actor in the cocoa sector, whether industry, government, civil society or farming communities themselves, has a role to play.

ICI’s advisory input into CocoaAction has focused on getting effective intervention models that have been tested, by ourselves and others, into the CocoaAction strategy. Because this is part of an aligned effort, this scale-up will happen much more efficiently than if it was driven through multiple disconnected and uncoordinated actions. Ultimately that efficiency will mean that more resources can go to helping farming communities, as opposed to implementation and overhead costs.

Obviously, aligning the sustainability strategies and investments of 10 companies who are competitors in the marketplace takes considerable consultation, dialogue and trust-building. One year into the process, I would say that one of the main lessons is to not underestimate the effort and time it takes to build the necessary consensus on very complex and technical issues. And, conversely, we need to try to avoid that perfection becomes the enemy of good, so that we can move reasonably swiftly from planning mode into implementation mode. That’s because, in our experience, trust, understanding, agreement and confidence are much more easily built in a “learning-by-doing” collaboration.

Want to make a living from cocoa? Then think “livelihoods”

As the world's appetite for cocoa increases, we want to support farmers to grow more cocoa in ways that benefit them. We believe that the best way to improve farm productivity is to improve the livelihoods of farmers and their communities.



Want to make a living from cocoa? Then think “livelihoods” continued



Seeing the world through farmers' eyes

Understanding how the world looks through farmers' eyes has strengthened our thinking about how best to support profitable farming in cocoa-growing countries. Because we are a global supplier, one of our strengths is to match demand to supply, but farmers and cocoa-growing communities may see the world differently. Their primary concern is to achieve the best livelihoods they can, to achieve a decent income so they eat well, pay their children's school fees, and live in a house and community with improving amenities.



“The ‘let's produce more' approach is shifting to a more nuanced alternative. We're looking to increase profitability of the farm, by increasing productivity in a cost-efficient manner, although this isn't easy to measure. We don't have all the data to report on yet but it's clearly our focus for the future.”

Ywe Franken
Program Manager
Cocoa Sustainability
Cargill Cocoa & Chocolate

A holistic approach to cocoa productivity

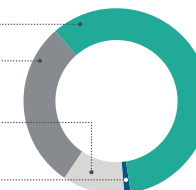
We have learned that to enable farmers to make their farms more profitable and productive, a structured, sequential approach is needed. Our ambition is that all the farmers we work with will acquire the skills to become empowered entrepreneurs who manage professional and responsible farms that generate a living income and beyond.

We know this sequential approach is already having a positive impact for farmers' yields, as the diagram on this page shows, but increasing profitability for farmers is a more complex challenge. This complexity is illustrated by the challenges involved in using fertilizers. When used correctly, they can increase yields quite rapidly, but fertilizer is expensive, so farmers need a drastic increase in yield to pay back their investment. If they do not achieve this, they may actually lose income, despite growing and selling more cocoa. This could have negative consequences.

So what is our alternative? Enabling cocoa farmers to improve their livelihoods, by running their farms as successful businesses that provide a living income or better for their families and deliver bigger yields over time in a sustainable way. We know this approach works because we are already putting it into practice. Partner farmers are growing more cocoa and increasing their net income. You can read about it in more detail on page C11.

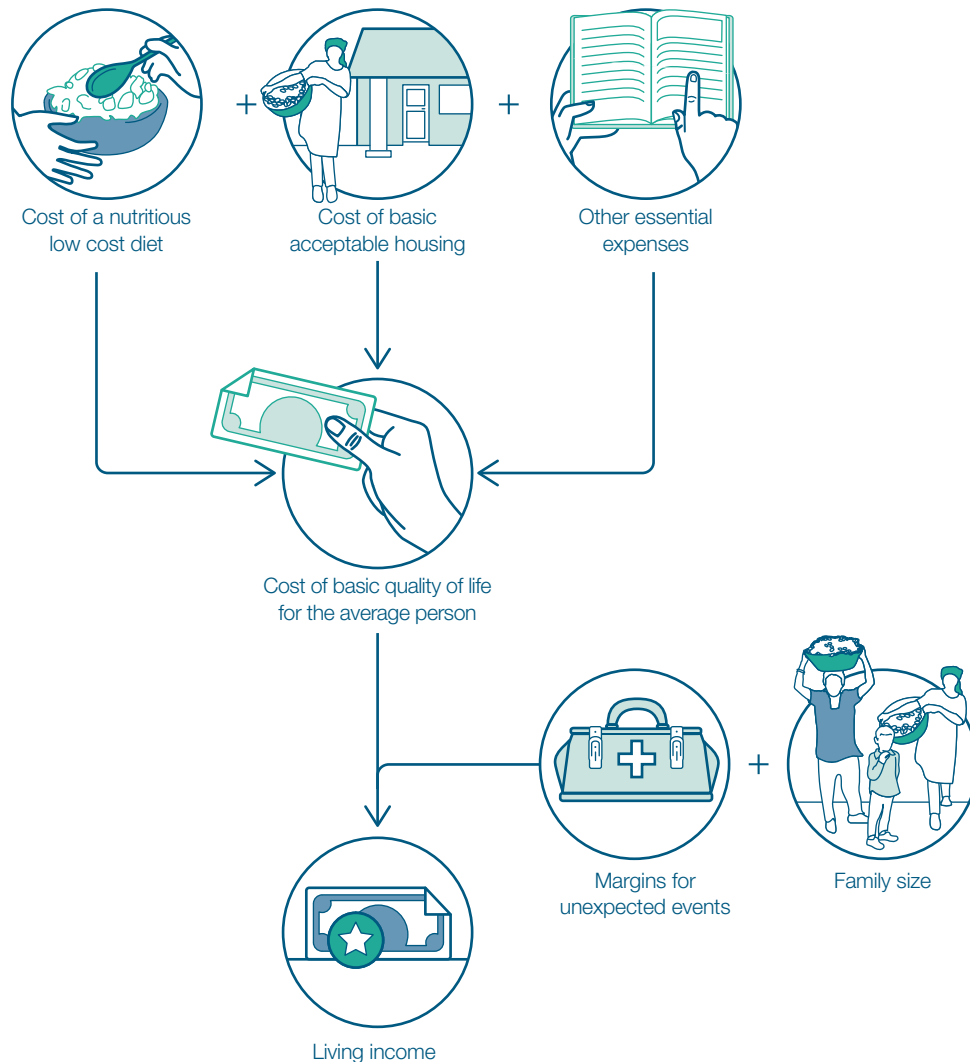
Contribution of the use of inputs to yield increase (n=200)

- 59% Crop protection
- 29% Full package
- 11% Good Agricultural Practices (GAP)
- 1% Fertilizer



Want to make a living from cocoa? Then think “livelihoods” continued

Methodology to calculate living income regional benchmark, based on Anker 2013



Achieving a living income

The World Bank has defined an international poverty line; the absolute minimum required to lift a person out of poverty, as US\$2 a day. This is slightly different to a living income. Until we have defined clear regional benchmarks for living income for cocoa smallholder farmers we can refer to the World Bank’s poverty line as a reliable equivalent. We define living income for farmers by totaling all the expenses they incur to achieve a decent livelihood in their local area, taking into account food prices, housing costs, service costs, school fees and other charges. We then assume that farmers must achieve this level of income as an absolute minimum and ideally, a higher amount.

We will base our living income calculations on what we know about the cocoa farmers we work with – the size of farms and their families, the quality of their cocoa trees, whether or not they produce some or all of the food they consume, or have other sources of income.

In West Africa, the average size of a cocoa farm is 3.5 hectares and an average farm household comprises seven people. Based on our calculations and information at hand, these farmers are in a position to earn US\$2 a day or above if they manage their farms efficiently. Based on these initial calculations, we are still considering the implications of this, in West Africa and beyond.

A new approach to farmer training

Building on the success of our Farmer Field School model, we are expanding our farmer training programs to include farming economics, because we are convinced this knowledge is needed to run a farm as a viable business. This training shares first principles and practical techniques: why profit and revenues are paramount, how to manage costs and investment in equipment, how to access affordable finance, and more.

Meeting farmers’ needs

Farmers with very small farms or large families often need extra and unique support. They may need to expand their farms, diversify and grow other crops, or support other adult family members in earning a living income, for example, as small business owners. Growing food for their family may also be an option. Our training covers the issues that these farmers may face.

In Indonesia, farmers generally grow other crops as well as cocoa and often own a shop or run a market stall. Our challenge is to encourage them to continue growing cocoa, and in greater quantities, by equipping them to make the process more labor efficient and less risky in the face of weather conditions and pests.

“Empowering farmers is the only way to move forward together for the years to come. Cargill is working with partners to make sure that farmers are accessing necessary support to take their own decisions on how to improve their livelihoods.”

Camille Paran

Country Sustainability Lead Indonesia, Cocoa Sustainability, Cargill Cocoa & Chocolate

Want to make a living from cocoa? Then think “livelihoods” continued

A new coaching model

It is clear that farmers in our various origin countries need different types of support from us in order to improve their livelihoods. Our challenge is to evolve the Cargill Cocoa Promise in ways that make it more effective and continuously relevant to farmers' lives. We now provide farmers with one-to-one coaching, to help them create and implement their own unique Farm Development Plans. Coaching takes them to a new level, because they begin to operate as business managers, with support from an experienced coach.

“Everything we are doing is about living income of cocoa smallholders. It links to quality of life. If we are not able to improve quality of life and income for farmers, there will be a supply issue in the long term.”

Augustin Ringô

Managing Director Ghana
Cargill Cocoa & Chocolate

Self-sustaining farmers

Our vision is that farmers will eventually become self-sustaining and no longer need our support. Working in partnership with other organizations will help us achieve this.

Cargill is participating in a working group with a remit to deepen the discussion on living income and contribute to further development of the concept. The creation of this working group was a key outcome of previous meetings about living income co-hosted by The ISEAL Alliance, GIZ (Deutsche Gesellschaft für Internationale Zusammenarbeit) and Sustainable Food Lab.

We believe we have further future-proofed the Cargill Cocoa Promise in this way. It already focuses on the types of intervention that farmers and their communities need – training, farm development and community support – and perhaps, even more importantly, farmers and their communities will drive and shape its evolution in future.

1,000

We are going to train more than 1,000 coaches in Côte d'Ivoire

70,000

Together, they will help around 70,000 farmers to create and implement a farm development plan



Training coaches in Côte d'Ivoire

Together with partners, ANADER (Agence Nationale D'appui au Développement Rural) and ICRAF (International Center for Research in Agroforestry), we are going to train more than 1,000 coaches in Côte d'Ivoire. Together, they will help around 70,000 farmers to create and implement

Farm Development Plans, while also ensuring that they comply with sustainability certification requirements. We believe this approach will help farmers to increase their profitability by becoming more efficient and cost-conscious as they also increase productivity.

Empowering women and supporting children

In some of our origin countries, women make up more than half the agricultural workforce and also take primary responsibility for children's education and family nutrition. Yet too many of these women still face gender-related constraints, and too many children still need a better start in life. We aim to create thriving communities that are armed with the basic social services relating to education, health and nutrition. And where community members will unite to empower women, aim for gender equality and protect children from child labor.



Empowering women and supporting children *continued*

Empowering women

Gender equality is a global goal, but the constraints women face in cocoa-growing communities vary from one country to another. For example, in Côte d'Ivoire, cocoa supports the livelihoods of about 3.6 million people and is one of the country's major foreign-currency earners. However, due to their relatively low plantation ownership rates and limited decision-making power, women have very little control over the revenues they generate and are generally unremunerated for their labor. Women in cocoa-growing communities also often find it harder than men to access training and financial services for entrepreneurial ventures.

Despite the rural income gap between women and men, in families and villages across West Africa, women play pivotal roles. They usually run the home, buy or grow food, and pay school fees for their children. We want them to become family income generators in their own right, as farmers with skills to match their male counterparts, or business builders.

Cultural norms and traditions can play a role in women's empowerment. Their role as care givers often clashes with paid employment and from involvement in community decision-making. We are very clear about the fact that we cannot truly empower women as income generators without first working with them to challenge and redefine the cultural conditions and gender norms in which they currently live.

However, in the short term, women need support that fits in with their lifestyles. We need to make sure that the support we provide delivers measurable positive outcomes, so we are currently running a number of research studies and pilot programs. You can find out more about these on page C24.

Bespoke training for women

Training provided in the agricultural sector is mostly attended by men, although a large part of the work on the farm is done by women. Evaluations carried out by UTZ Certified, show that information provided to men during training is often not effectively passed on to women. Consequently, it has a limited impact on the ground. We ran a project mapping out a typical day in the life of a woman living in a cocoa-growing community in West Africa, and in partnership with CARE, we asked women directly how we can make training more accessible. The results show that two of the key obstacles we need to overcome are distance and timing.

At present, Farmer Field Schools generally take place on farms, which may be some distance from the villages where women spend their days and impossible to reach. And training sessions often take place at times when women are busy with doing other things – taking children to school or cooking family meals, for example. We are exploring ways to overcome these problems, possibly by running our Farmer Field Schools and other training sessions at more convenient times, in village locations.

The roles of women in cocoa farming



African women usually work twice as long as men each day (FAO)



Often, women must grow crops on degraded, smaller plots than those owned by men (Gurrung et al, 2006)



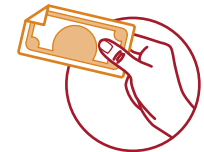
Achieving gender equality in education could increase farm yields by 7–22% (Van Crowder, 1996)



Women produce almost half of the world's food (FAO)



If women had the same access to resources as men, farm yields could increase 20–30% (FAO, 2011)



An increase to a woman's salary of US\$10 achieves the same improvements in children's nutrition and health as an increase to a man's income of \$110 (FAO Committee on Food Security, 2011)



Empowering women and supporting children continued



4,000

people have accessed credit through VSLAs to support income-generating activities. Over half are women

“I took a GH¢400 loan from my VSLA at two different times and paid up front for wood for my charcoal production. Since then, I have been able to save to buy wood for production and now I produce 50 bags instead of 20. I do not depend on middlemen to buy the charcoal or sell in small quantities in my village. The Cargill-CARE project is the best thing that has brought happiness and hope to my family.”

Safia Adams
VSLA participant, Ghana



“We believe women’s empowerment produces benefits both for women and children. A mother’s empowerment is strongly linked to her children’s health and education prospects. It is increasingly clear that we need to take a more holistic farmer and community-led approach to address child protection.”

Kate Clancy
Business Development Manager
Cocoa Sustainability
Cargill Cocoa & Chocolate

Financial services for women

We believe that encouraging more women to become income generators will result in better livelihoods and incomes for women. Because of the role women often play as carers and food providers, it will also help to reduce poverty whilst improving family welfare and child nutrition.

Giving women access to affordable financial credit is a key stepping stone in their empowerment. This is why we have introduced community-based savings and loan schemes, known as Village Saving and Loan Associations (VSLA).

These self-managed groups provide women (and sometimes men) with safe ways to save money, take out small loans and access emergency insurance. VSLAs provide a low cost, low risk introduction to saving and loans for many people. They also play an important part in boosting members’ self-esteem.

Together with CARE, we have established 165 VSLAs.

Supporting children

Children living in cocoa-growing communities need support in order to stay healthy, complete their education and fulfill their potential when they become adults. It is generally recognized that the most effective means focus on protecting and educating children: protection from the worst forms of child labor, and access to affordable, well-run schools.

We believe that we must always be vigilant to ensure that children are protected from the worst forms of child labor and their consequences, as defined by the ILO¹. Where possible, we ensure that children are enrolled in school. However, in some instances it is considered acceptable for children to work alongside their parents on farms after school, carrying out age appropriate tasks during busy seasons. This is also recognized by the ILO. It is our duty to make sure that children who work on farms outside school hours are not financially exploited, physically endangered or discouraged from studying or playing.

¹ The International Labour Organization (ILO). Worst forms of child labor. www.ilo.org/ipec/facts/WorstFormsofChildLabour/lang--en/index.htm

Empowering women and supporting children *continued*



Reaching children through empowered women

An increasing body of research shows that the most effective ways to address the worst forms of child labor and to ensure that more children attend schools is by empowering women. Why is this? Because women are generally responsible for meeting children and family-related expenses, for example school fees and food shopping.

