

External Impact Assessment VECO Meso-America V1.1

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Report by NewForesight Consultancy

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Disclaimer: this publication represents the views of the authors in their independent capacity as project impact assessors. In coming to our assessment of the pilot interventions, impact on various levels, structural change agenda and lessons learned, the authors have based themselves on all information which was available at the time of writing.

In assessing impacts, and the degree to which these can be attributed to VECO's activities, we have relied on both quantitative as well as qualitative information obtained through sources such as stakeholder interviews, farmer organization representatives, community leaders, partner organizations, and policy level actors. Insights on the farmer-level situation have been derived from the farmer survey conducted by VECO in 2016. Focus Group Discussions. Where data is uncertain, or where lack of data has made it necessary to rely on proxy indicators to draw conclusions, we have highlighted this. Insights and conclusions have been cross-referenced with VECO Meso-America.

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1. Executive summary

Based on the findings in this report, we have created an overview of the topics analyzed and evaluated. The outcome of the evaluation is shown below. We use the same color coding throughout the report to present the main findings per section.

Legend: Fully achieved Partially achieved Not achieved N/A

Nicaragua: SCA Cocoa and Matagalpa Pilot

| | | | |
|---------------------------------|--|--|--|
| Pilot Intervention | Effectiveness | P1: Facilitation of inclusive business analysis link between Ritter Sport and La Campesina | |
| | | P2: Organization of trainings with FOs | |
| | | P3: Facilitation of connection of La Campesina with funding opportunities | |
| | | P4: Organization of stakeholder meetings | |
| | | P5: Facilitation of interaction between La Campesina and policy level | |
| | Relevance of activities (farmer-level) | | |
| Structural Change Agenda | | SCA 1: Ritter SPORT, Ingemann, Atlantic Exporter and MLR apply principles of inclusiveness in their business models | |
| | | SCA 1B: The Central American Cocoa and Fine Chocolate network is positioned in inclusive market niches | |
| | | SCA 2: Capacity-building (technical, organizational, business) of small producers and their organizations to supply quality and quantity to inclusive markets | |
| | | SCA 3: Implementation of more comprehensive and participatory public policies to boost the competitiveness of the cocoa subsector. | |

Honduras: SCA Cocoa and Olancho Pilot

| | | | |
|---------------------------------|--|--|--|
| Pilot Intervention | Effectiveness | P1: Facilitation of inclusive business analysis link between Chocolats Halba y Aprosacao | |
| | | P2: Organization of trainings with (producers of) Aprosacao and advising them in business, technical and commercial aspects | |
| | | P3: Facilitation of connection of Aprosacao with funding opportunities | |
| | | P4: Organization of stakeholder meetings | |
| | | P5: Facilitation of interaction between Aprosacao and policy level | |
| | Relevance of activities (farmer-level) | | |
| Structural Change Agenda | | SCA 1: Chocolates Halba, SOGIMEX, Mayan Gold and CARIBBEAN CHOCOLATES apply principles of inclusiveness in their business models. | |
| | | SCA 1B: The Central American Cocoa and Fine Chocolate network is positioned in inclusive market niches | |
| | | SCA 2: Capacity-building (technical, organizational, business) of small producers and their organizations to supply quality and quantity to inclusive markets | |
| | | SCA 3: Implementation of the Competitiveness Framework Agreement in an efficient and coherent manner by the National Committee of the Cocoa Chain. | |

a. DGD indicators

i. Nicaragua:

| Indicator | | Baseline | 2016 |
|--|---|--|--|
| 1. Number of market chains (pilot chains) in which family farmers (m/f) foresee in their livelihood in a more sustainable way (SSD – IMM) | Increasing income | Average annual net income USD 2,160 | Yes (between USD 2,350 and USD 2,921) |
| | Strengthen position in the chain | | Yes (FO business capacity and ability to negotiate with new clients improved; more NGOs open to support La Campesina in improving farmer livelihoods) |
| | Increased resilience | | Yes |
| | More sustainable use of natural resources | | Sustainable resource use remains low |
| | Improved food security | | Yes |
| | 2. The market share of smallholder farmers [not relevant] | Market share of smallholder farmers in local markets | N/A |
| 3. Number of companies that shows through its purchase practice and / or practice that it is more inclusive for family farmers (m/f) (IMM) | # of companies with an inclusive purchase practice / policy | 4 out of 6 | 1, Ritter Sport |
| 4. Share (in %) of family farmers (m/f) that is organized in economical farmers' organizations to collectively market their (SSD – IMM) | Small-scale farmers who sell their products together through the economical farmers' organization (as fraction of the total number of small-scale farmers in these districts) | 5% | 65% in the country (no data per community available) |
| 5. Number of new and improved institutional environmental factors that stimulate the inclusion of family farmers (m/f) (SSD – IMM) at the level of: 1/ government: by laws and policy texts 2/ service providers: public and private service provision (BDS) | New, adapted or improved policies, laws or regulations | One specific 'National policy for Cacao' focusing on agro-ecology. Strong interest from the government | 4 (formation of Nicaraguan Chamber of Cocoa, and Cocoa Sector Commission; government is supporting PROCACAO and NICADAPTA projects; various parties participating in government initiatives to encourage cocoa production) |
| | New, adapted or improved services provided by the government and private players | | 1 |

ii. Honduras:

| | Indicator | Baseline | 2016 |
|--|---|--|--|
| 1. Number of market chains (pilot chains) in which family farmers (m/f) foresee in their livelihood in a more sustainable way (SSD – IMM) | Increasing income | Not recorded | Partial (USD 1,100 average income, though many farmers still losing net income) |
| | Strengthen position in the chain | | Yes. FOs have better ability to represent farmers and to interact with other actors, including Ruta, COSUDE – FUNDER, Helvetas, LWR, and Christian Aid |
| | Increased resilience | | Partial. Some improvement in diversity of income, challenges in the form of drought |
| | More sustainable use of natural resources | | Some farmers are adopting sound practices in water management, soil conservation, and diversity. |
| | Improved food security | | Improved, but not directly due to VECOMA |
| 2. The market share of smallholder farmers [not relevant] | Market share of smallholder farmers in local markets | N/A | N/A |
| 3. Number of companies that shows through its purchase practice and / or practice that it is more inclusive for family farmers (m/f) (IMM) | # of companies with an inclusive purchase practice / policy | 4 out of 6 | 1, Chocolats Halba |
| 4. Share (in %) of family farmers (m/f) that is organized in economical farmers' organizations to collectively market their (SSD – IMM) | Small-scale farmers who sell their products together through the economical farmers' organization (as fraction of the total number of small-scale farmers in these districts) | 5% | 60% in the country (no data per community available) |
| 5. Number of new and improved institutional environmental factors that stimulate the inclusion of family farmers (m/f) (SSD – IMM) at the level of: 1/ government: by laws and policy texts 2/ service providers: public and private service provision (BDS) | New, adapted or improved policies, laws or regulations | One specific 'National policy for Cacao' focusing on agro-ecology. Strong interest from the government | 2 |
| | New, adapted or improved services provided by the government and private players | | 1 |

b. Summary of conclusions

i. Nicaragua:

Pilot intervention:

VECO is seen as having had a positive contribution to the FO in this pilot intervention. La Campesina showed good improvement and performance across the board, and across all business capacity indicators. Remarkable achievements in particular were the increase in professional management, administration and organization, as well as improvements in establishing relations and negotiating with new clients. Going forward, VECO is recommended to examine the features of the FO that made it a promising and successful partner, and what has been the overall cost-effectiveness of this intervention in comparison to other pilots in other regions, in order to enable learnings and best practices to be carried over or scaled up. VECO was able to build up the business management capabilities of La Campesina, and this has strengthened the organization's appeal to nongovernmental organizations, and its ability to work towards improving the livelihoods of its farmers.

In terms of enhancing farmer resilience, the pilot intervention appears to be successful, although it should be noted that farmer income appears to already have been fairly diversified prior to the pilot.

Progress on sustainability appears to be more mixed, despite recognition of these challenges, and the visible actions by La Campesina to address this through frequent technical assistance, such as providing organic fertilizers, and designing living barriers. Nonetheless, soil conservation, nutrient runoff and landscape management remain problematic, as does the overall age of many farms. Other limiting factors beyond this difficult environment come in the form of the diseases attacking the plantations.

The role of women and youth appears to be rather limited. While women do participate in trainings, farming activities and even take some management positions in the FO, men still dominate on many fronts. Nonetheless, it is encouraging to see VECOMA support La Campesina in its program for community training, which includes and engages the whole family, as well as cocoa plantation establishment training specifically focused on youth. It is also recognized that VECOMA is undertaking considerable efforts towards youth, with direct financing of youth initiatives.

Link between pilot and SCA:

VECOMA is clearly linking the intervention in La Campesina to the Structural Change Agenda. This has encouraged the La Campesina administration and Board of Directors to be active in at least two platforms: CANICACAO and AMACACAO. The LINK methodology is helping in not just developing the relationship between the buyer and the farmer, but also in systematically sharing with others the way inclusive businesses work. There is still a challenge to properly write, publish and share these success cases.

SCA:

Overall, VECO's contributions have been very effective at achieving the SCA goals in Nicaragua. The SCA has worked closely with Ritter Sport in promoting inclusive practices and formal agreements with La Campesina, and has helped with the sharing of experiences with other players in the cocoa value chain through the LINK

methodology. Even though Ingemann is not buying large quantities of cocoa, it is active in the high quality fine cocoa market and has shown a willingness to include inclusivity into their business model.

Simultaneously, VECO has successfully supported AMACACAO in positioning the Central American Cocoa (CunaKakau) brand in European markets. It has been effective at strengthening the capabilities in two farmer organizations, CACAONICA and La Campesina, with a particularly encouraging result being achieved in La Campesina—although improvements in CACAONICA have been constrained by a financial management mishap, changes in the board of directors, and a vacant managerial position. *(Comment from VECOMA: We have been investing in quite heavily in accompanying cacaonica in order to limit the damage of the mishap and to encourage lessons learned.)*

Nonetheless, it is clear that through VECO's intervention, local FOs have reached sufficient capabilities and professionalism to comply with international standards. Finally, VECOMA has successfully supported FOs in playing an active role in platforms for policy influence (such as the Chamber of Cocoa – CANICACAO). However, while in principle this would mark a greater ability to shape policy, in practice the current government structure constrains the space of dialogue and the influence farmers can obtain.

VECOMA has successfully supported FOs playing an active role in policy, such as the Chamber of Cocoa – CANICACAO and AMACACAO, and thus is helping to position AMACACAO in inclusive markets niches worldwide. However, in practice government structures sometimes constrain the space of dialogue and influence.