Children benefit from women's empowerment in another important way. Women usually provide food for the family. If they earn more, they are likely to buy better, more nutritious food. If we teach them how to create and cultivate vegetable gardens, they are better equipped to grow the right food crops. Children and other family members benefit as a result.

The way we tackle child labor issues

We are highly concerned about the safety and wellbeing of children who may be involved in dangerous or forced work on cocoa farms and we are committed to working towards a transparent cocoa supply chain where no children are subjected to these conditions.

The challenges we face to achieve this are complex, as the root-cause of child labor issues is often poverty. The Cargill Cocoa Promise is key to addressing this issue. As part of this, we are working with the governments of cocoa-producing countries, industry partners, NGOs and local farming communities to make a difference in the lives of cocoa farmers, to protect the rights of children and to support cocoa farming communities. See more on page C27.

We believe it is important to train farmers on this topic, so our farmer training addresses and raises awareness of child labor issues. As a long-term member of the International Cocoa Initiative (ICI) we have worked in partnership to implement proven ways of helping farmers identify tasks that may harm children and reduce the risks they face on farms, such as using machetes and pesticides or carrying heavy loads. We encourage farmers to alert us if they believe any children are at risk on their farms.

An empowered future

Are we really making a positive difference for women and children in cocoa-growing communities? We believe we are, but we also know that we can do even more to support them in future. Yet again, improving community livelihoods will be the key that unlocks the door to more significant progress, because we know for sure that prosperity brings opportunity, for women and children.

Our results so far

Investment in better educational, nutritional and economic opportunities is central to the work we are doing to empower women and support children. This is the focus for our work with CARE. Together, we want to lift 100,000 people in West Africa out of poverty. We have achieved some impressive results: a 4.7% increase in primary school enrollment over the past two years in Ghana, and 97% of the children we reach have stayed in school for at least five years. You can read more about this on page C27.

An impact study conducted by the agricultural economics research institute, LEI, found that farmers who have been participating in our farmer training program in Côte d'Ivoire over the long term are more aware of labor and children's rights than those who have been participating for a shorter period of time. Through the ICI, we have been training farmers on how to protect and improve the rights of children.

From cocoa bean to chocolate bar

Accelerating progress towards a transparent supply chain

Agrifood businesses increasingly care about the provenance of the things they buy. The more they know about their products, materials and ingredients, at various stages in the food value chain, the better they can take steps to secure and manage their continuous supply, calculate return on investment, and make accurate claims to consumers.



From cocoa bean to chocolate bar continued



Transparency and Traceability – what is the difference?

There are no universally agreed definitions for these two terms and different industries use them both in subtly different ways. However, it is useful to think of them in this way:

Transparency – the extent to which information about participants and processes involved in a supply chain is available to its participants and other stakeholders.

Traceability – the ability to trace products backward and forward through the supply chain, or as the World Cocoa Foundation defines it: “A methodology that provides the ability to identify the path and the history of a cocoa product and monitor the processes it is subjected to throughout the supply chain.”

Traceability in cocoa value chains requires overcoming obstacles including complex chains with multiple participants, costs and heavy administration needs.

Consumers are becoming more interested in supply chains. For instance, social media has become a powerful tool through which consumers debate single issues related to supply chains.

One thing is for sure, at a time when sustainably sourced products are becoming commonplace and brands and businesses can be readily held to account by consumers through social media or by other means, transparency is an issue that no supplier, manufacturer or retailer can ignore.

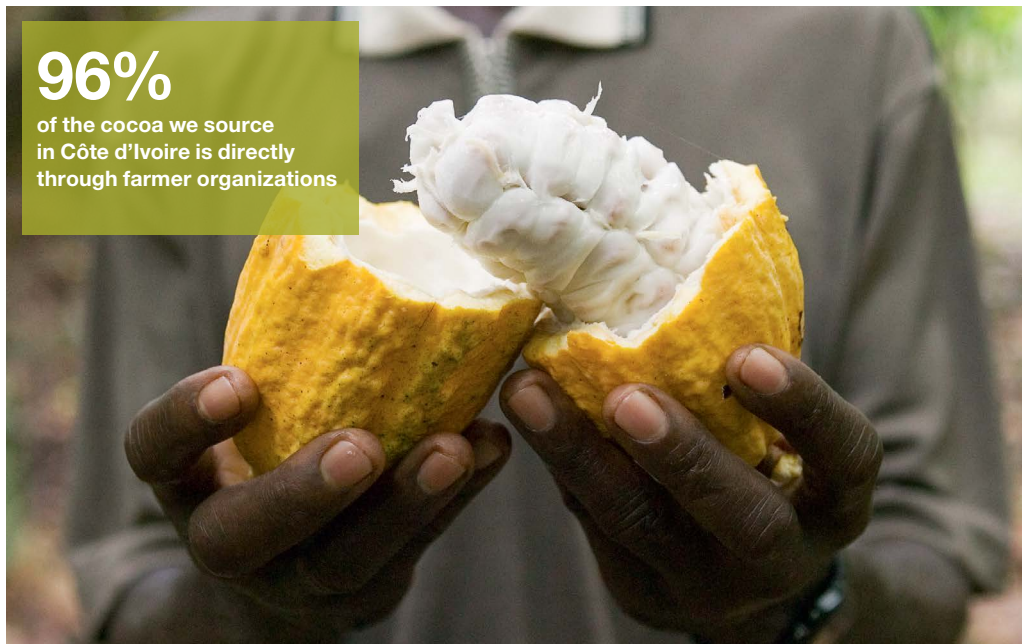
Sharing valuable insights

Through our close ties with farmers, our robust Monitoring and Evaluation system, and our use of third-party verification and certification systems, we can share valuable insights from within our supply chain.

What is traceability?

In our industry, there are many versions and interpretations of what effective traceability means in practice. We can provide information to cater to different needs, as the following examples demonstrate.

From cocoa bean to chocolate bar continued



Supplier consistency – we know the farmers we work with

By engaging more farmers in the Cargill Cocoa Promise, we are building a more consistent supply base. In some countries, for example Côte d'Ivoire, farmers have sold their cocoa to us through the same farmer organizations for many years – and in 2015 we sourced 96% of our cocoa from them. We know these suppliers well and trust them. They, in turn, know and trust us. This gives us confidence that they bring us the best quality cocoa they have. We can also gather useful information about farm performance from them.

We are working with cooperatives, our local partners and our customers, to find ways of cascading accurate, relevant information up the supply chain. We think this goes to the heart of what we need to drive transformation in the sector.

Certification – a powerful tool and information source

Certification schemes are integral to our approach. They provide internationally recognized and independent standards for sustainable production – in effect, a clear and credible framework for sourcing cocoa more sustainably. These schemes, including those run by UTZ Certified, Rainforest Alliance and Fairtrade, set out economic, environmental and social standards, which help farmers to improve their farming practices. They make sure farmers are achieving these standards through regular audits of farmer organizations. And, via their labels, they offer a signal to the consumer that a product has been responsibly produced.

Independent auditors verify the certification schemes we use, providing transparency in our supply chain. Their audits also provide information that enables us to measure the effectiveness of some of our programs.

How certification adds value for farmers, customers and consumers



For farmers

- Certification encourages **professional farm management** and good agricultural practices
- Farmers **benefit financially** from certification when they receive premiums on certified crops
- Premiums received by farmer organizations from certification are **reinvested** to support farmer members and the local community
- Certification schemes and standards encourage **long-term improvements in productivity, quality and cost efficiency** enabling farmers to form strong and long-term relationships with buyers



For customers

- Certification improves **transparency and traceability** in their supply chains
- Independent assurance **adds credibility** to sustainability claims
- **Added brand value** from connecting the benefits of the label to what they stand for
- The certification label helps them to **promote their sustainability commitments**



For consumers

- Certification labels can be used on packaging, online and marketing promotion to help them **choose sustainable products**
- A certification label on product packaging provides **independent assurance** that their favourite brands source their ingredients responsibly
- A certification scheme shows that the product **contributes to improved livelihoods for farmers**

From cocoa bean to chocolate bar continued

Financial transparency – explaining where the money goes

Because of the strength of our relationships with farmer organizations, we can give customers accurate information about where and how their premiums are spent. We can also target their investments more precisely, showcasing how their investments make a difference.

Social return on investment – how we really make a difference

Ultimately, we – and our wider stakeholders – want to know that our programs make a difference in the field. To do this, we are continuously improving our ability to measure the performance of our programs and the positive results that they deliver. You can read more about our robust Monitoring and Evaluation system on page B20.

Where next for traceability?

Last year, we launched an assessment to determine the logical next steps to improve traceability in our sector. We invited a number of specialists to share their views and ideas, including our customers, suppliers, NGOs and academics. This assessment has already improved our understanding of the many different angles that need to be considered when addressing traceability solutions.

Based on our experience and our research into the expectations of players in our sector, we are certain that demand for traceability solutions is here to stay. Our view is that these solutions should be mutually beneficial to all those involved. We need to work together to create traceability solutions that support better ways of working through the supply chain, otherwise we run the risk of taking actions that have a negative impact on cocoa farmers.

Openness and mutual cooperation between farmer organizations, suppliers, consumers, customers, NGOs and other players are required. This partnership approach will improve our knowledge about the provenance of cocoa and the conditions in which it is produced.

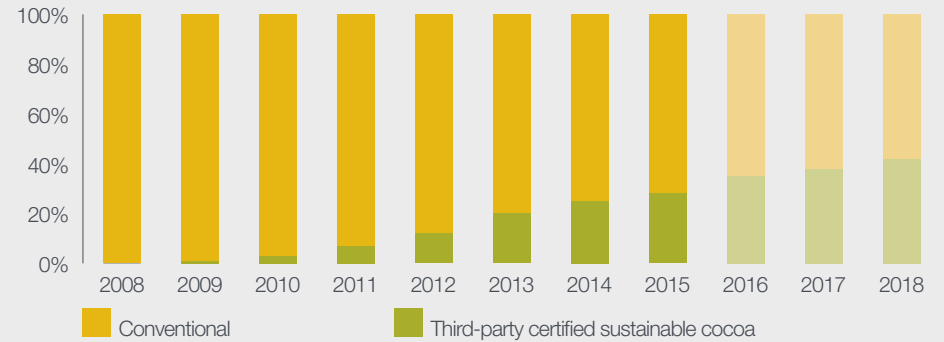


“To ensure traceability supports farmer livelihoods, we have to keep the existing cost efficiencies in the chain in mind, while thinking openly about ways to innovate to meet a growing demand for traceable solutions from the market.”

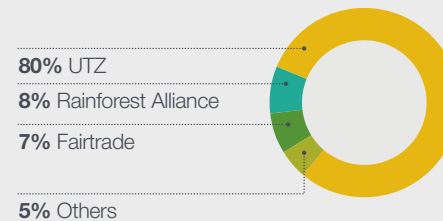
Saskia Samama

Marketing Manager Cocoa Sustainability
Cargill Cocoa & Chocolate

Cocoa bean volumes

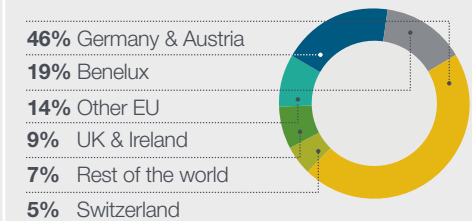


Certification by type (FY 2014/2015)



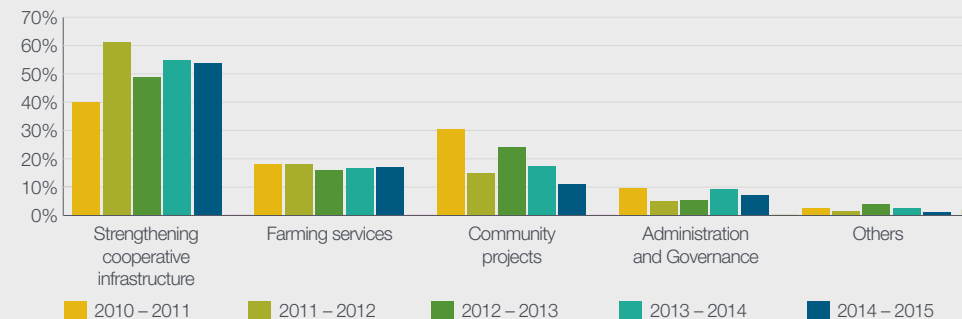
This diagram shows what percentage of our certified farmer partners work with each of the four independent certification standards we use.

Sum of certified sustainable sales per region calculated in bean equivalents



This diagram shows the percentage use of the four independent certification standards across different regions.

How do cooperatives invest their certification premiums?



Does the Cargill Cocoa Promise really work for farmers and their communities?

It is a sensible question to ask, because if a sustainable program does not benefit those it is meant to, then why continue to implement it? We want more evidence about the effectiveness of our sustainability programs. Finding reliable and cost-effective methods to ensure the impact of programs on the ground, or in our case, out in the fields, has become our top priority.



Does the Cargill Cocoa Promise really work for farmers and their communities? continued

Measuring results – how can we do it?

To put the fundamental premise of the Cargill Cocoa Promise to the test, we went back to our initial principles. We revisited and reaffirmed our Theory of Change – essentially a comprehensive description of why and how change happens. We examined our activities and interventions through the Cargill Cocoa Promise, and how these contribute to the achievement of our long-term goals. We concluded that our Theory of Change is still valid – it sets out our desired goals and tracks back from these, identifying all the interventions and outputs that are required for our goal – a thriving cocoa sector – to be achieved.

To ensure a thriving cocoa sector for generations to come, improvements are needed to Farmer and Community Livelihoods in an integrated manner. We will contribute by professionalizing cooperatives and supporting them in achieving progress in farmer training, farm development and community support.



“We have advanced our way of thinking and reporting. It’s not only about reaching the farmer anymore, we are committed to improving livelihoods. Capturing the results of our effort is key.”

Harold Poelma
President
Cargill Cocoa & Chocolate

How Cargill believes the Cocoa Promise contributes to positive and long-lasting change



Does the Cargill Cocoa Promise really work for farmers and their communities? continued

Putting theory into practice – how does it work?

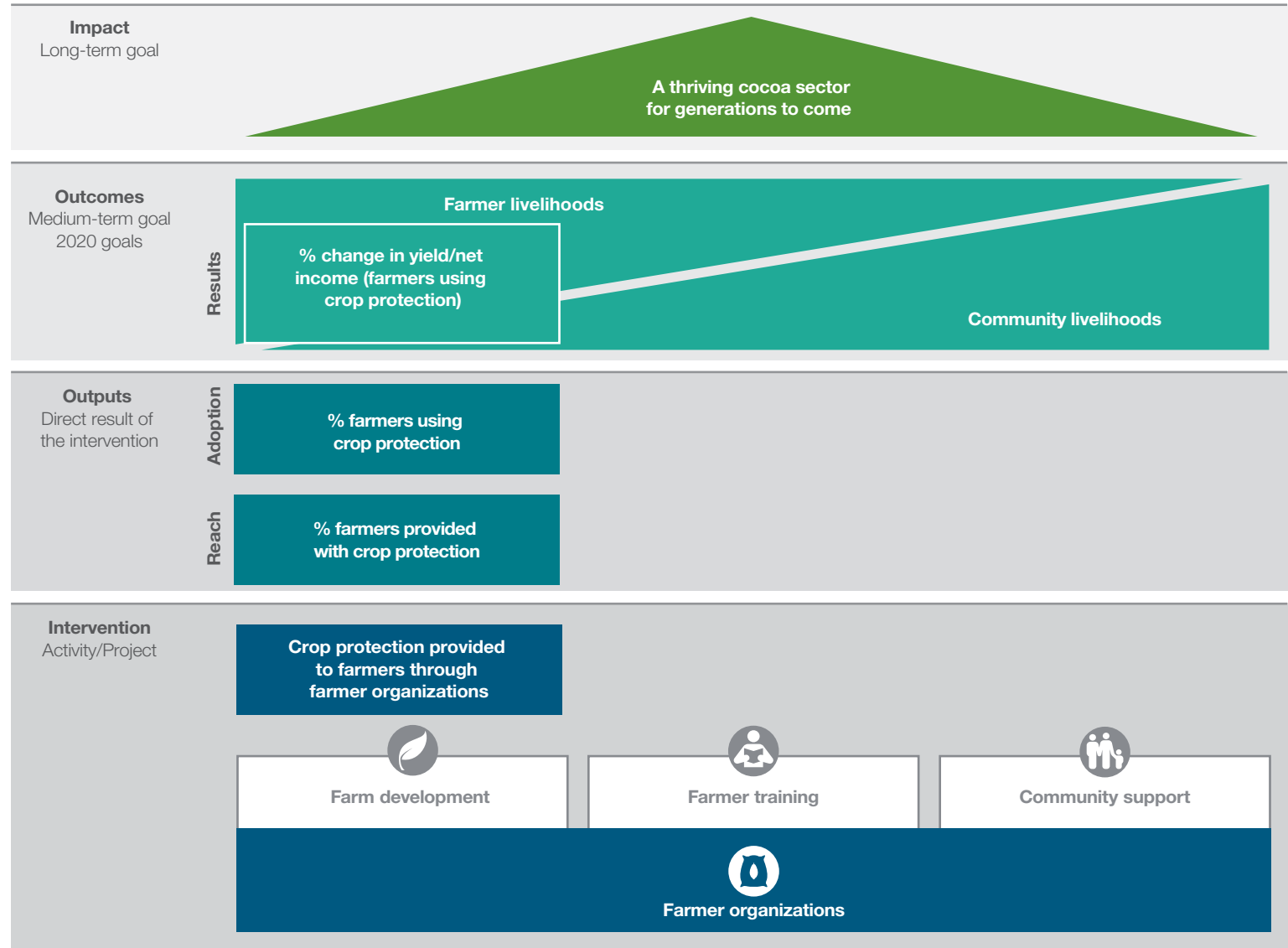
We have applied our Theory of Change to help us develop a Results Framework, which we can use to identify the types of interventions that will collectively deliver results (or outcomes) that support our medium-term goals – better Farmer Livelihoods and Community Livelihoods. This approach helps us better understand the precise links between activities and achievement, but also to measure and report progress over time. Consequently, we can plan more effectively, because we actually understand why and how particular actions contribute to specific results.

Breaking the theory down into a sequence of practical steps means we can implement it across our programs. We can assess our progress towards our goals and also capture knowledge to continuously improve program performance.

We have introduced new ways of measuring our progress: not only their reach and adoption but also the positive results they deliver. We have a consistent methodology – set out in our Monitoring and Evaluation system.

Our Monitoring and Evaluation system fully adheres to current Côte d'Ivoire privacy legislation. Cargill is the first and only company in the country to receive official authorization from the Côte d'Ivoire authorities.

Results Framework: showing an example of one activity



Does the Cargill Cocoa Promise really work for farmers and their communities? continued

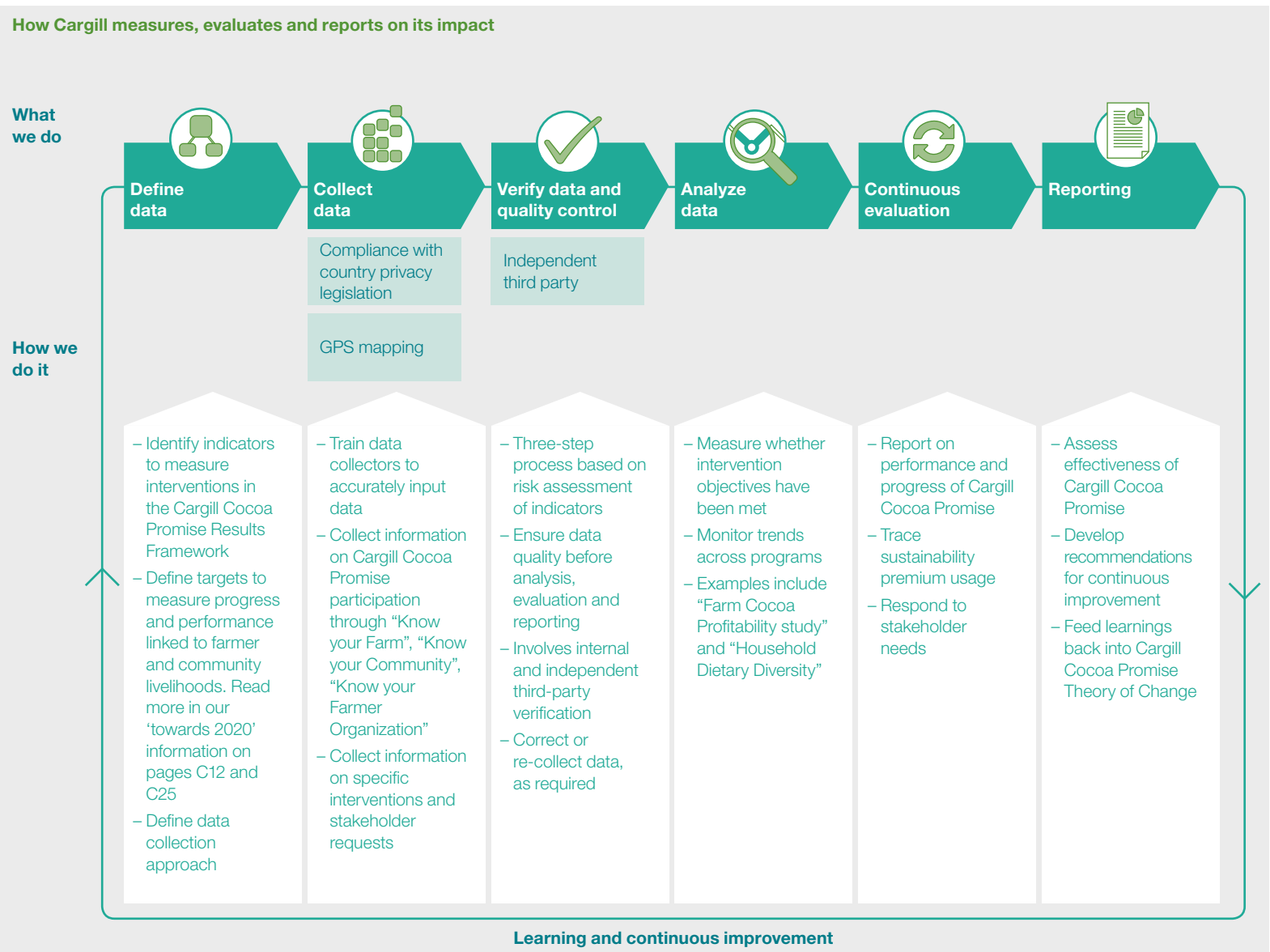
**Continuous improvement
– is it really possible?**

Now that we have more accurate data and defined our goals more sharply, we can apply our learning. We can focus on designing and developing the most effective programs and continuously refine our sustainability strategy. We are investing in finding better ways of measuring results and one of the most exciting projects is using digital technology as a key tool.

Measuring outcomes – what comes next?

We will continue to gather more detailed information about a greater number of farmers and communities. At the same time, we will try to help our local partners – for example, coaches and farmer cooperatives – become better information providers too, specifically through our Know your Farm and Farmer program. Their information will sharpen our understanding of what is working and what is not working for farmers. We will also work with research partners to enrich our knowledge and gain further insights.

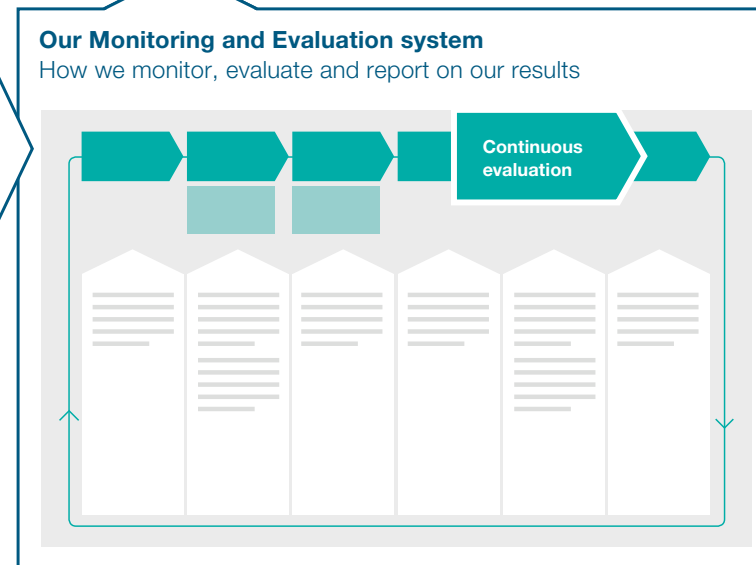
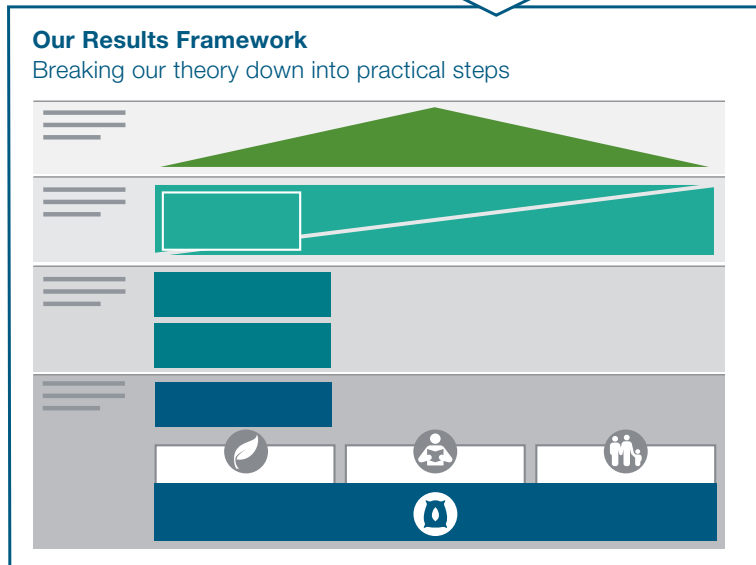
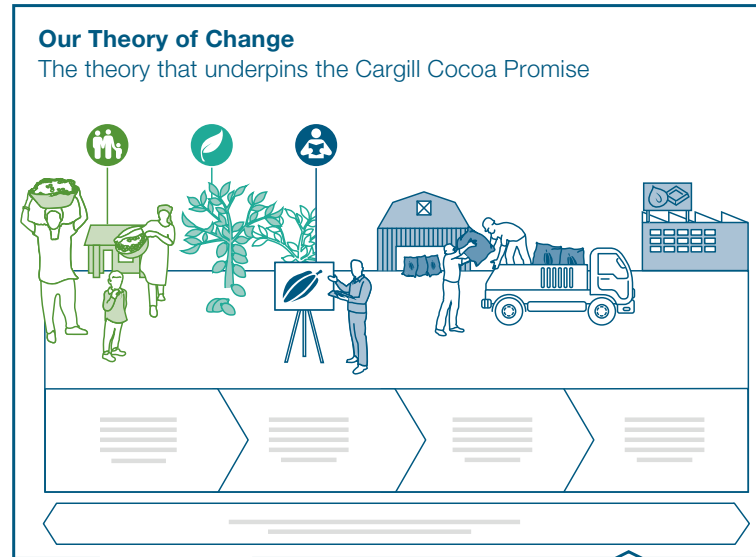
As a partner in CocoaAction, we are contributing to the development of an industry-wide CocoaAction Results Framework. You can read more about CocoaAction on page B05.



Does the Cargill Cocoa Promise really work for farmers and their communities? continued

How does it all fit together?

Our Theory of Change, Results Framework and Measurement and Evaluation system all work together to help us capture the results of our efforts, and ensure we continue to learn and evolve our Cargill Cocoa Promise. This approach is vital to ensure that we deliver tangible improvements to farmer and community livelihoods, and the success of our business.



Does the Cargill Cocoa Promise really work for farmers and their communities? continued

Information gathering – using technology

Technology, including GPS mapping, has great potential as a way to gather data accurately and rapidly, particularly in remote rural environments. In Côte d'Ivoire, Indonesia and Ghana, we have started an ambitious project to survey all the cocoa farmers we trade with using GPS.

What have we achieved so far? Focusing on 23,000 farms this year, chosen mainly through our farmer organizations, we have gathered more detailed data than ever before, including the location, size, and footprint of each farm surveyed, the type and age of trees grown, the cultivation methods used, the choices made about fertilizers, replanting activities, the use or not of shade trees, along with a wealth of information about farming families and communities.

GPS mapping of smallholder cocoa farmers is not an easy task. Farms can be remotely located at long distances from each other and the weather can have a negative influence on local road conditions and GPS signals. Nevertheless, we have now mapped 23,000 farms: 15,000 in Côte d'Ivoire, 5,000 in Ghana, 3,000 in Indonesia. 45,000 will be done next year.

In addition to our GPS mapping work, we also gather data in other, more conventional ways. We carry out face-to-face surveys of farmers and their farms, gather information through farmer organizations, and also the ground assessments of conditions in cocoa farmer communities. These data gathering activities are frequently audited by our own internal experts and by external specialists to ensure their accuracy.

What have we learned so far? Our top-line conclusion is that in Côte d'Ivoire around more than half of the farms we trade with have the potential to make a living income through sustainable cocoa farming.

Mapping and surveys will also improve our understanding of the specific challenges that other farms face, so we can offer them bespoke support. What surprised us is that farmers often do not have accurate data about their farm size.

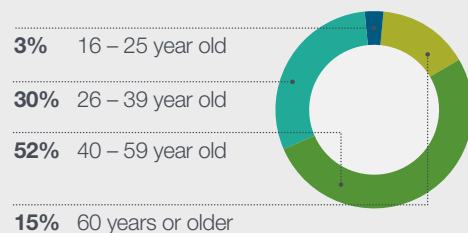
Knowing the farmers we work with

We have worked hard to understand more about our farmers. We have discovered that they are a very diverse group, spanning a wide age range, including women and men, some with few dependants and others with many. Our "typical" farmer is a man, in his mid-forties, farming about 3.5 hectares of cocoa comprising one or two plots. He supports a household of seven or eight people. In fact, the vast majority, some 98.5%, of our registered farm owners are men, although much of the work on their farms is done by women. We also know that around 23% of our farmers grow other crops as well as cocoa, and around 85% of them own mobile phones.

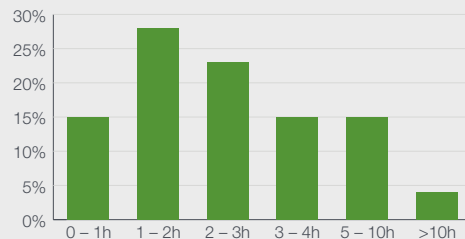
“We started collecting data for four reasons. Firstly, for our sustainability program it is important to demonstrate with hard evidence that our programs are achieving results. Secondly, sharing this data with farmers and farm organizations allows them to better plan and target their activities to improve cocoa profitability. Further, we want to show our customers how we are helping them deliver their sustainability strategies. Finally, within CocoaAction we can show our contribution to the industry’s efforts.”

Blandine Konan
M&E West Africa Lead
Cargill Cocoa & Chocolate

Farmer age distribution

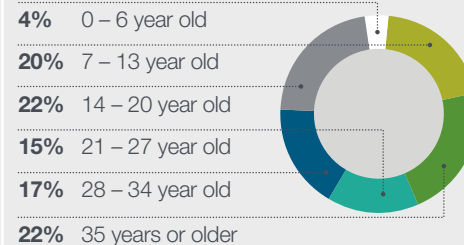


Cocoa farm size distribution



GPS mapping and other surveys show that our average farmer in Côte d'Ivoire farms around 3.5 hectares, although this graph shows that there is great variation across the whole farmer population.

Cocoa farm age distribution



22.5
is the average number of years a farm has been under cultivation

42%
of farmers intercrop their cocoa plantations with coffee, rubber or food crops

33%
of farmers use some form of fertilizer

72%
of farmers apply crop protection

A thriving cocoa sector for generations to come

Cargill Cocoa Promise commitment and ambition

The Cargill Cocoa Promise is our commitment to improving the lives of cocoa farmers and their communities, and, in doing so, securing a long-term supply of cocoa.