Key lessons learned:

Some specific lessons learned include:

1. In order to significantly strengthen the farmer organizations in a more sustainable way—and to influence structural change—it is important to go back to the farmer in order to build stronger organizations, and to develop the entrepreneurial vision of the family units regarding their farm.
2. The good results in inclusiveness obtained in one of the interventions (La Campesina/CACAONICA and Ritter Sport) do not automatically translate in a model that others will follow (Ingemann, Exportadora Atlantic, MLR). Only after good results are achieved does the work to encourage others to foster inclusiveness start. A success case will back up our work in accompanying others in the path to inclusiveness, but it will not replace the hard work of convincing them to try the model.
3. The choosing of interventions is as important as good execution of the intervention. At the moment of choosing the right farmer organization to work with, it is important to seek the advice of people that have been part of the cocoa sector, and who know the strengths and the risks of working with a particular co-op.
4. VECOMA will greatly benefit from a better structured communication strategy. Noteworthy objectives are often reached by VECOMA but this has not been adequately communicated. Many activities are not properly documented and promoted in order to influence other actors.
5. Cocoa has to be seen as an agro-ecological system in order to understand its importance and its economic value. It should be communicated to small farmers that, for cocoa to be profitable, the

system must include a diversity of products, such as plantain or other crops, that will provide both shade and short-term income at the same time. Timber should accompany cocoa cultivation for a long-term investment strategy.

Key successes include:

- Overall, VECO's contributions have been highly effective at achieving SCA goals, especially in fostering inclusiveness and formal agreements between Ritter Sport and La Campesina. The application of the LINK Methodology has allowed experiences to be shared with other players in the cocoa value chain.
- VECO's contribution to La Campesina has resulted in improved performance indicators across the board (business management, administration and organization capabilities; and establishing relations and negotiating with new clients) helping with long-term market relationships and negotiations.
- Successful in terms of enhancing farmer resilience and farmer livelihood through improvements in productivity, the provision and quality of training, technical and financial assistance
- Facilitated local FOs' ability to comply with international standards.

Key challenges include:

- Increasing productivity and expansion of areas under cocoa cultivation is a primary challenge for the future.
- Another challenge is to improve the processes and packaging of added value products, and to find the right niche market that will appreciate origins and organic products.
- Despite technical assistance, mixed progress on sustainability—especially in terms of soil conservation, nutrient runoff, landscape management, diseases, and the old age of many farms with significant investment needed in these areas.
- The role of women and youth appears to be rather limited, with women in particular failing to challenge male domination in FOs.

Innovation:

The application of the LINK Methodology has allowed experiences to be shared with other players in the cocoa value chain. This has transmitted the message that adopting inclusivity principles is crucial in cocoa buying practices. Additionally, the use of SCOPEinsight has proven a good tool in order to improve FO capabilities.

ii. Honduras:

Pilot intervention:

At present, the farmer-level impact of the VECO intervention cannot yet be measured in economic terms, since most APROSACAO farmers have only just begun with cultivating high-quality cocoa under the program. Indeed, most plantations are currently still running at a loss. Instead, the main attainments of the pilot at present are observable on the level of sustainability (reforestation) and in terms of educational improvements, with VECOMA's technical support and finance aids helping farmers to acquire skills in the preparation, post-harvest treatment, and quality control of cocoa.

This support is also recognized; farmers have expressed their appreciation for the trainings in farm management, grafting, and cocoa quality control, which they have been able to enjoy in the Farmer Field Schools supported by VECO. Furthermore, beyond the acquisition of skills, many farmers have reiterated that these training programs helps them feel connected to the organization, the broader mission of sustainability,

and the way they can concretely contribute to this principle through environmental improvement by cocoa farming. A secondary motive for many farmers is the high dependence on farm income and the accordant desire to diversify their income through cocoa farming (rather than through tending cattle, which is also common, but in principle requires more land). VECO is recommended to examine features of these programs that allow them to foster or provoke such an enthusiastic response and take-up by local farmers, in comparison also to training pilots in other regions, so that learnings and best practices can be carried over or scaled up.

Nonetheless, limits identified by the farmers at present are insufficient technical assistance; a lack of funds which could enable them to expand the area under cultivation, and limited communication and opportunities to meet, as a result of farmers' general dispersion over a large geographical area. In terms of sustainability, farmers still face challenges in the form of drought during certain seasons of the year, though cocoa farmers are adopting better practices in water management, soil conservation and genetic diversity (reflecting the fact that the cocoa pilot was conceived, in the first place, to address these environmental problems of which farmers have been acutely aware).

On an FO level, APROSACAO has benefited from the formation of field school groups, whereby promoters are trained in order to lead groups of 12 to 20 families in the cocoa growing process. Nonetheless, there have only been limited improvements in business management skills, and APROSACAO still will have to expand its marketing skills in order to expand beyond just a single buyer of Chocolats Halba.

Although there is some increase in the involvement of women in cocoa production (specifically through participation in the Farmer Field Schools); however, due to cultural norms this has not yet been translated in greater participation of women in the decision-making processes of APROSACAO, with a minority of women being represented in executive decision-making positions. Nonetheless, VECO has been decisively supporting and financing ECA's and training meetings, focusing not just on the farmer, but all the family including women. VECOMA has also supported Fundacion Helvetas, helping 12 young community leaders through its Community Leadership Development program. These initiatives appear to have borne fruit.

Link between pilot and SCA:

VECOMA has the opportunity to better link the pilot interventions to the Structural Change Agenda if some actions are planned ahead to scale up what has been successfully done in the pilot interventions. For example, if training farmers young sons and daughters to work in quality control is successful in a pilot, this same action can be taken in a bigger scale by involving the APROCACAHO partners in a similar training. According to VECOMA's programmatic personnel, because in Honduras APROCACAHO already gathers 17 cocoa farmer organizations, there is the opportunity to join efforts with them and work in the strengthening of this organizations to create a critical mass to affect the structural agenda.

SCA:

VECOMA's SCAR demonstrates encouraging implementation and realization of various pathways to change, with almost all of its SCAs met, and nearly all of its support strategies achieved. It has succeeded in setting the foundation of an inclusive market between APROSACAO and Chocolates Halba; cultivated the technical, administrative and organizational skills under FOs, as a result of which waste is reduced, and quality is highly improved.

VECO has also contributed on a sector and policy level, by facilitating the operation of the Cocoa Chain National Committee, as well as supporting the design of an information-sharing system for cocoa value chain actors.

Though it is recommended that VECOMA better coordinate its support with other organizations already working to support APROSACAO, VECOMA has overall helped foster sustainable product acquisition and the inclusion of the small cocoa farmers and their organizations in Honduras.

VECO has contributed on a sector and policy level by facilitating the operations of the Cocoa Chain National Committees' and the design of an information-sharing system for cocoa value chain actors, helping the inclusion of the small cocoa farmers and FOs.

Key lessons learned:

Some specific lessons learned include:

1. Clearer capturing and communication on SCA results. VECOMA tends to limit its SCA reporting to pilot intervention evidences while not reporting on many actions taken on the SCA level. In order to measure the scope of the work done on the SCA level, this assessment needed to collect verbal information from the partners or from VECOMA personnel directly involved in those actions. For example, VECOMA's personnel facilitate a lot of networking that is not reported in VECO documentation.
2. VECOMA should enhance public communications through establishing better relations with the press, developing nationwide knowledge-sharing events, and promoting formal channels of communication with other cocoa actors, to facilitate diffusion of best practices and garnering influence.
3. According to VECOMA personnel, there is an opportunity to work with and strengthen Honduras APROCACAO to create a critical mass to affect the structural agenda.
4. It is recommended that VECOMA better coordinate its support with other organizations already working to support APROSACAO. It is noted that VECOMA is already coordinating with the Fundacion Helvetas funded by the European Union.

Key successes include:

- Marked achievements in levels of sustainability; and educational, technical and financial support which has facilitated farmers' skill acquisition.
- High rates of satisfaction for training through VECO-supported Farmer Field Schools, in coordination with Fundacion Helvetas, Christian Aid, and others.
- Reports of farmers feeling more connection with FOs and willingness to contribute towards sustainability drivers.
- Nearly all of VECOMA's SCAs and support strategies have been achieved, and succeeded in setting the foundation of an inclusive market between APROSACAO and Chocolates Halba.
- VECOMA developed the FOs' technical, administrative and organizational skills, resulting in waste reduction and improved quality.
- VECOMA supported Fundacion Helvetas, helping 12 young community leaders through Community Leadership Development program.

Key challenges include:

- Insufficient technical assistance and lack of funds prevented expansion of areas under cultivation.

- Farmers' geographical dispersion has limited operational communication channels and meeting opportunities.
- Farmers still face challenges in form of drought during certain seasons of the year.
- Limited improvements in business management and marketing skills of APROSACAO
- Lack of progress in APROSACAO as to promoting female participation in decision-making



2. Introduction

This report by NewForesight is the external impact assessment of the VECO cocoa program in the Central American region, DGD-funded, 2014-2016, and was commissioned by Vredeseilanden/VECO (hereafter named VECO). NewForesight performed this independent impact assessment from September 2016 to November 2016, looking at the cocoa strategies and pilots in Nicaragua and Honduras in order to assess the regional change strategy to develop and ensure the resilience of the cocoa-subsector in Central America. During this period NewForesight performed similar assessments for East Africa (rice), West Africa (rice), DR Congo (rice), Indonesia (cocoa), and the Andes Region (coffee) – for which separate reports are available.

The report is structured as follows: chapter 3 explains the evaluation method, chapter 4 assesses the effectiveness and relevance of the Matagalpa pilot (Nicaragua), chapter 5 assesses the Structural Change Agenda for Nicaragua, chapter 6 assesses the effectiveness and relevance of the Olancho pilot (Honduras), chapter 7 assesses the Structural Change Agenda for Honduras.



3. Evaluation method

VECO aims to unlock smallholder potential by creating change across the value chain with a critical mass. Their strategy is to pilot promising interventions across the chain on a small scale (reported in the Chain Intervention Reports - CIR), and identify which lessons learned are to be utilized to influence the institutional environment, in order to create lasting structural change (reported in the Structural Change Agenda Report). We therefore first evaluate the effectiveness and the relevance of the pilot interventions, and then follow this with an evaluation of the structural change agenda, including its link with the pilot interventions.

VECO works with the Theory of Change model (both for pilot interventions and structural change agendas), referred to here as Pathways of Change (PoC), given that there are multiple pathways to achieve the desired impact. We have taken the Pathways of Change as starting point of our analysis – evaluating each pathway separately, before drawing conclusions on the total impact.

VECO focuses its pilot interventions on supporting Farmer Organizations (FOs). For our evaluation we look at the (direct) outcomes at the FO-level, in order to assess the effectiveness of VECO's interventions; followed by the (indirect) impact at the farmer-level, in order to assess the relevance of VECO's interventions.

In order to report a balanced perspective on the obtained impact, we make use of mixed methods evaluation, looking at both quantitative as well as qualitative data. As the data was primarily provided by VECO, we have triangulated the findings with key informant interviews (with FO and community leaders and policy-level partners), and focus groups discussions (with farmers) obtained through field visits in October and November 2016.