A thriving cocoa sector for generations to come *continued*

Our ambition is to accelerate progress towards a transparent global cocoa supply chain, enable farmers and their communities to achieve better incomes and living standards, and deliver a sustainable supply of cocoa and chocolate products. We believe this will contribute to a thriving cocoa sector for generations to come.

History and evolution

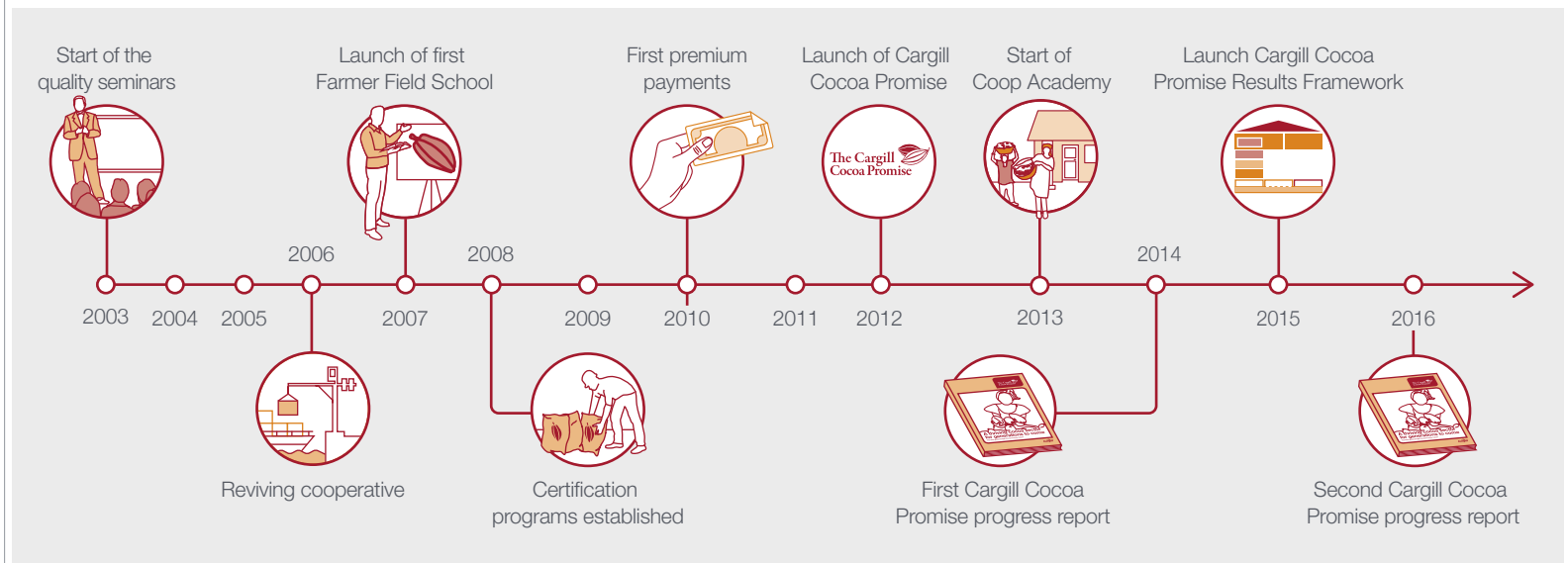
Sustainability is not a secondary issue for Cargill Cocoa & Chocolate, but part of our DNA. It is central to how we do business, essential to our global cocoa bean sourcing strategy, and vital to improving the livelihoods of farmers and their communities.

We introduced the Cargill Cocoa Promise in 2012 as part of an overarching strategy to build a sustainable cocoa supply chain, and to align our existing efforts in our five cocoa-growing countries: Côte d'Ivoire, Cameroon, Indonesia, Ghana and Brazil. The Cargill Cocoa Promise focuses on making a difference to farmers and their communities.

We have always been involved in the discussion, and growing insight made us aware of the need for a sustainability strategy that is intertwined with our business strategy. The Cargill Cocoa Promise is such a strategy, and we know that continuous learning and improvement ensures our programs are effective, relevant and impactful. That is why we established a Results Framework and invested in a strong Monitoring and Evaluation system to analyze our impact. We continuously work on embedding sustainability in decision-making on all levels within the organization.

How the Cargill Cocoa Promise contributes to positive and long-lasting change

Our long-term goal is to contribute to a thriving cocoa sector for farmers and their communities. To make this happen, improvements are needed to farmer and community livelihoods. We will contribute by professionalizing coops and supporting them in achieving progress in farmer training, farm development and community support. Working closely with our stakeholders and partners is crucial to succeeding in our sustainability strategy. A learning and continuous improvement process is central to this approach.



A thriving cocoa sector for generations to come continued

Our result areas

Farmer livelihoods

By participating in the Cargill Cocoa Promise, farmers will become empowered entrepreneurs who manage professional farms that generate a living income or beyond. They will maximize the profitability of their cocoa farms by optimizing cocoa production and using inputs efficiently and in an environmentally sustainable manner.

Community livelihoods

To reach their full potential, and to also contribute to the community and the environment, farmers have to be part of a thriving community. These communities improve quality of life today, and enable a bright tomorrow. By participating in the Cargill Cocoa Promise, communities will acquire better social services related to education, health and nutrition. Community members will unite to protect children from child labor and empower women.

Partnerships with farmer organizations are key. They enable us to reach many smallholders. Experience shows us that helping these organizations build their capacity provides a solid foundation and engagement for farmer training, farm development and community support activities.

Our intervention areas

Farmer organizations

Business-oriented farmer organizations are the lever for improved farmer and community livelihood, and the starting-point for interventions in farmer training, farm development and community support. Through, and with them, we can reach and support farmers and their communities. To stimulate professionalization we encourage farmer organization participation in the Cargill Coop Academy.

Farmer training

Utilizing Good Agricultural Practices (GAP), effective health & safety procedures, and good business practices, whilst also taking account of the social and environmental impact of cocoa farming, are all integral to running professional and responsible farms. This is why we invest in farmers' capacity through Farmer Field Schools. Our training teaches farmers the techniques and practices they need to improve the agricultural practices on their farms, run them as profitable businesses, and play a positive role in their communities.

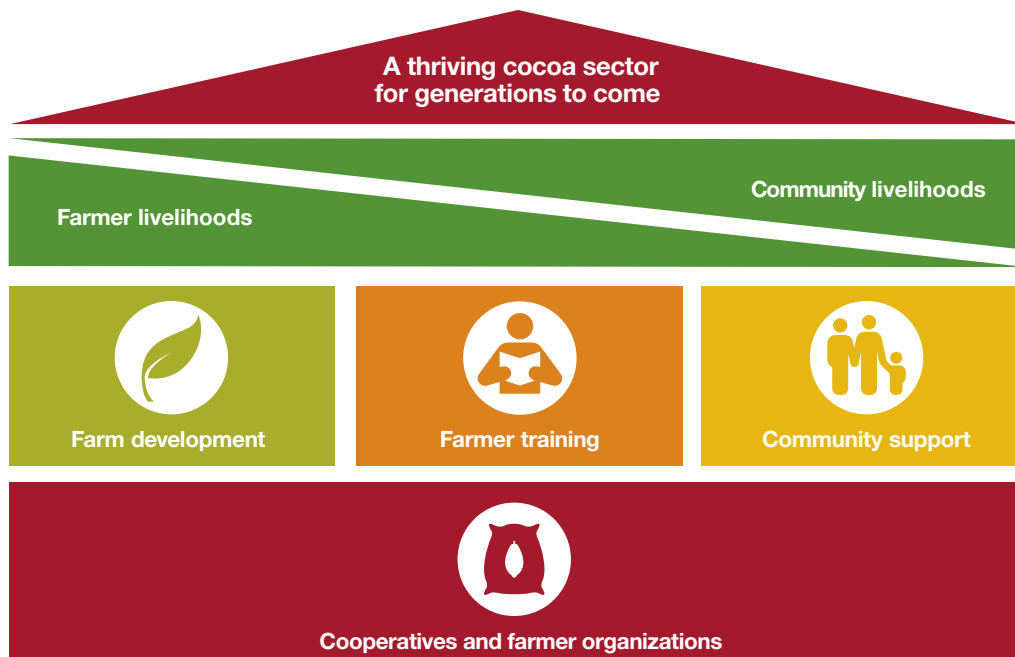
Farm development

Conditions on farms have a major impact on farmers' productivity. Key factors include nutrients in the soil and shade provided to cocoa trees, as well as the appropriate use of high-quality planting material, fertilizer, and crop protection. When farms are not sufficiently nurtured in this way, cocoa productivity can decline. Access to quality crop inputs, required for healthy and profitable farms, is often absent or insufficient at best. We provide farmers with access to the resources needed to make their farms viable, productive and profitable. In addition, we stimulate the creation of a viable market for agricultural inputs – with high-quality, proven inputs available to farmers along with appropriate financing possibilities.

Community support

The Cargill Cocoa Promise focuses on community-driven development. Decisions regarding programs and interventions are based on what communities tell us they need to develop.

We strengthen cocoa-growing communities by improving their access to services, including education, health and nutrition. At the same time, we help make local people more aware of the social benefits of improving child protection, sending children to school, and empowering women. These interventions result in increased community wellbeing, improved social services and empowered women.



A thriving cocoa sector for generations to come continued

Measuring progress, performance and learnings

We measure progress and performance, and capture learnings at three different levels:

- 1) Results of our interventions (farmer training, farm development and community support): either through their reach (the number of farmers provided with fertilizer) or their adoption (the number of farmers using fertilizer)
- 2) Results of our programs (farmer and community livelihoods): refers to the changes that occur thanks to multiple successful interventions (for example, the percentage change in yield or net income for farmers that have received and used the fertilizer)
- 3) Impact of the Cargill Cocoa Promise: focuses on the overall objective of



“Only when farmers take their destiny in their own hands will we have a truly sustainable cocoa sector.”

Lionel Soulard

Cargill West Africa Managing Director
Cargill Cocoa & Chocolate

contributing to a thriving cocoa sector for generations to come

To understand which interventions work best for farmers and their communities and why, we focus on the results of our interventions and programs, analyzing these leads to learnings on how the Cargill Cocoa Promise influences farmer and community livelihoods. Insights from our data on reach and adoption, together with our experiences in the field, provide information on which interventions are successful and which are not. This means we can apply our lessons learned to continuously improve our approach, design relevant programs and interventions, and enhance our long-term impact.

Partnerships

Results are achieved with our partners from civil society, and the public and private sectors. We can count on over [x] well-established partnerships with farmers, communities, farmer organizations, NGOs, governments, institutions, academia, customers, other cocoa businesses and local stakeholders in cocoa-growing countries. Together we contribute to proven improvements in the livelihoods of farmers and their communities.



US\$2.4 million

Through our \$2.4 million partnership with CARE and the Conseil du Café-Cacao, we provided education to 1,500 children and increased access to healthcare impacting 25,000 people in 14 cocoa-growing communities.

“Innovative pilot projects are crucial. We’re trying to understand the way forward with respect to smallholder development. Fail small and quick. Learn and adapt. Find what works and expand. Be brave.”

Camille Paran

Sustainability Country Lead Indonesia
Cargill Cocoa & Chocolate

Working with farmer organizations and empowering them

Cargill believes that professional and business-oriented farmer organizations should take responsibility for management of sustainability programs, supporting the implementation by their farmers and in their communities.

Our approach

Business-oriented farmer organizations are the lever for an improved farmer and community livelihood and are the starting point for interventions in farmer training, farm development and community support. Through, and with them, we can reach and support farmers and their communities. To stimulate professionalization we encourage farmer organizations to participate in the Cargill Coop Academy.



US\$8 million

paid to farmer organizations as premiums through their participation in sustainability certification schemes

96%

of our cocoa was bought through cooperatives in Côte d'Ivoire last year

Working with farmer organizations and empowering them continued

What does success look like?

Financially viable farmer organizations that:

- Provide farmer services
- Have robust internal management systems
- Assume responsibility for implementing sustainability programs, together with farmers and communities
- Play a vital role in everything we do to move the Cargill Cocoa Promise forward

How will we measure progress?

● In progress ● Recently started

- We will measure farmer organizations' progress against an index. They will be rated against these categories:
 - Internal management
 - Operations
 - Financial management
 - Sustainability
- Keep track of volumes of certified sustainable cocoa delivered to Cargill
- Achieve farmer livelihood goals (see page C12)
- Achieve community livelihood goals (see page C25)

Progress highlights

Reach and adoption:

181

farmer organizations supported through the Cargill Cocoa Promise in West Africa

96

Cocoa Producers Groups (CPG) became fully operational in Indonesia

320

leaders, from 80 cooperatives, have completed or are currently enrolled in the Coop Academy

96%

of our cocoa was bought through cooperatives in Côte d'Ivoire last year

Results:

US\$16 million

paid to farmers and farm organizations as premiums through their participation in sustainability certification schemes in 2015

What we have learned:

- We believe that women and younger farmers are currently under-represented in farmer organizations. We decided to address the topic of gender by introducing a diversity module to the Coop Academy

Our plans for 2016:

- Roll out Coop Academy program in Cameroon
- Raise awareness on benefits of diverse and inclusive farmer organizations
- Monitor progress of our affordable finance initiative, known as "Doni Doni", in Côte d'Ivoire
- Use learnings from our assessments to improve targeted support to farmer organizations



Working with farmer organizations and empowering them continued

Farmer organizations make vital contributions to the present and future prosperity of farmers and their communities. They also enable us to achieve our sustainability goals. We want these organizations to become successful businesses in their own right – run by empowered men and women. We will know we have achieved this when farmer organizations are ready to run their businesses and support their communities independently with minimal or no support from us.

Why farmer organizations are important

We are a global cocoa and chocolate business that sources locally with more than 400,000 farmers, around 99% of them smallholders. 181 farmer cooperatives in West Africa improve farmers' access to markets, help them receive a fair income from their crops, and ride-out any ups and downs in cocoa prices from year-to-year. Commercially and logistically, our relationships with farmer organizations are essential. For example, through 101 partner cooperatives we are able to reach 70,000 farmers in Côte d'Ivoire.

Farmer organizations can make sure farmers get what they need to farm more profitably, productively and sustainably – whether through training, access to finance or the payments they secure for farmers through sustainable cocoa certification schemes. They also contribute financially to community development projects, including improvements to schools and other services, and in some cases, by running the local school bus and ambulance service.

Beyond supporting farmers and their communities, they also help us to create a sustainable business mindset in our supply chain. We are proud to work with them.

Farmer organizations worldwide

Beyond the 101 farmer organizations we work with in Côte d'Ivoire, we also work with 60 in Cameroon. There are a few cooperatives in Ghana, but more are needed and we are involved in establishing new ones. In Indonesia, where there are no farmer organizations at all, our challenge is to empower farmers to become more organized or to find ways to reach them individually. Working with Swisscontact, we have established 80 new Cocoa Producers Groups (CPG) in 2014, bringing the number of CPGs to 117 in total. In 2015, 96 of these became fully operational. CPGs or Kelompok Tani (to use their Indonesian name) are groups of around 25-30 farmers, through which we can facilitate training. We have plans to establish more farmer organizations in Indonesia next year.

In Cameroon, we have recently signed a Memorandum of Understanding with a number of farmer cooperatives to introduce our Coop Academy Program. The program is a tried and tested way to support cooperatives in building their capacity and reach.



Empowering cooperative leaders via the Coop Academy

The Coop Academy, launched in 2013, is combining 28 days of intensive classroom training with a year of personalized on-the-ground coaching. Since its launch, 320 leaders, from 80 cooperatives, have completed or are currently enrolled in the program. We run the Coop Academy in partnership with sustainable trade initiative, IDH, TechnoServe, IFC and INPHB (Institut National Polytechnique Houphouët Boigny).

Evaluation already shows that participating cooperatives have made changes towards professionalization. For example, general meetings are now regularly organized and held with the support and involvement of representatives of various producer members.

We will launch Coop Academy in Cameroon and our ambition is to take it into other origin countries in future.

Working with farmer organizations and empowering them continued

Professionalizing farmer organizations

Working together with SCOPEinsight, TechnoServe, IFC and farmer organizations, we have assessed the professionalism and management maturity of a number of farmer organizations participating in the Cargill Cocoa Promise. We conducted a pilot in 2014, and followed it up this year with an expansion phase involving 25 farmer organizations spread across Côte d'Ivoire.

Our overall objective is to develop interventions that improve the competitiveness and long-term sustainability of farmer organizations involved in our programs.

The assessment confirmed that most of the farmer organizations involved run their general operations well and are continuously improving their financial management processes.

Creating new cooperatives in Ghana

Farmers in Ghana have created 20 new cooperatives, with support from us and from our local partner Community Empowerment Associates. Each of the cooperatives was launched with 500 members, and farmers in 10 cooperatives have been trained in all aspects of cooperative management, including the legal aspects and good governance. All the cooperatives now hold monthly meetings and have motivated their members to train in good agricultural practices. Their rapid growth and continuing success for farmers, shows just how effective farmer organizations can be.

Farmer organizations are being assessed against these criteria:

Internal management

Governance, internal organization, business planning.

Operations

Logistics, storage, GAP, processing.

Financial management

Management, planning, budgeting.

Sustainability

Social, environmental.

Market

Clients, market risk, marketing.

External risks

Biological, environmental, weather.

Enablers

Capacity builders, government, service providers.

Supply

Input suppliers, security of supply, members/outgrowers.

Reference: SCOPEinsight Assessment Chapters



Working with farmer organizations and empowering them continued

Making farmer organizations more diverse and inclusive

We want to make farmer organizations more diverse and inclusive. The limited participation of women and young adults restricts their ability to play a bigger role on farms or in local communities, as income generators, organizers and leaders, and deprives farmer organizations of a wealth of untapped talent.

Attracting young adults to become cocoa farmers is vital to ensure a stable, reliable supply of cocoa for future generations. Working with farmer organizations to convince younger women and men that they can make a living income or better for their families in prosperous cocoa-growing communities is the best way to ensure a pipeline of future production.

We have introduced a diversity module into our Coop Academy program, which stresses the opportunities for women in cocoa farming, whilst simultaneously working hard to convince cooperative managers of the value that this module brings for farmers and communities. And we are working with the WCF to bring productivity training to 1,000 women and 7,000 of their family members in Côte d'Ivoire. This training aims to encourage women to participate in cocoa farming and supports them in growing their farms to become viable businesses. Read more on page C31.

“Access to finance and better transportation will make a critical difference to the success of the cooperatives. Successful cooperatives are critical to the future of cocoa farming and cocoa communities.”

Axel Kadja
Country Sustainability Lead Ghana
Cargill Cocoa & Chocolate

Investing through certification

Certification schemes, and the benefits they bring, provide the catalyst to get farmers involved in training and follow it through to completion.

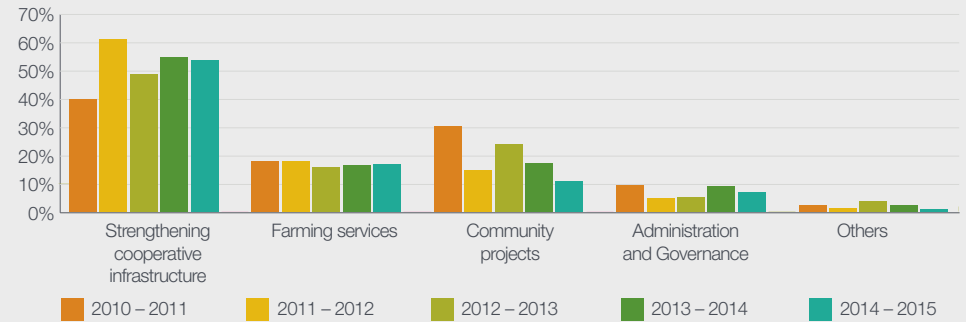
On average, our programs pass close to 70% of certification premium payments directly back to farmers and farm organizations. The remaining 30% is invested in programs that also benefit farmers, but in more indirect ways – for example, farmer training and coaching. Since we introduced the use of certification programs, US\$60 million US\$25 million, 2014 has been paid in cash premiums, including US\$8 million paid directly to farmer organizations in 2015.

Farmer organizations in turn invest this in projects to boost productivity, farm development and benefit the community, as shown by the table opposite. We track in full detail how these premiums are distributed and how farmer organizations decide to invest their funds. Recent information shows these are being invested in:

- Strengthening farmer cooperatives by providing crop financing, improving logistics, employee health and safety, certification activities
- Community projects such as schools and education, healthcare and road rehabilitation
- Farmer services, crop protection and fertilizer distribution

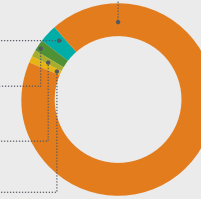
We are encouraging more cocoa farmers in Brazil to become UTZ certified. The number of certified farms here has increased from 34 in 2014 to 71 in 2015, covering 9,600 hectares (5,500 in 2014) in the states of Bahia and Espírito Santo. Our goal is to have 200 certified farms by 2019.

How do cooperatives invest their certification premiums?



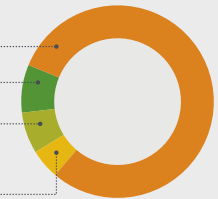
Certification by region (FY 2014/2015)

- 93% EU + Swiss
- 3% NAM
- 2% Asia
- 1% NAFMEA
- 1% EEU

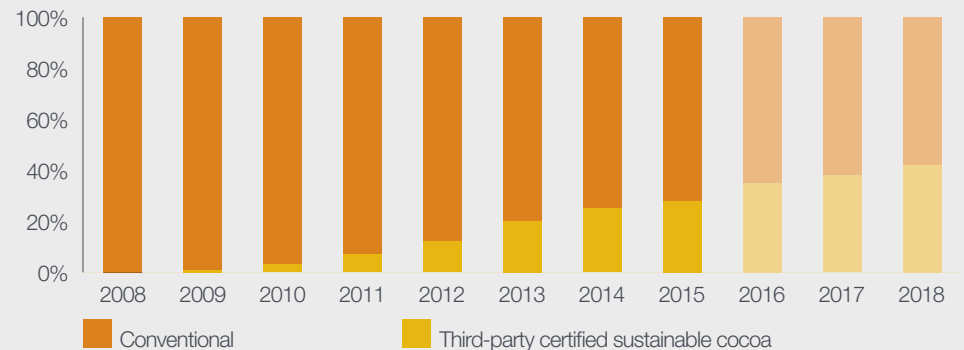


Certification by type (FY 2014/2015)

- 80% UTZ
- 8% Rainforest Alliance
- 7% Fairtrade
- 5% Others



Volume of certified cocoa beans



You can read more about the value of certification on page B16.

Working with farmer organizations and empowering them continued

“The costs that we have saved by not having to repair old trucks will help us pay for the new trucks. We won’t even be aware that we’re spending money for those trucks... We will be repaying the trucks step by step through the sales of our cocoa beans.”

Sawadogo Moussa
Chairperson of Cooperative CINPA



“Cargill’s initiative embodies the true scope of sustainability.”

FIE Innovation Award,
Jury report (extract)

**Supporting farmer cooperatives
“Step by Step”**

In Côte d’Ivoire, we work together with the International Finance Corporation and Société Ivoirienne de Banque (SIB) to develop an innovative, award-winning initiative that gives farmers the affordable finance they need to improve farming logistics.

Logistics can be a big challenge for farmers and cooperatives. The trucks they use to transport cocoa beans are often old and unreliable. The logical solution is to invest in new trucks, but these are expensive and the cost of loans can be prohibitive.

So that cooperatives can overcome this problem, we have launched a new kind of vehicle finance in Côte d’Ivoire, together with the IFC, which helped us expand the Cargill Coop Academy. Through our vehicle finance initiative, known as “Doni Doni”, in Côte d’Ivoire, farmer organizations that have taken part in our Coop Academy can get new trucks through a three-year leasing deal that also includes insurance.

Flexible finance of this kind enables cooperatives to save time and money by running new trucks – so they get a long-term return on their investment and move a step closer towards financial independence. 43 cooperatives have taken up the chance to lease 78 new trucks during the first year.

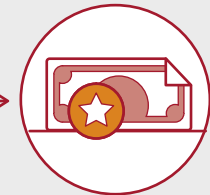
This really is a unique scheme, which has been recognized by Food Ingredients Europe (FIE), which awarded us a prestigious FIE Innovation Award as the “Sustainability Initiative of the Year”.



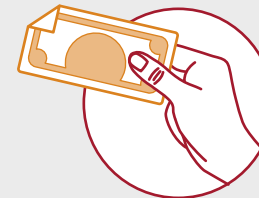
43 participating coops...



...have a need for logistics. Dealing with old fleets of trucks creates huge maintenance costs



... but they have difficulty accessing finance



SIB provides a three-year loan to be able to buy brand new trucks, and opens bank accounts for cooperatives



IFC-SIB and Cargill agree upon the content of commercial loans to cooperatives



The IFC set up a risk sharing facility putting together Cargill and SIB



Cooperatives each pay 10% of the cost of the truck upfront, and authorize Cargill to deduct 10F per kilo of cocoa they deliver, to put into a savings fund to cover their monthly lease fees.

The interest rates they pay are lower than any others commercially available

The advantages that Doni Doni brings

- Spreads cost of equipment acquisition over three years and reduces impact on yearly treasury
- Increased effectiveness of cocoa collection in the field
- Reduces maintenance expenses
- Coops own truck at the end of lease

Improving farmer livelihoods

Participating in the Cargill Cocoa Promise will result in farmers becoming empowered entrepreneurs who manage professional and responsible farms that generate a living income or beyond. Farmers reach maximum profitability of their cocoa farms, by optimizing cocoa production and using inputs cost efficiently, while protecting the environment.

Our approach

We take a sequential approach to ensuring our farmers become profitable, and we partner with farmer organizations and external partners where necessary, to achieve the best outcomes. Our ultimate aim is for projects to become self-sufficient:

- Farmer Training
- Farm Development:
 - making better use of crop protection
 - planting better quality and more resilient seedlings
 - using fertilizers well



58,000

farmers are now using pest and disease management techniques and products

23%

average yield improvement achieved by farmers through applying better plant protection¹

56%

increase in yields achieved by farmers using fertilizers correctly¹

¹ Figure is taken from an initial study, based on a sample

Improving farmer livelihoods

Our commitments

Reach and adoption:

- All farmers attend Farmer Field Schools
- Every farmer follows a Farm Development Plan, with coaching to implement it successfully
- More farmers access affordable crop protection products, equipment, fertilizers, better quality seedlings and shade trees
- Farmers apply their training to good effect
- Farmers use crop protection, equipment, fertilizers, seedlings and shade trees
- Farmers effectively implement their Farm Development Plans

Towards 2020

- In progress
- Recently started

- Increase the number of farmers with measurable improvements in profitability, primarily achieved through better yields
- All farmers benefiting from training and coaching and following their own Farm Development Plans
- Increase the number of farmers benefiting from using crop protection, high-quality planting materials and fertilizer appropriately

* We will report publicly on our specific internal 2020 goals, focusing on the results of our initiatives, once our baseline and methodology has been finalized

Progress highlights

Reach and adoption:

90,000
 farmers attended our
 Farmer Field Schools
 in 2015

58,000
 farmers are now using pest
 and disease management
 techniques and products

Results:

23%
 average yield improvement
 achieved by farmers
 through applying better
 plant protection. This has
 led to net income increase
 of US\$194

56%
 increase in yields achieved
 by those farmers using
 fertilizers correctly

What we have learned:

- Most farmers do not accurately know their farm size
- 42% of farmers grow other crops as well as cocoa

Our plans for 2016:

- Roll out farmer training and farm development programs to a greater number of cooperatives, in our origin countries
- Provide one-to-one coaching to farmers
- Work with farmers to develop Farm Development Plans
- Expand our Yiri*, nursery and Cacao Allyie programs, and roll them out to a greater number of cooperatives in Côte d'Ivoire, and eventually into our other origins



Improving farmer livelihoods

Empowered farmers can thrive by optimizing cocoa production on their farms. By running farms as businesses, using the skills they learn at Farmer Field Schools along with the appropriate agricultural resources, they can improve cocoa profitability and make a living income or better.

Our sequential approach

To enable farmers in our origins countries make their farms more profitable and productive, we are working through a structured, sequential transition program with them. Our ambition is that almost all the farmers we work with will go through the relevant stages of this program by 2020, then use the skills they learned in training along with the right agricultural resources, to run their farms as successful businesses.

Following this approach, farmers complete four stages on their journey to build profitable farms:

1. Training in better agricultural practices
2. Making better use of crop protection
3. Planting better quality and more resilient seedlings
4. Using fertilizers well

As farmers all have different immediate needs, we work with them as they learn and develop through the training, progressing from stage to stage. Training often happens on demonstration farm plots, where we can show, rather than simply tell them, what they need to know, and where they in turn, can learn by trying out techniques and working with materials themselves.

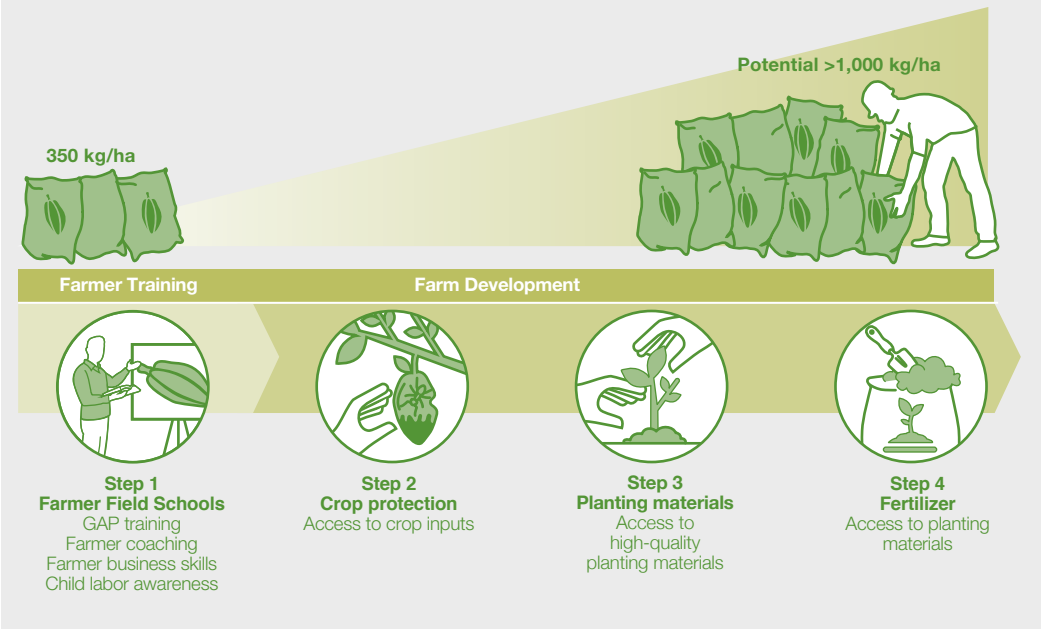
Why our approach works

By working through our program farmers can improve profitability and productivity in sustainable ways, but not everything can be achieved at the same time.

Enabling farmers to enter sustainability certification programs is key to improving farmer livelihoods. We believe this is a tool to engage farmers to encourage professional farm management and good agricultural practices.

The premium farmers receive benefits them financially, too. Since we launched them, US\$60 million has been paid in cash premiums, including US\$8 million paid to farm organizations in 2015 and US\$8 million paid to farmers as premiums through their participation in sustainability certification schemes.

How to reach full potential

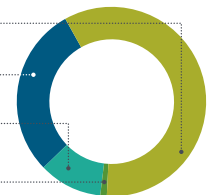


Training comes first, because it allows farmers to see how much they can achieve by applying the better agricultural practices they learn about. After this, they can introduce crop protection and assess its impact on yields. Depending on the age and productivity of their trees, the logical next step is to plant more robust, productive, high-quality varieties of cocoa seedlings.