For the **pilot interventions** we used the following approach:

1. We requested VECO to define the Pathways of Change (PoCs) for those interventions where it was not yet defined.
2. We extracted the FOs' business capacity indicators from VECO's Chain Intervention Reports, and wrote initial hypotheses on the effectiveness of the interventions.

3. We requested VECO to comment on the initial hypotheses, providing insights and pointing us towards additional explanatory data sources.
4. We extracted quantitative (result indicators) and qualitative observations from the Chain Intervention Reports (CIRs), summarizing the observed evidence.
5. We reformulated the hypotheses and made a list of questions for the key informant interviews and focus group discussions in order to triangulate our findings.
6. We visited the pilot interventions and held key informant interviews and focus group discussions.
7. We evaluated all evidence and wrote main conclusions on the effectiveness of each pathway of the pilot intervention.
8. We analyzed farmer survey data (obtained by VECO with capacity building support by NewForesight), in order to assess the relevance of VECO's interventions.
9. We identify comparable data from the VECO 2013 baseline reports, where possible.
10. We evaluated all evidence (including FGD outcomes) and wrote main conclusions on the relevance of VECO's interventions.
11. We reviewed the findings on effectiveness and relevance, concluding the impact assessment of the pilot.

For the **Structural Chain Agendas (SCAs)** we used the following approach:

1. We requested VECO to define the Pathways of Change (PoCs), for those SCAs where it was not yet defined.
2. We reviewed the relevant progress indicators in the Structural Change Agenda Reports (SCARs), defining initial hypothesis on the effectiveness of the SCA.
3. We extracted the relevant qualitative information from the SCAR.
4. We extracted the relevant qualitative information from the Chain Intervention Reports (CIRs).
5. We reformulated our hypotheses on the effectiveness of the SCA and made a list of questions for key informant interviews.
6. We interviewed key informants from partner organizations.
7. We evaluated all evidence and wrote main conclusions on the effectiveness of the SCA activities
8. We evaluated the link between the pilot interventions and the SCA, assessing VECO's ability to create structural change.
9. We reviewed the findings on the effectiveness of the SCA, and the link between the pilots and the SCA, and concluded the impact assessment of the SCA.

VECOMA was sent a full draft of this document and had an opportunity to provide comments and feedback.

A note on causality

Throughout the assessment, NewForesight has continuously tried to identify to which extent the outcomes can be contributed or attributed to VECO's activities. In some cases this was clear as, for example, a partnership was set-up after introduction by VECO. In these situations we explicitly mention the outcomes and impact which can be attributed to VECO's activities. In most cases, however, VECO's activities were only one of the factors possibly causing the observed change. We have tried to assess to our best ability if the outcome could be contributed to VECO's activities in our focus group discussions and key informant interviews. However, it is important to note that this identification strategy does not allow us to infer causality with certainty – it only provides us with a likelihood of causality. If, in the future, VECO would like to obtain more certainty on the attributable impact of its activities, it should define an identification strategy that measures outcomes of a (preferably randomized) control group.

Sources of input for the assessment:

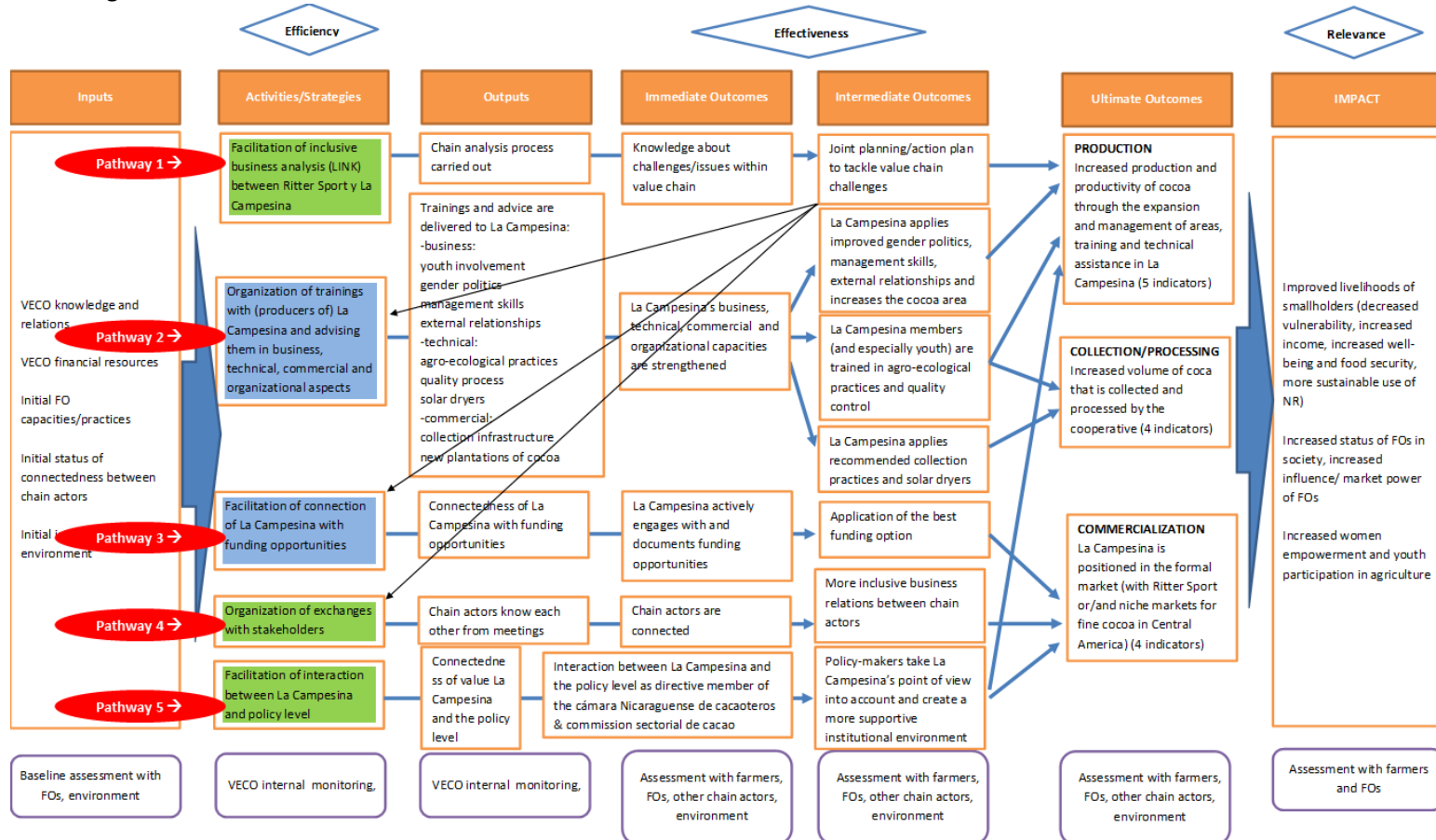
| Level of analysis | Source | Date |
|----------------------------|---|-----------------------|
| Farmer livelihoods | Farmer Survey | October 2016 |
| | Baseline reports | 2013 |
| | Focus Group Discussions (FGDs) | October-November 2016 |
| Farmer Organizations (FOs) | Chain Intervention Framework (CIF) | 2014 |
| | Chain Intervention Report (CIR) | 2016 |
| | Key informant interviews | October 2016 |
| Policy level | Structural Change Agenda Framework (SCAF) | 2014 |
| | Structural Change Agenda Report (SCAR) | 2016 |
| | Chain Intervention Report (CIR) | 2016 |
| | Key informant interviews | October 2016 |



4. Matagalpa Pilot

a. Pathway of change

There are 5 different ways through which the Matagalpa pilot tries to achieve its outcomes and impact. The different pathways of change are mapped in the figure below.



We have performed an assessment of each pathway in order to determine the effectiveness of the activities, i.e. their ability to achieve the intended change.

b. Effectiveness of VECO intervention

i. Pathway 1

| Activities | Outputs | Immediate Outcome | Intermediate Outcome | Ultimate Outcome |
|--|------------------------------------|--|--|---|
| Facilitation of inclusive business analysis (LINK) between Ritter Sport and La Campesina | Chain analysis process carried out | Knowledge about challenges / issues within value chain | Joint planning/ action plan to tackle value chain challenges | Increased production and productivity of cocoa through the expansion and management of areas, training and technical assistance in La Campesina |

Main findings

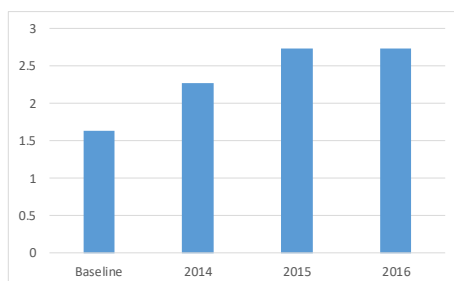
Even though La Campesina has been selling its products to Ritter Sport for seven years, a formal agreement had never been signed, and the relationship had remained purely commercial. VECOMA has worked with both parties, promoting the LINK methodology. Through VECOMA's contributions to strengthening the interaction between these partners, a contract has now been signed, frequent meetings are held as part of an ongoing alliance between La Campesina and Ritter Sport, and modern market quality standards are consistently reached.

Supported by VECOMA, La Campesina has proven more able and willing to explore opportunities in new markets abroad, mainly by participating in trips to international cocoa events. As a result, it is currently already delivering cocoa to Daarnhower (The Netherlands), and there are ongoing negotiations with other companies that value fine cocoa. Since 90% of the current product is already sold to Ritter Sport and new clients are more than willing to reach buying agreements with La Campesina, supply is the limiting factor. Increasing productivity and expansion of areas is therefore a primary challenge for the future. Another challenge is to improve the processes and packaging of the added value products like chocolate bars, and to find the right niche market that will appreciate the origin and the organic nature of the products.

Observed evidence (source: CIR)

Initial analysis of immediate and intermediate outcomes

| Row Labels | Baseline | 2014 | 2015 | 2016 |
|---|----------|------|------|------|
| Matagalpa | 1.64 | 2.27 | 2.73 | 2.73 |
| 1. To what extent has the FO acquired group management skills? | 2.00 | 2.50 | 2.50 | 2.50 |
| The FO gives equal participation opportunities to women and the younger generation. | 1.00 | 2.00 | 2.00 | 2.00 |
| The FO is a participatory organisation with transparent management & decision-making systems | 3.00 | 3.00 | 3.00 | 3.00 |
| 2. To what extent has the FO acquired business management skills? | 1.33 | 2.00 | 2.83 | 2.83 |
| A good business plan is available and there is budget to implement it | 1.00 | 1.00 | 2.00 | 2.00 |
| The FO has certificates on the quality of operations (HACCP, GMP, ISO...) | 1.00 | 2.00 | 3.00 | 3.00 |
| The FO has marketing strategies | 1.00 | 2.00 | 3.00 | 3.00 |
| The FO has sufficient own income generation from commercial activities to cover 100% of fixed and recurrent expenses | 2.00 | 2.00 | 3.00 | 3.00 |
| The FO has the systems and skills to manage credit systems for working capital and operational costs | 1.00 | 2.00 | 3.00 | 3.00 |
| The manager of the business has the necessary skills to manage the business | 2.00 | 3.00 | 3.00 | 3.00 |
| 3. To what extent has the FO acquired marketing skills? | 2.00 | 2.50 | 2.50 | 2.50 |
| The FO actively builds a network of long-term market relationships with buyers and suppliers | 3.00 | 3.00 | 3.00 | 3.00 |
| The FO has systems in place to meet market demand (ICS, appropriate systems and services to members) | 1.00 | 2.00 | 2.00 | 2.00 |
| 4. To what extent the FO promotes sustainable production and natural resource management skills to its members? | 2.00 | 3.00 | 3.00 | 3.00 |
| The FO has managed to get the members certified with regard to food safety and/or sustainability claims (GlobalGAP, orga) | 2.00 | 3.00 | 3.00 | 3.00 |



Relevant *business management skills* indicators have **improved** compared to the baseline, across all categories. This indicates that the immediate outcome '*knowledge about challenges/issues within value chain*' and the intermediate outcome '*joint planning/action plan to tackle value chain challenges*' have likely been achieved. Overall, at the time (September) when the hypothesis was written, there appeared to be some slight room for further improvement (2016 data was not available until October).

Triangulation (source: key informant interviews and FGDs)

The Matagalpa pilot (La Campesina) demonstrates strong management skills, following a business plan that includes guidelines on production, transformation and commercialization. The management has developed the competences to negotiate volumes and prices with Ritter Sport, their main customer. The application of the Link Methodology promoted by VECO has opened new avenues of collaboration between La Campesina and Ritter Sport, and now they are even sharing their experience with other players within the cocoa value chain.

Furthermore, the Matagalpa pilot has succeeded in opening new markets to La Campesina, mainly by allowing them to participate in international cocoa events. As a result of these trips, supported by VECOMA, the pilot is already sending cocoa to Daarnhower (Holland) and there are advanced negotiations with Ethiquable (France).

La Campesina is tackling value chain challenges by expanding and vertically integrating beyond production to transformation, processing chocolate liquor and chocolate bars and selling them directly through certain national stores.

The managerial team of La Campesina has affirmed that VECOMA's role has been key in strengthening the organization's skills to relate to current and potential customers, and broadening their perspective to identify and reach foreign markets: "*We are exporting already thanks to VECOMA! Because of them we*

have participated in international events that broadened our perspective and lead us to negotiate with buyers”

ii. Pathway 2

| Activities | Outputs | Immediate Outcome | Intermediate Outcomes | Ultimate Outcomes |
|--|--|---|--|---|
| Organization of trainings with (producers of) La Campesina and advising them in business, technical, commercial and organizational aspects | Trainings and advice are delivered to La Campesina | La Campesina’s business, technical, commercial and organizational capacities are strengthened | <p>La Campesina applies improved gender politics, management skills, external relationships and increases the cocoa area</p> <p>La Campesina members (and especially youth) are trained in agro-ecological practices and quality control</p> <p>La Campesina applies recommended collection practices and solar dryers</p> | <p>Increased production and productivity of cocoa through the expansion and management of areas, training and technical assistance in La Campesina</p> <p>Increased volume of coca that is collected and processed by the cooperative</p> |

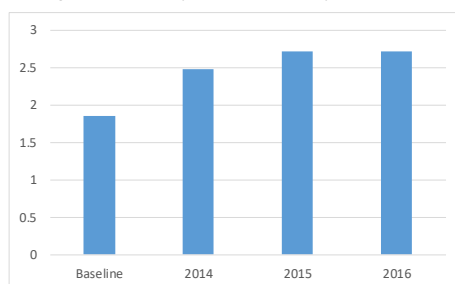
Main findings

As a result of the comprehensive trainings and technical assistance provided by VECOMA to FOs, average cocoa productivity has increased from 7 qq to 8.5 qq per acre. VECOMA has also been a key player in the establishment of 400 new cocoa plantations; 70 of those plantations have been initiated by younger members who have participated in a VECO training program specially designed to encourage the younger generation to start their own plantations. For the first time in history, two women are now part of the Board of Directors, and 12% of the farmers are women, a modest improvement from 9% in 2013. With regards to production practices, VECO has been also contributed to the UTZ certification of 70% of the farmers. Nonetheless, certain challenges are still present: the quality of the cocoa produced still has to improve and productivity is still low, diseases are a constant challenge for farmers, and because the plantations are old, significant investment is needed to repopulate the areas, and give the proper care to the soil.

Observed evidence (source: CIR)

Initial analysis of immediate and intermediate outcomes

| Row Labels | Baseline | 2014 | 2015 | 2016 |
|--|-------------|-------------|-------------|-------------|
| Matagalpa | 1.86 | 2.48 | 2.71 | 2.71 |
| 1. To what extent has the FO acquired group management skills? | 2.29 | 2.71 | 2.71 | 2.71 |
| The FO delivers necessary services to its members | 1.00 | 2.00 | 2.00 | 2.00 |
| The FO gives equal participation opportunities to women and the younger generation. | 1.00 | 2.00 | 2.00 | 2.00 |
| The FO has a clear and representative structure (General Assembly – Board of Directors – representation is ok) | 3.00 | 3.00 | 3.00 | 3.00 |
| The FO has a written clear vision & mission | 3.00 | 3.00 | 3.00 | 3.00 |
| The FO is a membership based organisation (system of registered members, membership fee, ...) | 2.00 | 3.00 | 3.00 | 3.00 |
| The FO is a participatory organisation with transparent management & decision-making systems | 3.00 | 3.00 | 3.00 | 3.00 |
| The FO is inclusive (interaction not only with a selective few of the group members, includes all) | 3.00 | 3.00 | 3.00 | 3.00 |
| 2. To what extent has the FO acquired business management skills? | 1.63 | 2.13 | 2.75 | 2.75 |
| A good business plan is available and there is budget to implement it | 1.00 | 1.00 | 2.00 | 2.00 |
| The FO has certificates on the quality of operations (HACCP, GMP, ISO...) | 1.00 | 2.00 | 3.00 | 3.00 |
| The FO has marketing strategies | 1.00 | 2.00 | 3.00 | 3.00 |
| The FO has record keeping systems and accounting skills | 2.00 | 2.00 | 3.00 | 3.00 |
| The FO has risk coping strategies | 1.00 | 2.00 | 2.00 | 2.00 |
| The FO has sufficient own income generation from commercial activities to cover 100% of fixed and recurrent expenses | 2.00 | 2.00 | 3.00 | 3.00 |
| The FO is able to attract relevant Business Development Services | 3.00 | 3.00 | 3.00 | 3.00 |
| The manager of the business has the necessary skills to manage the business | 2.00 | 3.00 | 3.00 | 3.00 |
| 3. To what extent has the FO acquired marketing skills? | 1.50 | 2.50 | 2.50 | 2.50 |
| The FO has systems in place to meet market demand (ICS, appropriate systems and services to members) | 1.00 | 2.00 | 2.00 | 2.00 |
| The FO keeps records that track their costs, income and profitability and re-invests profits to expand the business | 1.00 | 2.00 | 2.00 | 2.00 |
| The FO knows how to identify and analyse profitable market opportunities or customers | 2.00 | 3.00 | 3.00 | 3.00 |
| The FO successfully engages in collaborative post-harvest management and markets its products collectively | 2.00 | 3.00 | 3.00 | 3.00 |
| 4. To what extent the FO promotes sustainable production and natural resource management skills to its members? | 2.00 | 3.00 | 3.00 | 3.00 |
| The FO has collective rules to efficiently and fairly manage their natural resources. | 2.00 | 3.00 | 3.00 | 3.00 |
| The FO has managed to get the members certified with regard to food safety and/or sustainability claims (GlobalGAP, orga | 2.00 | 3.00 | 3.00 | 3.00 |



Relevant *business management skills* indicators have **improved** compared to the baseline, and this is the case for each individual indicator, half of which have scored a 3 in 2016. This indicates that the immediate outcome *FO's business capacities are strengthened* and intermediate outcomes *FO applies improved practices, FO members are trained in more sustainable production practices and quality, FO assures application of recommended production practices* have all improved.

Triangulation (source: key informant interviews and FGDs)

The strengthening of the management's business capabilities is evident from the improvement of the accounting system; financial statements are issued every two months and are analyzed by the board and the manager in a consistent manner. VECOMA has played a role providing the training required for healthy business practices and administration, such as yearly auditing. Regarding production practices, monthly training is provided to the farmers on very practical issues that they are facing, such as the impoverishment of their soil (20+ years plantations) or the control of plagues and fungal diseases. Training in better production practices are held in the communities with the objective of involving the farmer's families (including women and children), so all members of the family learn about cocoa. To ensure the application of the lessons learned through the training, close technical assistance is provided with VECO's support. To improve the women participation VECOMA has also provided training on gender equality.

iii. Pathway 3

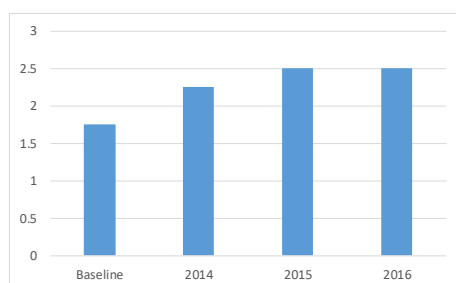
| Activities | Outputs | Immediate Outcome | Intermediate Outcome | Ultimate Outcome |
|---|--|--|--|--|
| Facilitation of connection of La Campesina with funding opportunities | Connectedness of La Campesina with funding opportunities | La Campesina actively engages with and documents funding opportunities | Application of the best funding option | La Campesina is positioned in the formal market (with Ritter Sport or/and niche markets for fine cocoa in Central America) |

Main findings

The support by VECOMA for La Campesina has aided the Farmer Organization to nurture and expand its network of long term relationships with the market, buyers and providers. Ritter Sport consistently provides advance funding for the production, and this trusting relationship has been in part due to VECOMA’s role in strengthening the communication channels and collaboration between La Campesina and its client. The management has developed the competencies to request loans from, and negotiate interest rates, with credit institutions, while being clear about the use of the funds that they are requesting.