Fertilizer comes last in the sequence. The importance of completing the other stages of the program to make sure their land is “fertilizer ready” and to assess whether or not its use is necessary and cost effective, is explained to farmers. You can find out more about farmer training on page C14 and farmer development on page C16.

Contribution of the use of inputs to yield increase (n=200)

- 59% Crop protection
- 29% Full package
- 11% Good Agricultural Practices (GAP)
- 1% Fertilizer



Improving farmer livelihoods

Farmer training

Farmers can run their farms as successful businesses that produce a living income or better, if they have access to the appropriate training and tools. This is why we provide training and personal coaching, covering good agricultural, social, business, environmental, and health and safety practices. Ultimately, we want all of the farmers we work with to reach this standard, and we will work with cooperatives to achieve this.

Our progress

Reach and adoption:

2,700

Farmer Field Schools are up and running

90,000

farmers attended our Farmer Field Schools in 2015 – all completed training in good agricultural practices

75,000

farmers now trained in crop protection

30,000

farmers are now trained to use fertilizer correctly

72%

of farmers in Cameroon are applying the book-keeping skills learned during Cargill's business training

What we have learned:

- Training must be customized to suit the unique challenges and situation faced by farmers in different origin countries. Modular training, rather than one-off sessions, allows for continuous improvement
- After several years of participating in Farmer Field Schools, we discovered farmers needed more direct, one-to-one support to benefit from our teaching. This is why we developed the farmer coaching program



Our plans for 2016:

- Focus our efforts beyond the number of farmers who receive our training, towards measuring the impact of our training in terms of knowledge application and results
- Roll out our coaching work with farmers to create more individual Farm Development Plans
- Develop the Farmer Field School model to include farmer coaching. Lead farmers will provide coaching to other farmers twice a year, following specific recommendations aligned to each farmer's individual Farm Development Plan

What farmer training involves

Beyond teaching farmers about good agricultural practices, our Farmer Field Schools also offer modules covering good business, environmental and social practices – including book-keeping, ways to minimize the environmental impact of farms, children's rights, and good nutrition.

Farmer training in action

After several years of participating in Farmer Field Schools, farmers were accessing the training but we discovered they needed more direct one-to-one support to benefit from our teaching.

Building on our current approach, we have introduced individual coaching for farmers, which they will receive twice a year, from a more experienced farmer. Coaches will help farmers assess what they need to do to improve productivity and profitability, then together they will create a Farm Development Plan, which the farmer can implement. Progress will be evaluated by the coach after five months, at which point the farmer may have reached sustainability certification standard. If not, the coach will offer additional support.

Starting in Côte d'Ivoire, we are going to train over 1,000 coaches, who between them will reach around 70,000 individual farmers. The training farmers need varies from country to country and our flexible approach reflects this.

Improving farmer livelihoods Farmer training continued

Training in Cameroon

Over the past few years, we have started customizing the training that we first developed in Côte d'Ivoire and Ghana, so we can offer it to farmers in Cameroon – and the results have been dramatic. In just two years we increased the number of farmers attending Farmer Field Schools in Cameroon, from just over 1,000 in 2012 to over 10,000 in 2014/2015.

Farmer business schools in Ghana

Training in good business practices is delivering positive results for farmers in Ghana. Out of 350 farmers who have completed this training so far, around 250 have started to document their farm expenses. Monitoring their income and expenditure should help them budget more effectively. It also shows that our training is prompting farmers to think about their farms as businesses. In Ghana, small groups of farmers are also sharing what they learn in advanced training with others in their communities.

Training Indonesian farmers in better nutrition

Poor nutrition can have a direct impact on farmers' productivity, if they are sick and cannot work, or if they have to care for others in their family. A study by an Australian University shows that in Papua New Guinea, cocoa farmers were recently losing up to 1.5 days in every seven days, due to personal or family illness. In Indonesia, we are training farmers about ways to improve nutrition and giving them the skills they need to grow their own vegetable gardens and produce healthier food for the family table. You can read more about this on page C33.

Training for farmers in Brazil

Around 160 farmers (40 in 2014) in Brazil have benefited through training provided in partnership with the National Farm Learning Service. The professional training offered to farmers covers information about the technologies and technical support available to help them farm more productively. Field days have also been run for participating communities, covering environmental issues, health and nutrition.



“I have three hectares of land and I have three employees. I grow cocoa as well as bananas, pineapples and rice. I enjoy my work as a cocoa grower. When I attended the Farmer Field School I learned good practice and how to protect my fields. Among other things, I learned about sanitary harvesting, which means removing all diseased pods. Through the Yiri+ program, I also got access to efficient products that help growers with their work. These have a positive effect as they improve the plant and protect cocoa pods from disease. As a result, things are better, the yields are greater.”

Ablassé Tiendré Béogo

Farmer, San-Pédro region, Côte d'Ivoire

Improving farmer livelihoods

Farm development

Farmers will only thrive by optimizing cocoa production on their farms and improving their profitability. With support from us and our partners, thousands of farmers are accelerating their journey by making better use of crop protection, planting higher quality seedlings, and using fertilizers well.

Progress highlights

See following sections: “Making better use of crop protection”, “Planting higher quality seedlings”, and “Using fertilizer well”.

Our plans for 2016:

- We plan to strengthen our Cacao Allyie fertilizer and Yiri[®] crop protection programs, and roll them out to a greater number of cooperatives in Côte d'Ivoire, and eventually into our other origins such as Indonesia
- Expand our nursery project pilot into a high-scale nursery, selling young cocoa trees to farmers
- Introduce our mobile finance project to facilitate mobile payments from farmers

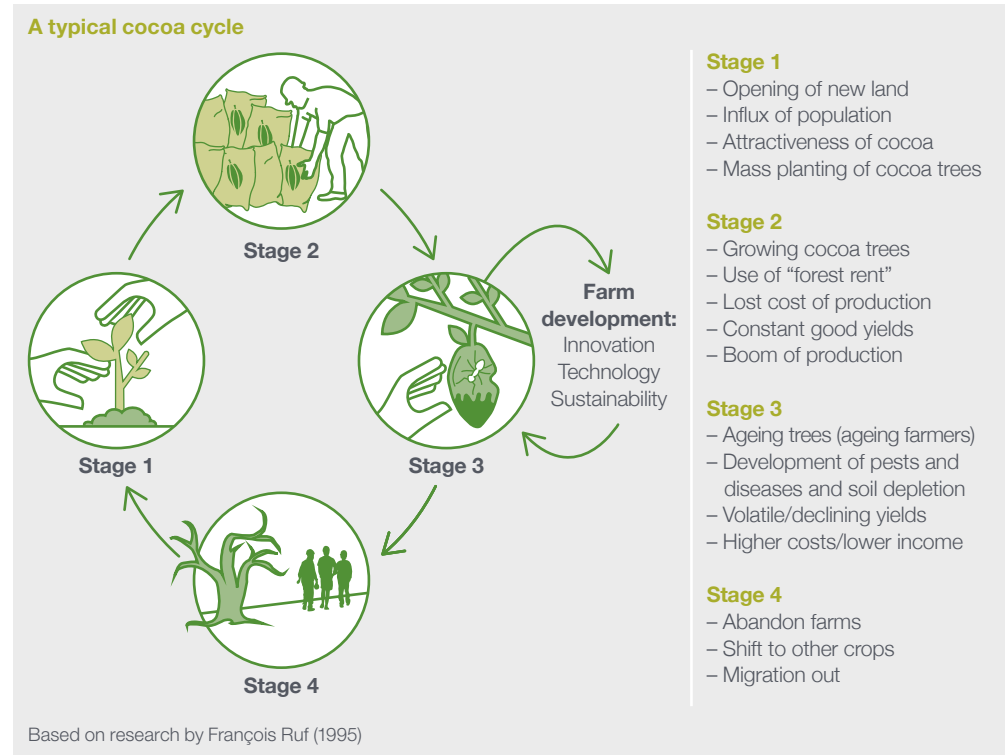


Why farm development is important

At a time when they have the opportunity to increase the supply of cocoa to improve their livelihoods, farmers in many cocoa-growing regions are struggling to grow more. Productivity of cocoa depends on the conditions on a farm, such as nutrients in the soil and shade provided to a cocoa tree, as well as use of high-quality planting material, and appropriate use of fertilizer and crop protection. When farms are not managed well, cocoa productivity often falls.

Farmers often lack access to crop protection products, fertilizer and other agricultural resources. Even when farmers do have access, they often lack the skills required to use them effectively. Farmers need support through innovation, technology and sustainability to address all these challenges in order to improve productivity and achieve a living income.

We provide farmers with access to the resources needed to make their farms viable and more productive – including shade trees, plant material, crop protection, fertilizer and finance. In addition, we stimulate the creation of a viable market for agricultural inputs – with high-quality, proven inputs available to farmers along with appropriate financing possibilities. We believe that having access to these inputs, and actively and appropriately applying them, will result in cocoa productivity increases and improved cocoa profitability.



Improving farmer livelihoods
Farm development *continued*

Making better use of crop protection

Progress

Reach and adoption:

75,000

farmers now trained in crop protection

US\$613,000

the total value of Yiri+ crop protection materials provided to farmers through affordable flexible credit schemes

78

farmer organizations helping their members acquire fertilizer and training about how to use it, up from 38 in 2014

58,000

farmers are now using pest and disease management techniques and products

Results:

23%

average yield improvement achieved by farmers through Yiri+, which has led to net income increase of 178 €/ha, ROI of 430%

What we have learned:

- Out of all inputs farmers can use, crop protection has the highest return on investment
- When pests and diseases are highly visible on their cocoa pods, farmers show a greater desire to learn and apply crop protection

Our plans for 2016:

- Transfer successful intervention design such as our Yiri+ crop protection program to other origins beyond Côte d'Ivoire and Cameroon
- Continue to measure the results of the Yiri+ initiative, and the results for our farmers



Crop protection – the use of products and agricultural techniques to protect against pests and disease – is particularly important for young cocoa trees, which is why we run the Yiri+ program in partnership with Syngenta.

Launched as a pilot in Côte d'Ivoire in 2014, Yiri+ gives farmers access to better crop protection products and also provides hands-on training and training kits that teach them to use crop protection products more effectively. Our partnership with Syngenta guarantees that farmers can buy the products they need at competitive prices on flexible terms.

Yiri+ has been scaled up since our last report, from 38 to 78 cooperatives. This year, 70,000 farmers have been trained in crop protection in Côte d'Ivoire.

Our measurements indicate a 23% yield improvement on farms that implement the concepts of Yiri+. The total value of Yiri+ crop protection materials provided to farmers through affordable flexible credit schemes was US\$613,166, up to the end of 2014/2015.

Improving farmer livelihoods
Farm development *continued*

Yiri+ – our journey to better crop protection



2012

Cargill and Syngenta launch Yiri+ (yiri means “tree” in a local Ivorian language) to support farmers in Côte d’Ivoire in achieving higher revenues and better yields through better crop protection



2012–2013

Together with local partners we roll out a Yiri+ pilot

750

people are trained to use crop protection sprays safely and efficiently

100

people are trained to train other farmers

400

farmer training kits are distributed

43

demonstration plots are cultivated



2014

Analysis of the Yiri+ pilot shows some great results

40%

average increase in yields on demonstration plots

US\$380

average increase in income per hectare

US\$1,150

potential increase in annual income for farmer working three hectares



2015

Full roll out of Yiri+ begins

78 out of 101

farmer cooperatives in Côte d’Ivoire now involved, compared with 38 in 2013

500

farmers trained as crop sprayers

27,000

hectares of farm land treated

23%

average yield improvement achieved by farmers through Yiri+, which has led to net income increase of US\$194, ROI of 430%¹

“It is amazing to see the results that the Yiri+ project has achieved since its start in 2012.

Improving yields and increasing farmers income to support their families is something that all involved should be very proud of. We could not have achieved that alone.”

Jan Suter

Head of Africa and Middle East, Syngenta

Participating farmers are benefiting from:

Competitive prices and flexible credit so they can afford to invest

Access to high-quality protective equipment, spraying machines, and storage facilities

Practical in-the-field training

A dedicated user-friendly manual explaining how to use crop protection products and equipment

– approved by Le Conseil du Café Cacao and the Département Protection des Végétaux et du Contrôle de la Qualité

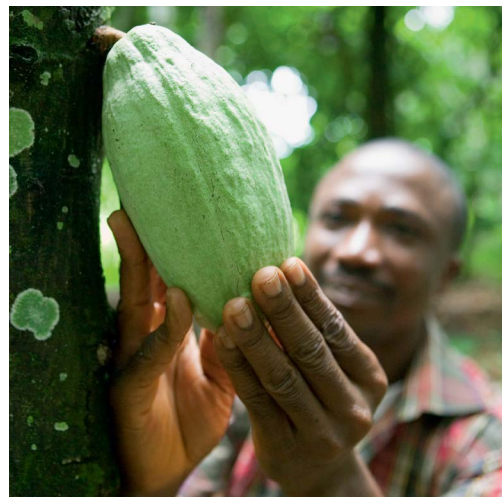
¹ Figure is from an initial study, based on a sample

Improving farmer livelihoods
Farm development *continued*

“I took over 7.5 hectares from my father, which is quite a lot of land, so I employ one worker. Cocoa brings me a better income than rubber or pineapple and I sell all my cocoa to a cooperative and on to Cargill.



Cocoa farmer applying crop protection



Cocoa farmer applying plant protection

I attended the pesticides course, which was good. I learned to use them only when necessary. I also received financial support to access chemicals and was shown how to store them with the cooperative along with the spraying machine.

Whenever we have sprayed the field we put up a red flag to tell adults and children to stay clear for a week. The course has helped me increase yields. In 2014, I produced five tons, but I have already grown this much in the first four months of 2015. Other growers who see this want to join the cooperative so they can achieve similar results too.”

Justin Yao Koffi
Farmer participating in Yiri+ program

Improving farmer livelihoods
Farm development *continued*

Planting higher quality seedlings

Progress

Reach and adoption:

39

nurseries in Indonesia,
with a total capacity
of 117,000 seedlings

12

nurseries are up and
running in Côte d'Ivoire

143,000

seedlings planted in
2014/2015 in Côte d'Ivoire
and Ghana

What we have learned:

- We need to pay constant attention to the availability of planting material. Last year we ran pilot nursery schemes in a number of countries. These have not yet produced seedlings in significant volumes but we believe they can be grown to commercial scale in future
- Replanting should be planned carefully since replacing old but still marginally productive trees reduces cocoa production and income until the new trees start producing cocoa
- In Cameroon, we want to build up the capacity of the cooperatives, to ensure they are trained on the establishment and maintenance of the nurseries, before we begin our nursery program there

Our plans for 2016:

- Expand our nursery project pilot into a high-scale nursery, selling young cocoa trees to farmers. Eventually, the nursery project should become self-sufficient, and run by local cooperatives without the need for Cargill's input
- We plan to supply 533,000 seedlings in 2015/2016 in Côte d'Ivoire
- In 2016, our planned mobile finance project will facilitate mobile payments from farmers, making it much easier for farmers and cooperatives to trade efficiently and effectively



Introducing scalable access to planting materials in Côte d'Ivoire

We make high-quality planting material available to farmers. Thanks to our economies of scale and participation of cooperatives we can offer high-quality planting material to farmers at affordable and attractive prices.

In Côte d'Ivoire, we have worked with Centre National de Recherche Agronomique de Côte d'Ivoire (CNRRA), Conseil Café Cacao, and ANADER, to establish a nursery program, through which we grow better quality seedlings and sell them to farmers at cost price. We are now using innovative technology to grow more resilient seedlings at 12 nurseries across the country. Together, these nurseries now supply almost 100,000 seedlings a year and plan to supply 533,000 in 2015/2016.

The project model we are testing is suitable for nurseries producing at a large scale and our intention is that any nurseries we create will eventually become totally self-sufficient businesses in their own right. We are also piloting a scheme through which nurseries will sell young cocoa trees to farmers.