Observed evidence (source: CIR)

| Row Labels | Baseline | 2014 | 2015 | 2016 |
|---|-------------|-------------|-------------|-------------|
| Matagalpa | 1.75 | 2.25 | 2.50 | 2.50 |
| 1. To what extent has the FO acquired group management skills? | 1.00 | 2.00 | 2.00 | 2.00 |
| The FO gives equal participation opportunities to women and the younger generation. | 1.00 | 2.00 | 2.00 | 2.00 |
| 2. To what extent has the FO acquired business management skills? | 1.50 | 2.00 | 2.50 | 2.50 |
| A good business plan is available and there is budget to implement it | 1.00 | 1.00 | 2.00 | 2.00 |
| The FO has risk coping strategies | 1.00 | 2.00 | 2.00 | 2.00 |
| The FO has the systems and skills to manage credit systems for working capital and operational costs | 1.00 | 2.00 | 3.00 | 3.00 |
| The FO is able to attract relevant Business Development Services | 3.00 | 3.00 | 3.00 | 3.00 |
| 3. To what extent has the FO acquired marketing skills? | 2.00 | 2.50 | 2.50 | 2.50 |
| The FO actively builds a network of long-term market relationships with buyers and suppliers | 3.00 | 3.00 | 3.00 | 3.00 |
| The FO keeps records that track their costs, income and profitability and re-invests profits to expand the business | 1.00 | 2.00 | 2.00 | 2.00 |
| 5. To what extent does the FO builds up and maintains external relations? | 3.00 | 3.00 | 3.00 | 3.00 |
| The FO has the capacities to relate and communicate with other entities and municipalities | 3.00 | 3.00 | 3.00 | 3.00 |



All indicators linked to this pathways except one have reached a full score of 3 by 2016. This indicates that the immediate outcome *FOs actively engage with service providers* and intermediate outcome *application of services* have definitely improved.

Triangulation (source: key informant interviews and FGDs)

The relationship developed with Ritter Sport includes the transfer of pre-financing tranches in accordance with the cocoa that the Organization plans to gather from its farmers. La Campesina has been approaching Root Capital, and a proposal was presented to BID (*Banco Interamericano de Desarrollo – Inter-American Development Bank*) in order to access low interest funding. La Campesina recently reached an agreement with Oiko Credit, negotiating an 11% annual interest rate. Negotiations with a private bank called LaFise are about to bear fruit and the first commercial loan is about to be signed.

iv. Pathway 4

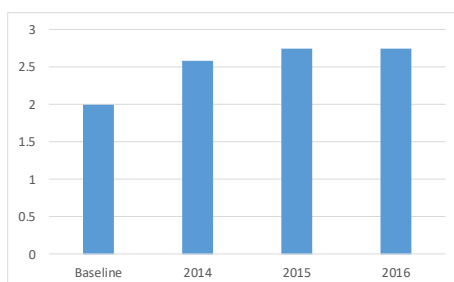
| Activities | Outputs | Immediate Outcome | Intermediate Outcome | Ultimate Outcome |
|---|--|----------------------------|--|--|
| Organization of exchanges with stakeholders | Chain actors know each other from meetings | Chain actors are connected | More inclusive business relations between chain actors | La Campesina is positioned in the formal market (with Ritter Sport or/and niche markets for fine cocoa in Central America) |

Main findings

With the financial and organizational support of VECOMA, La Campesina has participated in local, national and international exchanges. The reception and uptake of these meetings has been encouraging, and recently more and more exchanges are happening at the initiative from the manager and the leadership of the La Campesina itself. Internationally, the Farmer Organization (FO) has participated in the Cocoa World Conference in Amsterdam, and the Salon du Chocolat in Paris. Regionally, La Campesina has participated in the Agritrade event in Guatemala. VECOMA has also linked La Campesina with to CANICACAO (Nicaraguan Cocoa Chamber) and AMACACAO (Regional Cocoa Association). The FO is clearly connecting the producers to the formal market, selling 95% of their cocoa to Ritter Sport and other new clients from The Netherlands. In addition to the connections with these international players, La Campesina is also connected to national efforts to transform cocoa into added value products (Castillo de Cocoa, Licores Don Juan, COCOMUSEO, among others). The challenge for La Campesina will be to take autonomous steps to further develop these relationships, which will require a lot of persistence and commitment, since the burden of time and effort of daily operational may easily overtake or impinge on the time managers have available to identify and maintain long-term strategic relationships.

Observed evidence (source: CIR)

| Row Labels | Baseline | 2014 | 2015 | 2016 |
|--|----------|------|------|------|
| Matagalpa | 2.00 | 2.58 | 2.75 | 2.75 |
| 2. To what extent has the FO acquired business management skills? | 1.75 | 2.25 | 2.75 | 2.75 |
| The FO has marketing strategies | 1.00 | 2.00 | 3.00 | 3.00 |
| The FO has risk coping strategies | 1.00 | 2.00 | 2.00 | 2.00 |
| The FO has sufficient own income generation from commercial activities to cover 100% of fixed and recurrent expenses | 2.00 | 2.00 | 3.00 | 3.00 |
| The FO is able to attract relevant Business Development Services | 3.00 | 3.00 | 3.00 | 3.00 |
| 3. To what extent has the FO acquired marketing skills? | 1.75 | 2.50 | 2.50 | 2.50 |
| The FO actively builds a network of long-term market relationships with buyers and suppliers | 3.00 | 3.00 | 3.00 | 3.00 |
| The FO has systems in place to meet market demand (ICS, appropriate systems and services to members) | 1.00 | 2.00 | 2.00 | 2.00 |
| The FO keeps records that track their costs, income and profitability and re-invests profits to expand the business | 1.00 | 2.00 | 2.00 | 2.00 |
| The FO knows how to identify and analyse profitable market opportunities or customers | 2.00 | 3.00 | 3.00 | 3.00 |
| 4. To what extent the FO promotes sustainable production and natural resource man-agement skills to its members? | 2.00 | 3.00 | 3.00 | 3.00 |
| The FO has collective rules to efficiently and fairly manage their natural resources. | 2.00 | 3.00 | 3.00 | 3.00 |
| The FO has managed to get the members certified with regard to food safety and/or sustainability claims (GlobalGAP, orga | 2.00 | 3.00 | 3.00 | 3.00 |
| 5. To what extent does the FO builds up and maintains external relations? | 3.00 | 3.00 | 3.00 | 3.00 |
| The FO has the capacities to relate and communicate with other entities and municipalities | 3.00 | 3.00 | 3.00 | 3.00 |
| The FO is an active member in a higher-level (farmer) organization and/or commodity organisation | 3.00 | 3.00 | 3.00 | 3.00 |



All indicators linked to this pathway except three have reached a full score of 3 by 2016. This indicates that the immediate outcome *chain actors are connected* and the intermediate outcome *more inclusive business relations between chain actors* appear to have been successfully achieved.

Triangulation (source: key informant interviews and FGDs)

La Campesina has played an important role coordinating and supporting the Cocoa Nicaraguan Chamber (CANICACAO). They are currently holding the vice-presidency position, and their facilities are used as headquarters for the Chamber. Through CANICACAO, and supported by VECOMA, La Campesina is leading the effort to develop the Cocoa Information System which will facilitate the connectedness between farmer organizations, buyers and service providers. La Campesina is also connected regionally with other cocoa actors through AMACACAO (Cocoa and Fine Chocolate Meso American Association), promoting the Central American Cocoa worldwide. A range of national and international connections made by La Campesina are directly attributed to the intervention of VECOMA, and the execution of the Annual Operational Plan crafted in collaboration between the Farmer Organization and VECOMA personnel.

v. Pathway 5

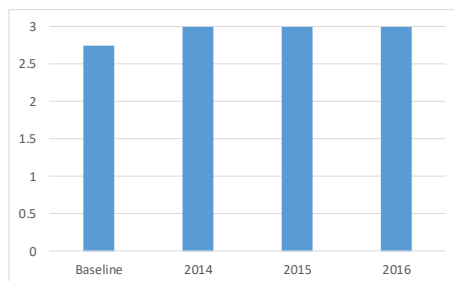
| Activities | Outputs | Immediate Outcome | Intermediate Outcome | Ultimate Outcome |
|---|--|---|---|--|
| Facilitation of interaction between La Campesina and policy level | Connectedness of La Campesina and the policy level | Interaction between La Campesina and the policy level as directive member of the <i>cámara Nicaraguense de cocoateros & commission sectorial de cocoa</i> | Policy-makers take La Campesina's point of view into account and create a more supportive institutional environment | La Campesina is positioned in the formal market (with Ritter Sport or/and niche markets for fine cocoa in Central America) |

Main findings

La Campesina has been showing a growing leadership among the different actors in the Nicaraguan cocoa sector. The Nicaraguan Institute of Agricultural Technology (INTA), which works on research and knowledge exchange between coops, have identified La Campesina as a case worth sharing and learning from. VECOMA has been working strategically to identify opportunities for organizations to influence the policy level. One of those key organizations is the Association of Producers and Exporters of Nicaragua (APEN). As an active leader of CANICACAO, La Campesina is partnering with APEN in order to gain influence at a government level. The challenge remains in finding spaces of influence in the political structures of the country that are already to a large extent fixed, such that only certain organizations or individuals have open positions of influence, so that it may prove hard to cross this threshold. In summary, La Campesina is developing its capabilities to influence policy, but conditions for this may not currently be favorable.

Observed evidence (source: CIR)

| Row Labels | Baseline | 2014 | 2015 | 2016 |
|---|----------|------|------|------|
| Matagalpa | 2.75 | 3.00 | 3.00 | 3.00 |
| 3. To what extent has the FO acquired marketing skills? | 3.00 | 3.00 | 3.00 | 3.00 |
| The FO actively builds a network of long-term market relationships with buyers and suppliers | 3.00 | 3.00 | 3.00 | 3.00 |
| 4. To what extent the FO promotes sustainable production and natural resource management skills to its members? | 2.00 | 3.00 | 3.00 | 3.00 |
| The FO has collective rules to efficiently and fairly manage their natural resources. | 2.00 | 3.00 | 3.00 | 3.00 |
| 5. To what extent does the FO builds up and maintains external relations? | 3.00 | 3.00 | 3.00 | 3.00 |
| The FO has the capacities to relate and communicate with other entities and municipalities | 3.00 | 3.00 | 3.00 | 3.00 |
| The FO is an active member in a higher-level (farmer) organization and/or commodity organisation | 3.00 | 3.00 | 3.00 | 3.00 |



Interestingly, indicators related to external relations of the FO appear to have started with a high score initially and have stayed equal throughout the intervention. While this appears to be a successful intervention in terms of the final score, it would appear that the baseline was already quite strong, with most baseline scores already at full score (3) and therefore not needing much support.

Comments VECOMA:

La Campesina has lots of capacities for relationship building, hence did/does not need capacity building at this level. However I think they benefited from the fact that VECOMA (in its role of articulator) brought parties together, esp. the case for amacacao and commission de cacao in apen (canicacao was more an effort driven from within la Campesina for which VECOMA provided finance and strategic advice)

Triangulation (source: key informant interviews and FGDs)

La Campesina is recognized as an emerging leader in the cocoa sector in Nicaragua; they are frequently asked to share their experiences at national and international events; their attendance to these events is usually partially or totally financed by VECOMA. The FO is growing in its level of influence, and through their leadership in CANICACAO is slowly developing the capital and clout to participate at a policy level.

c. Relevance of VECO intervention

In this section we evaluate the relevance of VECO's interventions by looking at the farmer-level impact. We investigate whether the VECO interventions at the FO-level have also created notable differences (positive or negative) on the farmer impact level. This is done in two ways: by reviewing the results of the focus group discussions, and by comparing the farmer survey (2016) with baseline data (2013). It must be noted that comparison is difficult at times, as indicators differ significantly over time.

Main conclusion of focus group discussions (FDG) with farmers

The Focus Group discussions with farmers showed a direct link between a small increase in productivity and quality to the training and the technical assistance VECOMA is partially financing and supporting. Among the challenges presented by the farmers are the diseases attacking the plantations (moniliasis and cocoa black pod), the deterioration of the soil (numerous plantations are more than 20 years old) and the lack of working capital. Even though farmers are facing stiff challenges, they feel very supported by La Campesina, and through the different services that the FO provides them. Amongst the services which the farmers highlighted, were the donation of bags, seeds, tools, and fertilizers; provision of a trusted and reliable buyer who picks up the cocoa close to the farms; the establishment of 51 new 'manzanas' plots (0.698 ha equivalent to 1 plot) of cocoa established, with 43 farmers in 4 communities; access to credit to those already certified in UTZ (70% of the farmers), and scholarships for their sons and daughters. VECOMA is impacting in the livelihood of the farmers by equipping of the collection centers, equipping of the quality control lab, providing bags and seeds, financing certification training, supporting the internal supervisors, and providing scholarships to sons and daughters of the farmers.

Comparison of baseline and 2016-farmer survey

*Note: in this section, data from the 2016 farmer survey is compared with data from the baseline study conducted at the end of 2013. As these sources of information are different and do not use the same indicators, this analysis has **limited comparability**.*

| 1a. Income | |
|---|---|
| Baseline | 2016 |
| <ul style="list-style-type: none"> • An average smallholder usually works on 8 'manzana' of cocoa plots (~ 5.6ha), but they harvest only 3 'manzana' (2.1 ha) • The average net income for a smallholder is approximately 2,160 USD annually. • The profit margin is 55.7% • The household expenses covered with the money generated by cocoa farming are: <ul style="list-style-type: none"> ○ Food: 25.7% ○ Production 19.3% ○ Education: 18.3% ○ Health: 10% ○ Housing: 7.7% ○ Other: 19% | <ul style="list-style-type: none"> • An average smallholder usually cultivates between 2 and 3 plots (1.79 ha and 2.09 ha) • The average net income for a smallholder ranges from 2,350 USD to 2,921 USD annually. • The profit margin is 52.7% • The household expenses covered with the money generated by cocoa farming are: <ul style="list-style-type: none"> ○ Food: 27% ○ Production 20% ○ Education: 20% ○ Health: 12% ○ Housing: 10% ○ Other: 11% |
| Discussion <ul style="list-style-type: none"> • Farmers report that cocoa produces around 40% of their income; besides cocoa, almost every farmer cultivates beans and corn. Raising cattle is the other important economic activity for many | |

of the cocoa farmers in the area. Once combined, their economic activity covers their basic feeding needs.

- VECOMA informed the assessor that some farmers also invest in wood production, and that this activity can help improve farm profitability, this assessment was not able to gather data on income from timber
- Though the profit margin has slightly declined, average income for smallholders has increased, indicating that both gross revenues and costs have likely increased, with costs increasing relatively more than revenues. However, due to a lack of easily comparable data, we were unable to dig deeper into these development

1b. Resilience (diversity of income sources)

| Baseline | 2016 | | | | | | | | | | | | | | |
|---|---|---------------|----------------------|---|------|---|-----|---------------------------|------|--|-----|--|------|---|------|
| <ul style="list-style-type: none"> • In the critical months where the agricultural income is low, 20% of the farmers (with less land) work on other farms. • 80% of the farms are diversified with 10-15 different products. • Only 10% of the smallholders have the capacity to save money, and 25% use land as investment. | <p>The graph below provides average % dependence on different income sources for farmers in the Matagalpa pilot intervention.</p> <table border="1"> <caption>Average % dependence on different income sources</caption> <thead> <tr> <th>Income Source</th> <th>Average % Dependence</th> </tr> </thead> <tbody> <tr> <td>Income from sale of animals (e.g. Cows, pigs)</td> <td>~30%</td> </tr> <tr> <td>Income from Own Agribusiness (e.g. processing unit)</td> <td>~5%</td> </tr> <tr> <td>Income from other sources</td> <td>~10%</td> </tr> <tr> <td>Income from Other own business (e.g. shop)</td> <td>~2%</td> </tr> <tr> <td>Income from Agri production (own farm)</td> <td>~40%</td> </tr> <tr> <td>Income from Agri employment (working on somebody else's farm)</td> <td>~10%</td> </tr> </tbody> </table> | Income Source | Average % Dependence | Income from sale of animals (e.g. Cows, pigs) | ~30% | Income from Own Agribusiness (e.g. processing unit) | ~5% | Income from other sources | ~10% | Income from Other own business (e.g. shop) | ~2% | Income from Agri production (own farm) | ~40% | Income from Agri employment (working on somebody else's farm) | ~10% |
| Income Source | Average % Dependence | | | | | | | | | | | | | | |
| Income from sale of animals (e.g. Cows, pigs) | ~30% | | | | | | | | | | | | | | |
| Income from Own Agribusiness (e.g. processing unit) | ~5% | | | | | | | | | | | | | | |
| Income from other sources | ~10% | | | | | | | | | | | | | | |
| Income from Other own business (e.g. shop) | ~2% | | | | | | | | | | | | | | |
| Income from Agri production (own farm) | ~40% | | | | | | | | | | | | | | |
| Income from Agri employment (working on somebody else's farm) | ~10% | | | | | | | | | | | | | | |

Discussion

- Both the baseline and 2016 data show that farmers have relatively well-diversified sources of income, beyond agricultural production only. This indicates that there is a good degree of income diversification
- In supporting La Campesina as a Farmer Organization, VECOMA sees the potential of cocoa as one more source of income for the farmers. Beans and corn are usually used for self-consumption, and cocoa provides the farmer some cash to finance other household needs.

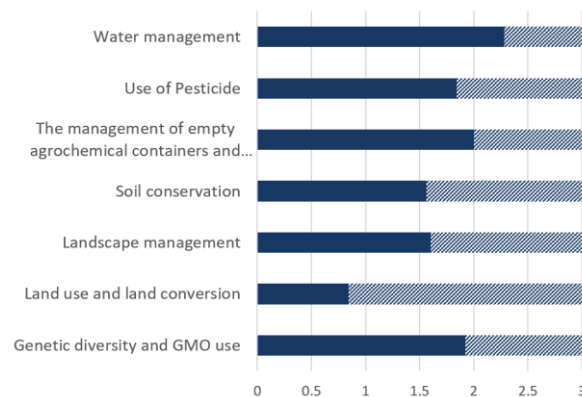
1c. More sustainable use of natural resources

Baseline

- Farmers face sustainability challenges. For instance, 50% of the productive land faces drought during summer (November until May) making cocoa farming less attractive due to low productivity.
- There are between 10-15 animal and plant species in each farm, although not all of them generate income, they are key for food security.
- In farms with slopes of more than 45% the focus is on soil management.
- The members of the coop have been trained in crop management, and have technical assistance
- The production is 100% natural, of which 77% certified organic.

2016

The below chart indicates results from the farmer survey on multiple sustainability indicators. For each, farmers were asked to provide a score of 0-3.



Discussion

- Limited comparability due to lack of alignment between baseline and 2013 data
- Farmers in this pilot intervention appear faced with several sustainability challenges. In particular, soil conservation and landscape management. Many of the farms have slopes of more than 45% and experience heavy erosion with each heavy rainstorm; the nutrients of the soil are lost, affecting the crops. Besides erosion, many of the cocoa plantations are already over 20 years old and the soil is suffering impoverishment. Some farms were located where cattle were previously raised, and in these cases the compaction of the soil poses a problem.
- In 2016, sustainability performance appear to be mixed. Water management, management of empty agrochemical containers and genetic diversity all score reasonably well (though still lower than in other interventions), but many of the categories receive quite low scores, indicating that sustainability remains a major challenge and appropriate farming practices are still not always implemented
- *Comment VECOMA: This is surprising, since almost no chemicals are used in cacao and the plantation system in itself promotes biodiversity (agro forestry management practices)*
- La Campesina is aware of the sustainability challenges and are involved in supporting the small farmers with frequent technical assistance, designing living barriers and providing some organic fertilizers and other supplies. Some of these supplies are financed by VECOMA. Even though in some cases the best solution will be to plant cocoa in more appropriate soil, most farmers do not own other land, and buying such land is not a viable option.
- VECOMA noted that there is no genetically modified cocoa in this either Honduras or Nicaragua, and a high degree of genetic variety in agroforestry systems (fruit, timber, crops, etc.)

1d. Diversity of crops and livestock

Baseline

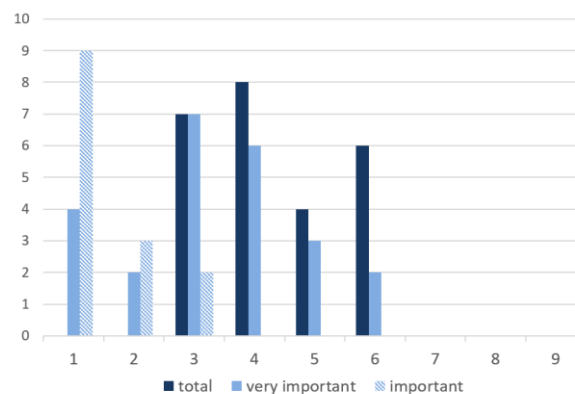
- Cocoa comprises 40% of the income, milk production is 40%, livestock is 15% and 5% for other basic crops

2016

The chart below indicates the number of farmers surveyed who receive 1-9 different sources of on-farm income. There are 3 options given:

- Total: refers to any source of on-farm income (from livestock and/or crops), regardless of importance of that income for livelihoods
- (Very) important: refers to sources of on-farm income judged by the farmer to be (very) important the farmer's livelihoods

In the survey, farmers were given a choice of indicating the importance of each source of income. As the below chart shows, the vast majority of farmers have relatively few sources of on-farm income. In addition, a high number of respondents indicated having 4 or more sources of income that were very important for farmer livelihoods.



Discussion

- In both the baseline and 2016 data, some farmers show a relatively well-diversified range of crops and livestock that provide a contribution to income.
- Farmers already produced cocoa before VECOMA started supporting La Campesina, the objective of the intervention has been to strengthen the cocoa production and productivity for the farmers, to boost resilience.
- Since farmers rarely have access to more land, productivity is the key bottleneck and opportunity for the cocoa farmers to become more resilient and increase their income. According to the coop administration, productivity has increase from 7qq to 8.5qq dry cocoa per plot (0.698 ha).
- A modest increase in productivity has been possible thanks to VECOMA support of the technical assistance and training.
- Diseases control is still at the top of the farmer's challenges. Though progress is slow, better crop management and access to agricultural supplies is steadily helping create a healthier cocoa plantation.