Farm regeneration services

Similarly, in Ghana we produced 43,000 cocoa seedlings. 20,000 were sold to farmers and 23,000 were planted on demonstration plots. As we are setting up rural Service Centers through our partnership with amongst others the Dutch Ministry of Foreign Affairs and Solidaridad, we stopped producing cocoa seedlings for free as our aim is to make the project self-sufficient.

Projeto Cacau Mais Sustentável in Brazil

We are part of the Projeto Cacau Mais Sustentável (More Sustainable Cocoa Project) in Brazil. Our partners in the project are The Nature Conservancy, the Brazilian Ministry of Agriculture and CAPPRU (the Alternative Cooperative of Smallholders and Urban Farmers of São Félix do Xingu).

The project aims to foster cocoa farming as a way to help smallholders in the Xingu region and encourage them to comply with Brazilian environmental law. It also involves the restoration of degraded areas.

Since its launch in 2012, the project has added value in a number of ways, including the installation of an irrigation system at the Hybrid Seed Production Center in Tacumã, which has doubled its production capacity to one million cocoa seeds every year. To date, 160 smallholders have joined the project, 99 of them this year. They are now farming 9,600 hectares of carefully prepared plantation land, compared with just 238 hectares last year.

Supporting farmers in Indonesia

In Indonesia, we are encouraging farmers to establish nurseries. At present, there are 39 nurseries, some of which have been developed as successful business ventures by farmers. After growing the 3,000 seedlings that we sponsored them to produce, these farmers went on to secure contracts with the Indonesian government.

Improving farmer livelihoods
 Farm development continued

Using fertilizer well

Progress

Reach and adoption:

450

MT tons of fertilizer distributed to date

30,000

farmers are now trained to use fertilizer correctly

101

farmer organizations helping their members acquire fertilizer and training about how to use it

39

cooperatives bought a total of around 393 tons of fertilizer, in average orders of 8,300kg

US\$215,000

invested by farmers and farmer organizations in fertilizers

800

hectares now being farmed using fertilizer supplied through Cacao Allyie

Result:

56%

increase in yields achieved by farmers using fertilizers correctly

What we have learned:

- Fertilizer only delivers a significant return on investment when farmers are fertilizer ready – with young productive trees, grown using good agricultural practices and crop protection

Our plans for 2016:

- Roll out the Cacao Allyie fertilizer initiative to other cooperatives
- Aim to distribute 600 MT of fertilizer to farmers in 2016
- Continue to increase training and awareness around farmer savings schemes, to encourage farmers to save money for fertilizer. This will alleviate cooperatives of the burden of pre-financing
- Continue to measure the impact of the Cacao Allyie initiative, and the outcomes for our farmers



Improving farmer livelihoods Farm development continued

Fertilizer must only be used when soils have been prepared properly and it needs to be used well. Too much can disturb the nutritional balance of the soil and create a vicious circle in which farmers use more, to less effect. It can also endanger human health and exacerbate climate change, because its use produces greenhouse gases.

Our Cacao Allyie fertilizer initiative in Côte d'Ivoire

To ensure farmers use fertilizer the right way, we run the Cacao Allyie initiative, in partnership with Dutch Sustainable Trade Initiative (IDH) and Louis Deyfus Commodities (LDC). Farmers learn how to assess their farm's suitability for fertilizer and how to apply it correctly when the time is right.

Cacao Allyie starts with farmer cooperatives, who buy fertilizer on credit at affordable rates every month and then sell to farmers for immediate payment, or on 30-day credit terms. Alternatively, to reduce the financial risk to cooperatives, farmers can pay for their fertilizer through a savings scheme. This year, 39 cooperatives bought a total of around 400 MT of fertilizer, in average orders of 8.3 MT.

The next stage in the Cacao Allyie journey to better yields and profitability involves training and application. Farmers who buy fertilizer receive a training "image box" – a simple cartoon sequence that explains how to prepare their land for its use, choose the right weather conditions and apply it correctly. This advice ties in with their training at Farmer Field Schools. This year, 101 cooperative managers, 50 ANADER agents and 30,000 farmers have completed fertilizer-specific training through Cacao Allyie.

We are also measuring and evaluating the impact of the Cacao Allyie program, by running two demonstration plots – one farmed using good agricultural practices, crop protection and fertilizer, the other without fertilizer as a control. These demonstration plots have also been used to train 421 farmers, including 28 women, on the techniques required to use fertilizer effectively.

The outcomes of Cacao Allyie are still being assessed, but there are plans to distribute more fertilizer next year and to involve more cooperatives. More work will be done to encourage farmers to save for fertilizer too, so that cooperatives can reduce their own financial risks.

At the end of 2014/2015, 30,000 farmers involved in Cacao Allyie were trained to use fertilizer correctly. Initial findings show an average 56% increase in yields as a result. Together, farmers and farmer organizations invested a total of US\$215,000 in fertilizers through Cacao Allyie by the end of the year, with a total of 450 tons distributed.



Improving farmer livelihoods
Farm development continued

Affordable finance and protecting forests

Affordable finance and good advice

Farmers will only use better agricultural resources if they can access them easily and afford to buy them. We are helping them achieve this in a number of different ways.

Our Cacao Allyie fertilizer initiative and our Yiri⁺ crop protection program with Syngenta both offer farmers affordable finance, but they have not yet been rolled out to all farmers. Until they are, we are taking steps to support farmers in the short term. In Ghana, we have worked in partnership with TechnoServe to provide affordable finance for 500 farmers in 2015, with 50% of the loans issued to women. We have also set up three rural service centers in the country, where around 600 farmers can buy quality farm products at cost price. We are subsidizing the centers at present, but believe they will become self-sufficient businesses in time.

Using a mobile banking platform, farmer cooperatives will be able transfer any premium payments to farmers much faster than in the past. This innovative project will not only improve the speed with which farmers are paid, but give them access to mobile banking technology and increase transparency of the entire premium payments process. We are partnering with the World Cocoa Foundation to roll the project out, using a model developed by another of our partners, the IFC.

In Indonesia, we have initiated a joint venture with a private sector organization to make sure crop protection products and fertilizers are available, at a fair price, at the farmer's gate. We are starting a pilot scheme for this venture, involving 4,000 farmers.

Replanting shade trees to support biodiversity

Biodiversity supports healthy ecosystems, including those on agricultural land. Traditionally, cocoa farms were rich in biodiversity because cocoa trees were planted in shade amongst other crops and trees, but this mixed approach is now much less common because many farmers have removed them to make more land available to grow cocoa trees. Shade trees can play a particularly important role on farms because cocoa trees perform optimally under shade cover, providing a habitat for birds and mammals and improving soil quality by taking up nutrients that shallow-rooted cocoa trees cannot access, then returning them as falling leaves and branches. Our farm development training stresses the importance of replanting shade trees and explains how many of them farmers need to plant to make an impact and satisfy sustainable certification requirements.

Protecting and regenerating forests

If farmers can improve the profitability and productivity of the land they already farm, they should be able to increase yields and meet growing demand without having to encroach on forests.

In 2014, Cargill endorsed the UN Declaration of Forests, and we have subsequently announced that we intend to end deforestation across our agricultural supply chain by 2030. We wanted to build our understanding of the issues and actively address deforestation within our agricultural supply chains, where appropriate. For this reason, Cargill is conducting a detailed risk assessment within our sourcing network to map farms using GPS technology. We are conducting this assessment country by country, starting with Côte d'Ivoire in 2015. The risk assessment will inform the most appropriate and meaningful actions to address deforestation in our cocoa supply chains.

Replanting forests in Brazil

We are supporting the protection and preservation of biodiversity in Brazil by replanting areas of land that have been cleared of forest over the past years. We have committed US\$3 million for the Nature Conservancy, an NGO working in the north of Brazil to restore forests. With our support, they are not only returning land to its original forest vegetation, but also growing 1,000 hectares of cocoa using the forest canopy as shade protection. In parallel with this work, the Nature Conservancy has created two demonstration plots where farmers can be taught about the value they can gain from preserving, rather than depleting, forests. They are taught how biodiversity and the use of shade trees underpin soil quality.

Read more about what Cargill corporate is doing about deforestation here: www.cargill.com/news/what-cargill-is-doing-about-deforestation/index.jsp



Improving community livelihoods

To help create thriving communities that are armed with social services and where community members are united to protect children from child labor and empower women.

Our approach

We believe that by enabling communities to prosper, the cocoa sector will benefit as a whole. Our supporting initiatives, many of which are developed and implemented in partnership with external organizations and farmer organizations, are developed to enhance our Farmer Livelihoods work. We focus on women's empowerment, and children's protection, education, and nutrition.

Prior to commencing any activity, we conduct an assessment of the community's needs, and engage farmer organizations to ensure joint input achieves the greatest impact and ensures shared ownership of all interventions.



90,000

farmers trained to understand the worst forms of child labor through our Farmer Field Schools

145

Community Action Plans in place

4,000

benefiting from access to finance

African Rights Initiative International awarded Cargill with a Global Community Impact Award for our work with CARE and Rural Education Project in Ghana

Improving community livelihoods continued

Our commitments

Reach and adoption:

- Strengthen cocoa-growing communities and promote social development by ensuring access to basic services, such as education and healthcare
- Ensure community-based awareness around issues such as child protection, gender, and nutrition
- Complete 145 Community Needs Assessments
- Support women in establishing income-generating activities
- Empower communities to take ownership of the solutions we help them achieve

Results:

- 97% of the children we reach stay in school for at least five years in Ghana
- 4.7% increase in primary school enrollment over two-year period from baseline in Ghana
- Community impact award for our work with CARE and Rural Education Project in Ghana

Towards 2020

- In progress
- Recently started

- All children in Cargill Cocoa Promise communities are protected from the worst forms of child labor
- Increase the number of Cargill Cocoa Promise communities that benefit from income earned by mothers and other women as farmers or as entrepreneurs
- Increase the number of Cargill Cocoa Promise communities that benefit from well-run primary schools
- All Cargill Cocoa Promises communities will benefit from good nutritional practices

* We will report publicly on our internal 2020 goals and the outcomes of initiatives once our baseline is established and data is available

Progress highlights

Reach and adoption:

US\$1.6 million
invested by cooperatives in social improvement, including US\$525,000 in 2015

90,000
farmers trained or currently training to understand the worst forms of child labor – ahead of our 2016 target year

49
schools have been built, with 12 new this year. This means 36,000 children now have access to better run schools

145
Community Action Plans in place to deliver the help local communities tell us they need

Results:

4,000
people benefiting from access to finance through VSLAs. Over half are women

What we have learned:

- There are many different direct and indirect causes of child labor in all its forms, and these intersect and influence each other in complicated ways
- Gender sensitization is crucial as women's role is closely linked to local norms, social attitudes, and assumptions
- Addressing community needs that fall outside our area of influence, involves engaging other stakeholders such as governments

Our plans for 2016:

- Continue to develop and roll out our community initiatives to a greater number of communities in all our origin countries
- Increase the scope of our women's empowerment work
- Continue to strengthen our relationships with cooperatives and farmer organizations, to achieve greater reach and adoption through our various initiatives
- Continue to roll out our Community Action Plans across all our origin countries



Improving community livelihoods continued

People living in cocoa-growing communities can build better lives for themselves with our support. Together with us and farmers' organizations, they can build communities with improved social services, where all families are well nourished, women are empowered, children attend well-run schools and are protected.

Many people in cocoa-growing regions lack access to social services, including reliable education, healthcare, water and electricity.

Young adults who have completed a period of continuous education are more likely to stay in prospering communities and become the farmers of tomorrow. Empowering women to become income generators is pivotal in triggering better education and nutrition.

The importance of shared ownership

If local people feel involved and in control of solutions to the challenges they face, then they are more likely to succeed over time. Shared ownership also makes it easier for us to understand what each local community really needs. This understanding is vital because every community is unique.



Creating Community Action Plans

Together with people in cocoa-growing communities and our partners, we are starting to develop and implement distinctive Community Action Plans (CAPs) for each cocoa-growing community. These plans reflect the needs of each community; and they are set up, implemented and managed together with community development committees made up of local people.

At present, we have 145 CAPs in place to deliver the support that local communities tell us they need.

Our Community Action Plans (CAPs) have been developed together with CARE International and follow the methodology set out in the 2013 version of their Community Care Score Kit. Crucially, this approach provides a way to identify how programs are being experienced by, and working for, the people who use them and the people who provide them.

Improving community livelihoods continued

Protecting children

Progress

Reach and adoption:

90,000

farmers trained or currently training to understand the worst forms of child labor

3,500+

community members trained to understand the worst forms of child labor

Results:

4.7%

increase in primary school enrollment over two-year period from baseline in Ghana

97%

of the children we reach staying in school for at least five years in Ghana

What we have learned:

- There are many different direct and indirect causes of child labor in all its forms, and that these intersect and influence each other in complicated ways. Consequently, we cannot tackle this issue through awareness raising alone
- Child labor is directly linked to rural poverty. In poor farming communities, children's contribution on farms is often seen as a necessary, acceptable, way of life. We need to address people with very different cultural mindsets to our own, to get our views across convincingly

Our plans for 2016:

- Continue to roll out our initiatives through a greater number of cooperatives and communities in all our origin countries
- Implement Cargill Cocoa Promise child labor monitoring and remediation system to take a more targeted approach to awareness raising, identification and remediation of cases of child labor
- Continue to build our understanding around the underlying causes and best solution to mitigate child labor



We are concerned about the safety and wellbeing of children who may be involved in dangerous or forced work on cocoa farms and we are committed to working towards a transparent cocoa supply chain where children are not subjected to the worst forms of child labor conditions.

The challenge we face is complex, as the root-cause of child labor issues is often poverty. The Cargill Cocoa Promise is key to addressing this issue. As part of our commitment, we are working with the governments of cocoa producing countries, industry partners, NGOs and local farming communities to make a difference in the lives of cocoa farmers, to protect the rights of children and to support cocoa-farming communities.

We have dedicated teams in place to ensure consistent implementation of our child labor policies, coordinate our approach across all our activities and programs, and liaise with other stakeholders.

If we are alerted to any child at risk, we work with the local community to inform the management of the farmer cooperative and regional government officials so they can investigate and take any necessary actions.

We are working hard to eliminate unacceptable forms of child labor. Our approach is two-fold. We provide awareness training to our teams, children in cocoa-growing communities, farmers and their families, and community members, such as teachers. And we address child labor by using independent certification standards provided by UTZ Certified, Fairtrade Foundation, and Rainforest Alliance. For example, all our employees in Côte d'Ivoire are trained by the International Cocoa Initiative (ICI) to help them understand and identify children who may be at risk, and we are working with our certified farmer cooperatives to improve processes to help address child labor.

In line with a commitment made in our last report – to train 70,000 farmers to understand the worst forms of child labor – we have now trained 90,000 farmers through our Farmer Field Schools. We are a long-term member of the ICI and work with them to implement proven ways of helping farmers identify tasks that may harm children and reduce the dangers for children on farms, such as using machetes, pesticides or carrying heavy loads.

At the same time, we have trained children to make sure they understand the risks they face and what they can and cannot do to help on farms. Our feedback shows that 95% of the children trained now understand what is meant by child labor.

Improving community livelihoods continued

Protecting children continued

At present, around 10-20% of the certification payments received by farmer organizations are reinvested into community projects. These include measures that help children, for example, investments in schools. If we protect children from the worst forms of child labor and ensure there are well functioning schools, they are more likely to attend school; and if they attend school regularly, they are less likely to be taken advantage of as unpaid laborers. Improving the provision of school meals can also increase school attendance, which is why, through our CARE program, we have set up 21 new school kitchens in the past two years.

Taking child protection to the next level

Given the number of smallholder farms involved in cocoa farming, their remote locations, and the difficulties of categorizing child labor by its various definitions in the local context, securing reliable data on child labor across the sector remains a major challenge. Together with ICI, we are developing a Child Labor Monitoring and Remediation System, to help us identify where children are working on farms, and then to respond appropriately. We will also offer training so that families understand why we have a clear policy on the worst forms of child labor. We should have more to report on this topic in next year's report.

Community level awareness raising

Through our partnership with CARE, we're ensuring that a wide variety of community members beyond farmers are empowered to address inappropriate forms of child labor.

Addressing child labor levels in West Africa

Reducing the number of children participating in child labor in West Africa is a critical priority for the World Cocoa Foundation (WCF), of which we are a member. We know that achieving reductions in child labor will take a sustained effort by several parties including industry, the governments of Côte d'Ivoire and Ghana, and other stakeholders.

While it is clear that some progress has been made, including through programs of the ICI, governments, civil society, and the chocolate and cocoa industry, we all must further our efforts to protect children in cocoa-growing communities. Achieving this will be possible only through continued joint efforts of all parties.

We have worked with the ICI to develop a training module covering children's rights and child protection at our Farmer Field Schools. We also use local Community Development Committees, set up together with CARE, to highlight the importance of these issues.



Improving community livelihoods continued

Empowering women

Progress

Reach and adoption:

19

cooperatives have been trained about the importance of gender equality

115

sensitization training sessions delivered to our implementing partners, such as ANADER and CARE

40

Cargill employees working in the field have been trained in gender

77

new Village Saving and Loan Associations have been set up

Results:

4,000

people have benefited from credit through VSLA. Over half are women

What we have learned:

- In communities where we have established VSLAs and conducted gender sensitization training, women report that they feel more able to contribute to decision-making in the community
- Women's role is closely linked to local norms, social attitudes, and assumptions. The first step towards women's empowerment is conducting sensitization training to raise awareness amongst a broad range of actors, and creating that environment that enables successful capacity building

Our plans for 2016:

- Expand number of VSLAs across our programs
- Embed gender awareness training in our Farmer Field Schools
- Improve the accessibility of training to women
- Continue gender awareness training to our own teams



Women frequently play key roles in cocoa-growing communities – contributing directly and indirectly to their cohesiveness, for example, by managing homes, providing food for their families, taking children to school and paying school fees. Yet too many women in these communities struggle to overcome gender inequality issues, and as a result they may be excluded from playing a role on their spouses' farms or as income generators in their own right. We want to empower women to play an even bigger role in improving community livelihoods.

Coop leaders studying through our Coop Academy, currently running in Côte d'Ivoire and Cameroon, complete diversity and gender sensitization training. You can read more about this initiative on page C07.

The Coop Academy is an effective way for us to train women who already work in leadership roles to become even more effective. These women provide positive role models for the importance and effectiveness of women's empowerment in cocoa-growing communities.

To better understand the challenges we face in empowering women through farmer organizations, we have commissioned KIT, one of our knowledge partners through the World Cocoa Foundation, to complete an assessment of women's current involvement and status in farmer cooperatives.

Improving community livelihoods continued

Empowering women continued

We know, thanks to research from a situational analysis completed by CARE in Côte d'Ivoire, that in a number of ways our Farmer Field Schools are not as accessible to women as they are to men, and we are currently exploring ways to change this – by locating them in villages and running them at more convenient times, for example. You can read more about this on page B12.

We also trained 100 ANADER agents on the importance of improving the accessibility of our programs to women. We believe that if our implementing partners have a better understanding of some of the key issues affecting women's access to training, then they will be able to improve the delivery of our Cargill Cocoa Promise interventions.

Through our Prosperous Cocoa-Growing Communities program in Côte d'Ivoire, which we run with CARE, we have identified 10 communities where we will be implementing income-generation activities that will support women to develop their skills so they can cultivate and market food crops on the local market. This training is just underway and we will report on progress in next year's report.

At some of our Farmer Field Schools and in Community Development Committee meetings, we will be rolling out a new training module in 2016, to raise awareness of gender issues among farmers and other community members.

“Including women in farmer training is important. It is a way to improve livelihoods for cocoa-growing families and to secure future production of quality cocoa.”

Florence N'Dry, Chef de Zone
ANADER Dabou

“It is essential that we take women's aspirations into account in all rural development activities.”

Adama Kabore, Technicien Spécialisé
ANADER Abengourou

Empowering more women in Indonesia

Through a multi-stakeholder program run by the NGO Swisscontact, we are offering valuable training to more women. In recent training modules covering good nutritional practices, good financial practices, and good agricultural practices, women made up 79%, 52% and 19% of those attending, respectively.

“Although our culture did not allow women to speak out, with the inception of the VSLA and sensitizations on gender equality, women are now holding leadership positions and are able to contribute to decision-making in the community.”

VSLA committee member
Ghana

Supporting women through Village Savings and Loans Associations

To become income generators in their own right, women very often need affordable credit and if times are hard, borrowing from a spouse or family members is usually not an option. Our support for Village Savings and Loans Associations in Ghana and Côte d'Ivoire means women can access affordable finance. This unique approach is managed and governed by local communities and interest rates are very competitive.

VSLAs are generally run over 3-12 months, typically with 30-40 women involved. They are a good way to save money as well as to borrow it. Women-only VSLAs hold weekly meetings at which each member makes a fixed deposit. At the end of the project the net amount saved, after any debts, is paid back to the women at the agreed savings rate.

“I had seen my wife borrow from money lenders to expand her business but it rather put pressure on the whole family and the business because the payment terms were not convenient and the interest rate was high. I am happy to say that the CARE-Cargill VSLA is different; the interest rate is as low as 5 percent and the payment terms very convenient and flexible. My wife's business is booming and she has become my financial backbone.”

Aline Sip Hoho
Ghana



Improving community livelihoods continued

Empowering women continued



“My life changed with the earnings from the cocoa seedlings and cocoa production on my farm. I paid all the school fees and renovated my house. I am able to feed my family well and support other farmers in the group.”

Esther Adoma

Cocoa farmer, Ghana

One woman's journey

Esther Adoma, aged 36, single mother of three children, lives in Tano North District, Ghana.



Esther extracts palm oil. She earns very little. She cannot afford to pay her children's school fees or her utility bills. She struggles to feed her family.



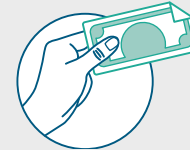
Through the CARE-Cargill project, Esther joins a farmer group. She is elected group organizer. She does this well, persuades more farmers to join and sparks the group into action. Empowered by the farmer training she completes, Esther uses a five-acre piece of land she has inherited to grow food and cocoa.



Esther undertakes cocoa nursery management training. This inspires her to grow and sell cocoa seedlings. Using hybrid cocoa pods acquired through the project she raises 10,000 seedlings – with a little help from a community extension agent. She sells her seedlings for US\$1,250. She also sells five bags of cocoa grown on her land.



Esther pays her children's school fees and renovates her home. She can afford to buy better food for her family.



Esther takes out a small loan after joining a Village Savings and Loans Association. She opens a small shop to generate more income.



Esther is currently raising 15,000 seedlings. She plans to sell 10,000 and use 5,000 to expand her farm.

Creating environments to enable women's access to skills and training

To start addressing the practical barriers which prevent women from becoming more fully empowered, many of which we now understand better thanks to the research we have completed in cocoa-growing communities, we have launched a business and productivity training program exclusively for women. The program has been developed with WCF and is being implemented by ANADER. At present, 1,000 women in Côte d'Ivoire are participating.

A key aim of the program is to encourage women to become involved in cocoa farming because they recognize it as a viable business activity. Through training they gain basic literacy skills if needed, along with an understanding of farm finance and business planning, as well as advice about how to set up saving clubs. The program also gives them an understanding of the good agricultural practices required to set up a cocoa farm or seedling nursery.

We believe this program will give more women the skills and confidence required to thrive as cocoa farmers or in other entrepreneurial activities.

Providing joint opportunities for mothers and children

In last year's report we introduced our Cocoa Community Development Fund (CCDF). In partnership with the WCF, the project sought to improve opportunities for 60 mothers in Côte d'Ivoire. After working for a year with these women's groups, all women have received training in entrepreneurship skills and how to set up a small business. Thanks to ongoing engagement, we now have a better understanding of the types of small enterprises these women are interested in developing, to supplement their income from cocoa farming. These include making soap, selling dresses and shoes and running small bars and cafés.

Improving community livelihoods continued

Widening access to education, healthcare and other social services

Progress

Reach and adoption:

36,000

children with access to new schools built in cocoa-growing communities

US\$1.6 million

invested by cooperatives in social improvement, including US\$525,000 in 2015

96%

of children aged 6-11 with access to schools through the CARE program are enrolled in school

159

school management committees and parent-teacher associations supported on education policy, gender and child labor issues

3

health clinics have been built in Côte d'Ivoire and five boreholes in Cameroon since last Cargill Cocoa Promise report

Our plans for 2016:

- Continue to roll out our initiatives through a greater number of cooperatives and communities in all our origin countries
- Expand the access to water projects in Cameroon to reach an additional six communities

Back in 2008, we committed to invest US\$10 million in partnership with CARE, a leading humanitarian organization. Our objective is to lift 100,000 people in West Africa out of poverty by improving their educational, nutritional and economic opportunities.

Our focus is to provide children with access to schools that stay open, because all too often school buildings funded by well-meaning businesses can fall out of use very rapidly without ongoing investment in teachers and teaching equipment. Taking this into account, we are progressing well. For example, in Ghana, on average 96% of children aged 6-11 with access to schools through the CARE program are enrolled in school and 97% of these children stay in school for at least five years.

Through our programs, 12 new schools have now been built in cocoa-growing communities benefiting an additional 2,000 children. In total, we have 49 schools, reaching 36,000 children.

Supporting schools that last in Côte d'Ivoire

Through our ongoing CARE work, we are trying to provide children with schools that last by working through Public-Private-Partnerships. It is a more time-consuming approach, because more organizations are involved, but together with the Ministry of Education and the Conseil Café-Cacao in Côte d'Ivoire, we are achieving lasting success: well-built, well-resourced primary schools that stay open year-on-year.

Schools are backed and resourced by the government, with additional financial backing from farmer organizations, who allocate some of the premium payments they receive through certification schemes, to support them. We hope this approach can be rolled out to provide continuous education for more children in other origin countries. We are happy to hear this innovative design has now been introduced as a more formal Private-Public-Partnership approach with the Côte d'Ivoire government. Cargill is encouraged to see the uptake across our industry.

Improving access to potable water in Cameroon

Access to water is essential to life and when clean, potable water is in short supply, people in cocoa-growing communities often face health and nutrition issues. In 2013, we launched a project to improve access to water by drilling boreholes in five communities in Cameroon, reaching 50,000 inhabitants. The project has been a success and we will be extending it to another six communities in 2016.

What we have learned:

- There are many community needs that require engagement from local authorities and governments. This adds a dimension to progressing efforts locally
- Delivering against all areas outlined in the CAPs in a timely manner can be challenging
- Addressing community needs that fall outside our area of influence, involves engaging other stakeholders such as local governments



Improving community livelihoods continued

Improving nutrition

Progress

Reach and adoption:

4,000

men and women have improved their understanding of good nutrition thanks to our training

4,500

households in Indonesia participated in training around Good Nutritional Practices, the large majority of them, women

6,500

households trained in Good Nutritional Practices nutrition thanks to our training

20

kitchen gardens have been set up for school canteens to provide lunch to children

4 to 6

is the change in dietary diversity score in two years, based on the scoring system developed by CARE

192

community health volunteers trained to use nutrition counseling cards, working with Ghana Health Service and Women in Agriculture Development

Our plans for 2016:

- Roll out our training on Good Nutritional Practices in Indonesia and Ghana to Côte d'Ivoire

Cargill is committed to a world where every person has access to safe and nutritious food. We are involved in projects that enable people in local communities to improve their nutritional wellbeing. Sometimes this can be done by educating them about the need for a balanced diet and what this comprises; other times it involves training that shows them how to grow more food, at a lower cost, for personal and family consumption.

Improving household dietary diversity in partnership with Ghana Health Service

Cargill is working with CARE to promote more sustainable cocoa-farming communities, with a focus on food security and nutrition. Together, we provide farm households with high-yielding seeds for fruits and vegetables. We train extension agents to provide education to communities on nutrition, dietary diversity, food preservation and storage.

“Through this CARE-Cargill partnership, 85% of farmers have increased their production by nearly 10%, contributing to an average increase of 67% in income. These farmers are now making more than 1.5 times more money than they did before.”

Maria Hinson

Senior Program officer for Cargill
Food and Nutrition Security Unit, CARE USA

As the scores from the Household Dietary Diversity survey developed by CARE show clearly, the outcomes of initiatives have been promising, but there is still more to be done at a broader scale. More than 4,000 women and men have participated in training programs or other initiatives designed to address nutrition practices or malnutrition.

Our simply designed nutrition counseling cards have proven particularly effective at improving people's nutrition. They have been provided to 1,500 farmers in Ghana.

To help us assess the outcome of our nutrition programs, we use a scoring system developed by CARE. This questionnaire-based approach produces a score for all participants, with a score of seven or higher indicating good nutrition. The system covers 12 food groups: cereals; roots and tubers; vegetables; fruits; meat and poultry; eggs; fish and seafood; pulses, legumes and nuts; dairy; oils and fats; sugar and honey; other food stuffs.

Improving nutrition in Indonesia

In Indonesia, many farmers and their families survive largely on a diet of rice and grains. They would benefit from eating a more balanced diet because malnutrition can have a negative impact on farm workers' health, and consequently farm productivity and profitability.

To address this issue, we are working with Swisscontact's partnership program to support households in improving their nutritional standards. Up until the middle of 2015, around 4,500 cocoa farmer household members had participated in this training.

One issue that has come to our attention is the impact that a lack of water, or poor management of water resources, has on nutritional standards. Farmers often fail to maintain their vegetable gardens because they cannot not irrigate them during the long dry season. Another problem is that farmers cannot always acquire sufficient compost. We are trying to overcome this problem by showing farmers how to generate and manage their own supplies.

Swisscontact believes that gender inclusion is crucial to the program's success because women are key influencers in favor of nutritional change within most families. As a result, malnourishment in children will be addressed, too.

What we have learned:

- The choice of food consumed by households is predominantly decided by men and influenced by available food and household income
- Identifying sufficient community health volunteers and animators to train on use of child nutrition counseling cards can prove challenging



About this report



About this report

This is our second Cargill Cocoa Promise global report. It explains why and how we are evolving the Cargill Cocoa Promise to make it much more focused on results: the positive results it delivers for cocoa farmers, their families and their communities. Better yields, higher net incomes, more women generating incomes, more children attending schools, protected from the worst forms of child labor. These are the results that really matter to farmers and to us.

Focusing on what matters most

To strengthen our approach to sustainability and to make sure the Cargill Cocoa Promise continues to address the issues most relevant and material to the cocoa sector, we have completed an issue management assessment, in participation with key stakeholders. It is important that we understand their views and balance their needs as we continually improve our programs.

With this we are confident that the Cargill Cocoa Promise focuses on the issues that matter most to farmers, communities and our other stakeholders.

Since our last report we have listened to our stakeholders and have aimed to incorporate more information responding to their needs.

Measuring outputs and results

We are evolving the Cargill Cocoa Promise to ensure it incorporates learnings from our existing programs. To do this, we are introducing new and robust ways of measuring our performance. Beyond reach and adoption, we are focused on the positive results our interventions achieve – for example, how much cocoa yields and farmers net income increases by using fertilizer well. This level of depth marks a breakthrough moment for us and we are happy to share what is currently available in this report.

We have worked with an external partner to define the different stages involved in progressing the Cargill Cocoa Vision and are also evolving the way we report about it. We have established key performance indicators (KPIs) to measure the impact of our work with farmer organizations, as well as our farmer training, farm development and community support activities.

This report reflects the way we work, our ambition to achieve greater transparency about the impact of the Cargill Cocoa Promise. It also signals our approach to working to find the best solutions. We are confident that more KPIs, together with the corresponding progress data, will be included in next year's report. Furthermore, we will work to align the data to the same reporting year, to improve consistency.

Currency conversions within this report are based on conversion rates on 31 December 2015.

Measuring our impact

We have developed a Monitoring and Evaluation approach – a system to support more systematic, outcome-based performance metrics. Working in this way will add more rigor, accuracy, and consequently transparency, to the way we collect, analyze and report data. See page B20 for more information.

In our next report we will continue to improve our reporting and report publicly on our internal goals.