2. Increased status of FOs

Baseline

2016

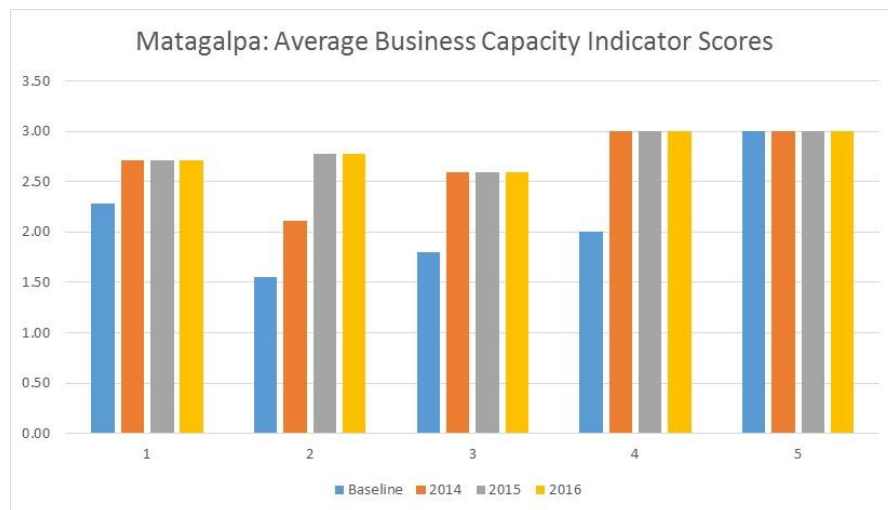
In the baseline:

The collectors play a very important role since they generate employment, and they are informed about social and infrastructural problems in the community, so they become community leaders.

The coop is dependent of the commercial relation with its main partner. It often faces challenges to pre-finance collection, so they make use of commercial loans.

Analysis of FO business capacity indicators shows varying improvement for the FOs across business capacity categories. A more detailed analysis can be found in the previous section, however below a summary is presented. The 5 categories are:

1. To what extent has the FO acquired group management skills?
2. To what extent has the FO acquired business management skills?
3. To what extent has the FO acquired marketing skills?
4. To what extent does the FO promote sustainable production and natural resource management skills to its members?
5. To what extent does the FO build up and maintain external relations?



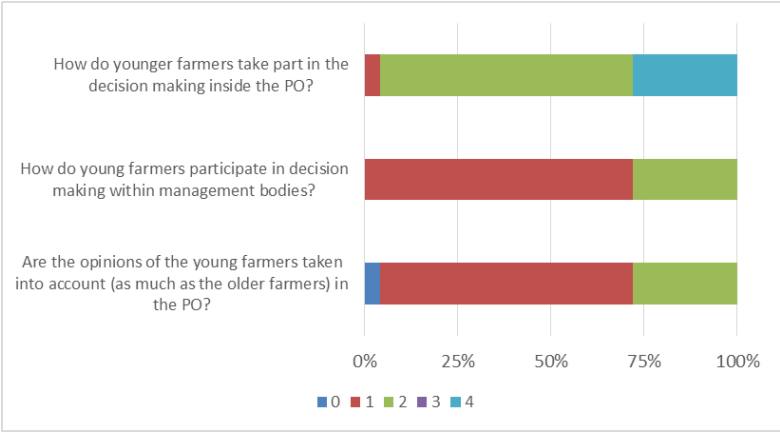
Discussion

- A detailed analysis of impact at the FO level can be found in the previous section. In summary, it appears that fairly strong improvement was achieved across all business capacity indicators.
- The noticeable improvement in business capacity and especially the ability to negotiate with new clients translates to secure markets and a better prices for the farmers.
- A well organized and well managed organization attracts cooperation; more and more nongovernmental organizations are open to support La Campesina in its efforts to improve the livelihoods of the farmers.
- The Farmer Organization's healthy administration does not translate into an immediate impact on the farmer livelihood, however it brings stability and opens the doors for better conditions in the future.

3a. Women's status and empowerment

| Baseline | 2016 | | | | | | | | | | | | | | | | | | | | | | | | |
|--|---|----------|---------|---------|---------|---------|---------|--|-----|-----|-----|----|----|--|----|----|-----|----|-----|---|-----|-----|-----|----|----|
| <ul style="list-style-type: none"> • Only 9% of the 375 members are women, none of them occupy management positions • The organization supported the creation of a small chocolate processor, led by 7 women partners; • There are 15 plots in development co-owned by women; • Only 15% of the male members share both household and farming activities with their partners; | <p>In the below chart, scores are shown for 3 questions.</p> <ul style="list-style-type: none"> • Question 1: 0-not, 1-a little, 2-a lot • Question 2: increasing scale from 0-4 • Question 3: 0-a little, 1-equally, 2-a lot <table border="1"> <caption>Survey Results Data</caption> <thead> <tr> <th>Question</th> <th>Score 0</th> <th>Score 1</th> <th>Score 2</th> <th>Score 3</th> <th>Score 4</th> </tr> </thead> <tbody> <tr> <td>How much do women participate in management roles in the organization?</td> <td>10%</td> <td>70%</td> <td>20%</td> <td>0%</td> <td>0%</td> </tr> <tr> <td>How do women participate in decision making within the FO?</td> <td>0%</td> <td>0%</td> <td>70%</td> <td>5%</td> <td>25%</td> </tr> <tr> <td>Are women as farmers and their opinion equally respected/taken into account than men (within the FO)?</td> <td>10%</td> <td>65%</td> <td>25%</td> <td>0%</td> <td>0%</td> </tr> </tbody> </table> | Question | Score 0 | Score 1 | Score 2 | Score 3 | Score 4 | How much do women participate in management roles in the organization? | 10% | 70% | 20% | 0% | 0% | How do women participate in decision making within the FO? | 0% | 0% | 70% | 5% | 25% | Are women as farmers and their opinion equally respected/taken into account than men (within the FO)? | 10% | 65% | 25% | 0% | 0% |
| Question | Score 0 | Score 1 | Score 2 | Score 3 | Score 4 | | | | | | | | | | | | | | | | | | | | |
| How much do women participate in management roles in the organization? | 10% | 70% | 20% | 0% | 0% | | | | | | | | | | | | | | | | | | | | |
| How do women participate in decision making within the FO? | 0% | 0% | 70% | 5% | 25% | | | | | | | | | | | | | | | | | | | | |
| Are women as farmers and their opinion equally respected/taken into account than men (within the FO)? | 10% | 65% | 25% | 0% | 0% | | | | | | | | | | | | | | | | | | | | |
| <p>Discussion</p> <ul style="list-style-type: none"> • There is some improvement in female participation rates since 2013; in 2016 12% of the members are women (up from 9% in the baseline), and for the first time in history 2 women are part of the Board of Directors. • Women's opinions appear to be well-taken into account • La Campesina supported by VECOMA has adopted a new model of training that includes the whole family, through that effort more and more women are active in production activities, during the focus group, men and women farmers describe the more direct work of women in certain tasks like sowing, pruning, fertilizing and harvesting. • Farmer survey results overwhelmingly indicate that women and men together decide on how household income is spent | | | | | | | | | | | | | | | | | | | | | | | | | |

3b. Youth status and empowerment

| Baseline | 2016 |
|---|---|
| <p>Very limited insights were available in the baseline:</p> <ul style="list-style-type: none"> • Older members have more participation in the organization at community level | <p>In the below chart, scores are shown for 3 questions.</p> <ul style="list-style-type: none"> • Question 1: increasing scale from 0-4 • Question 2: 0-not, 1-a little, 2-a lot • Question 3: 0-a little, 1-equally, 2-a lot  |

Discussion

- While it is not possible to compare against the baseline, respondents in 2016 indicated that youth had a limited degree of influence in FOs in terms of opinions taken into account as well as participation in decision-making activities.
- There has been a direct effort to support youth in starting new areas of cocoa, a group of approximately 12 young women and men are already in the process of becoming members (most of them sons and daughters of current members of the coop).
- Young people have been also trained as promoters, playing an active role in the communication and some role in technical assistance.
- Even though the involvement of youth is still limited in the decision-making activities, their opinions are more and more taken into account and their participation in training events has clearly increase.
- *Comment from VECOMA: We are also working with la Campesina to tackle structural changes that limit youth participation in decision making (such as legal requirements to enter board of directors or coop)*

5. Structural Change Agenda - Nicaragua

a. Background

The following information provides a high-level overview of the current landscape in the cocoa production and trade in Nicaragua:

| | |
|------------------------|---|
| Trade: | <ul style="list-style-type: none">• Nicaragua cocoa production is very small compared to the world demand, but the Nicaraguan cocoa is very well positioned in the fine cocoa niche. Within the Meso America region, it is the largest producer• Foreign companies buy cocoa in country (Ritter Sport, Ingemann)• Ritter Sport and Ingemann have showed strong interest in developing the inclusive business model.• There is a national demand for B and C cocoa quality that is used in very popular cocoa drinks. |
| Production: | <ul style="list-style-type: none">• Nicaraguan farmers are already cultivating cocoa, but access to credit, services and technology is needed to make it profitable.• Postharvest processes need to be improved, 75% of the cocoa quality is based on good drying and fermenting practices. Inclusive business can help to tackle the challenges of lack of knowledge and lack of capital to buy the cocoa in the right timing. |
| Value chain: | <ul style="list-style-type: none">• The cocoa farmer organizations had not known about international markets, neither its norms nor certification demands. Entrepreneurial and business strengthening is needed to improve their commercialization abilities.• Value added products had not been part of the vision of the farmer organizations and small steps are being taken in this route. |
| Policy and government: | <ul style="list-style-type: none">• In order to reach its potential in cocoa, the involvement of the government, ONG's and organizations that work with exportation like CEI and APEN, is needed.• In order to influence the government, the cocoa producers have to be connected with the Superior Counsel of Private Business (COSEP), institution that has certain influence in the government circles. In addition, VECOMA has noted that connecting and strengthening CANICACAO and the Comisión Sectorial del Cacao are necessary. |

Link to pilots:

- Pilot in Matagalpa: La Campesina

Long-term goal:

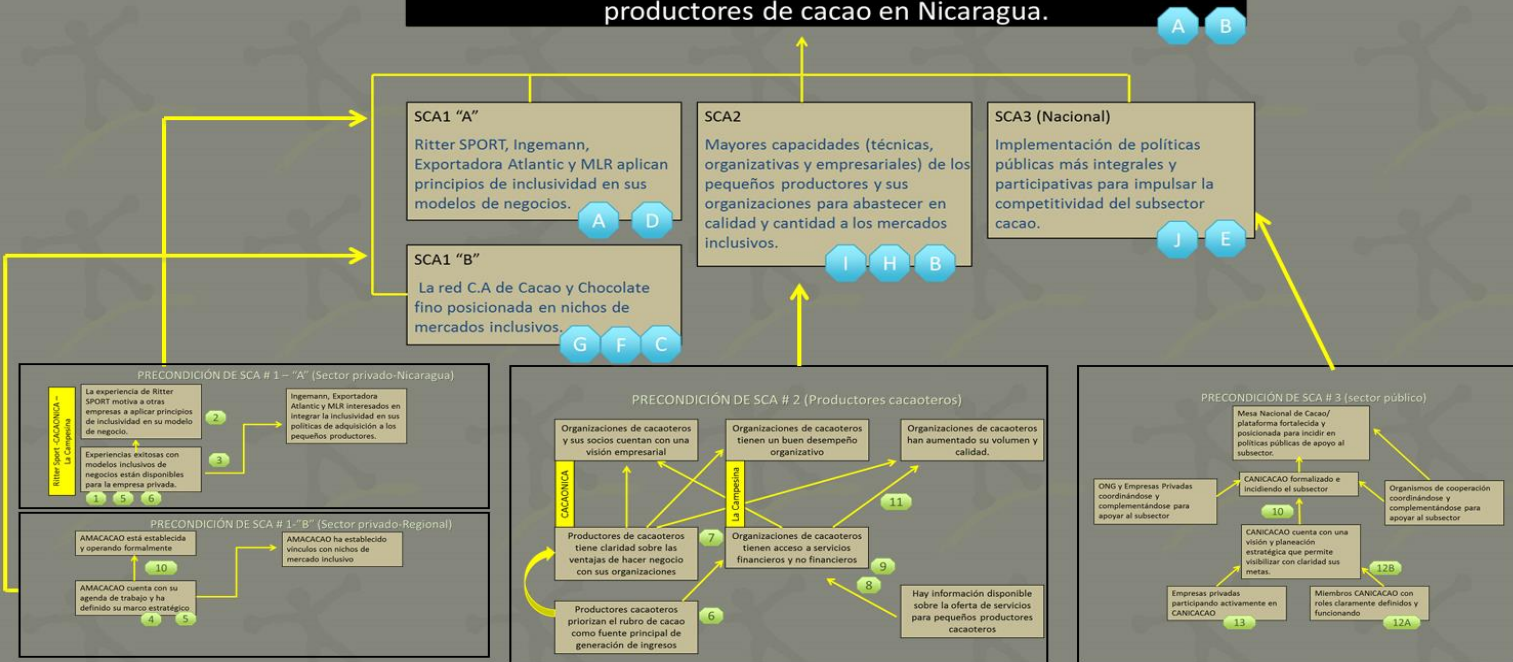
The sustainable product acquisition by part of the private sector allows the inclusion of the small cocoa farmers in Nicaragua.

For more information see the VECO SCAF NI and VECO SCAR NI

b. Pathway of change

RUTA DE CAMBIO – CACAO Nicaragua

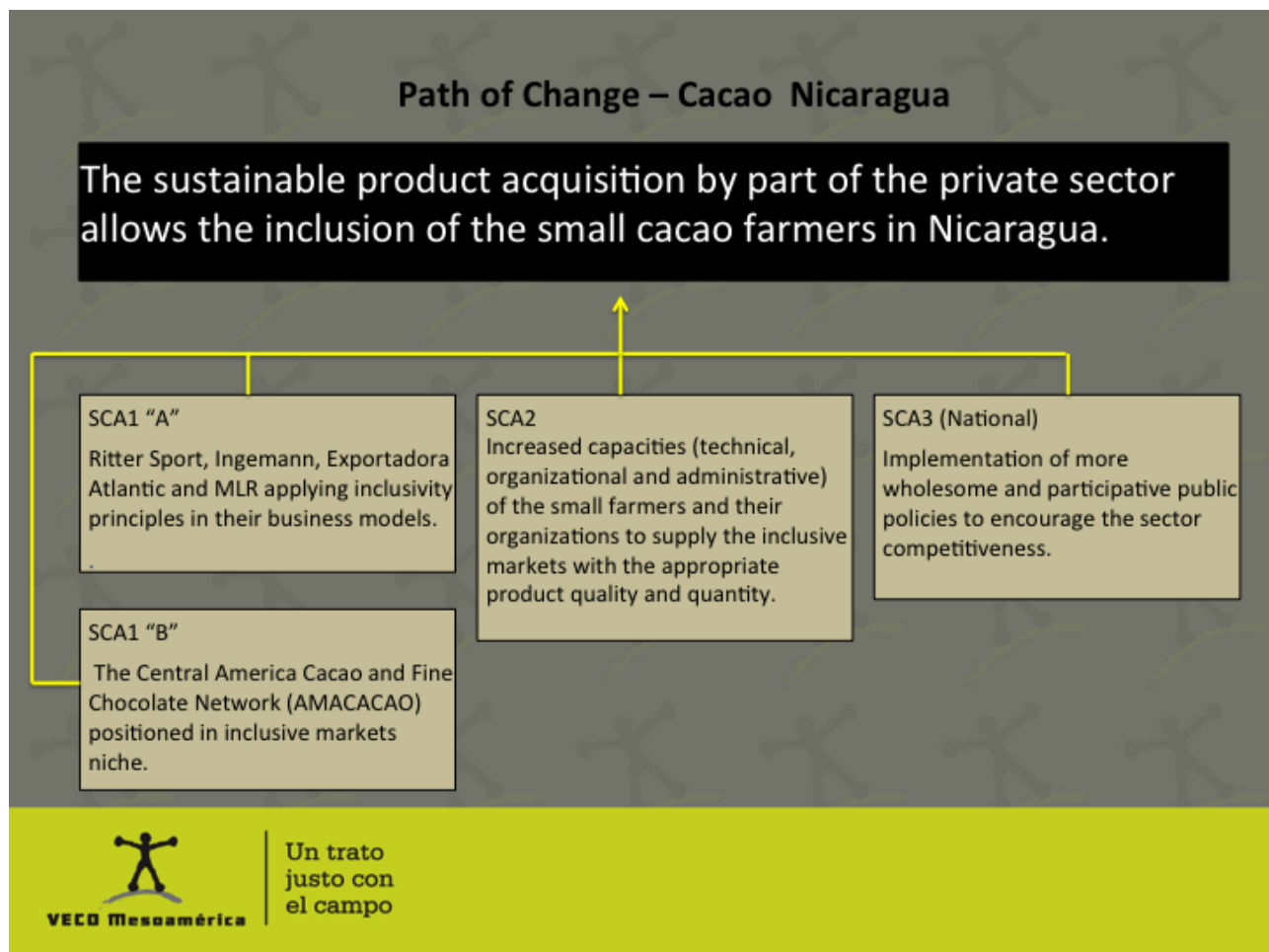
Objetivo de Largo Plazo: La adquisición sostenible de parte del sector privado permite la inclusión de las y los pequeños productores de cacao en Nicaragua.



Un trato justo con el campo

The sub-SCAs are:

1. **SCA1 “A”** Ritter Sport, Ingemann, Exportadora Atlantic and MLR applying inclusivity principles in their business models.
SCA 1 “B” The Central America Cocoa and Fine Chocolate Network (AMACACAO) positioned in inclusive markets niche.
2. **SCA 2** Increased capacities (technical, organizational and administrative) of the small farmers and their organizations to supply the inclusive markets with the appropriate product quality and quantity.
3. **SCA 3** Implementation of more wholesome and participative public policies to encourage the sector competitiveness.



c. Observed changes in outcomes at SCA level

Main conclusion SCA1“A”: VECO has been closely working with Ritter Sport in developing inclusive practices, noticeable advances have been reached since the company is already buying from 19 different small farmer organizations, and volumes have been constantly growing.

applying inclusivity principles in their business models.

Furthermore, Ritter Sport with CACAONICA and La Campesina has signed formal agreements. The application of the LINK Methodology has allowed the experience between CACAONICA and Ritter Sport to be shared with other players in the cocoa value chain. Little by little, the rest of the buyers understand that in order to buy cocoa, adopting inclusivity practices will be a must. Although Ingemann is not buying large quantities of cocoa, it is attending all the events VECOMA uses to promote inclusivity, and they have shown a willingness to make inclusivity part of their business model.

Main conclusion SCA1 “B”:

The Central America Cocoa and Fine Chocolate Network (AMACACAO) is positioned in inclusive markets niche.

AMACACAO has been decisively supported by VECO as an important link in the regional strategy to position the Central American Cocoa worldwide. AMACACAO has already launched the CunaKakau brand finding a very enthusiastic welcome in the European markets. AMACACAO is legally constituted and very active in positioning the fine cocoa of the region.

Main conclusion SCA2:

Increased capacities (technical, organizational and administrative) of the small farmers and their organizations to supply the inclusive markets with the appropriate product quality and quantity.

VECO has been actively working in strengthening capabilities in two farmer organizations; both organizations, CACAONICA and La Campesina report strong input from VECO in their technical, organizational and administrative capabilities.

Very encouraging results have been obtained in La Campesina where 18 out of 24 capability indicators are at the maximum level, delivering the appropriate quality and quantity to Ritter Sport and other new buyers. CACAONICA on the other hand, has not been able to capitalize on the training and assistance received, even though it is one of the bigger producer of cocoa. At least three factors which limited their performance: a financial management mishap, changes in the Board of Directors, and the lack of a manager.

In a more broader scale, the fact that Ritter Sport is already buying cocoa from 20 different small farmer organizations tells us two things: Ritter is practicing inclusivity, and farmer organizations have reached sufficient capabilities to comply with international standards.

Main conclusion SCA3:

Implementation of more wholesome and participative public policies to encourage the sector competitiveness.

VECO has been strategically identifying the right channels to be a positive influence for the farmers, and for their organizations to be included in the dialogs to create public policy. The Chamber of Cocoa (CANICACAO) has been strengthened and linked to the Association of producers and exporters in Nicaragua (APEN) and through them have acquired a voice at the Cocoa Sector Government Commission. A long way is still to be walked for the small farmers to have access to influence policy making, but firm steps are taken to be ready. The current government structure does not provide dialogue spaces.

Observed evidence from indicators (source: SCAR)

| SCA | 2013 (baseline) | 2016 (target) | Comments | Result |
|---|--------------------|------------------|--|--------------------|
| SCA1: Ritter Sport, Ingemann, Exportadora Atlantic and MLR applying inclusivity principles in their business models. | | | | |
| Al menos TRES empresas formales de alimentos a nivel nacional (iniciando con Ritter Sport) demuestran políticas/prácticas de adquisición con inclusión de pequeños agricultores a través del aumento en volúmenes de producto adquirido de organizaciones de pequeños productores, negociados en condiciones justas, en una relación en la que impera la colaboración entre los actores y en donde las empresas formales facilitan la vinculación de las organizaciones de productores con prestadores de servicios financieros y no financieros. | N/A | 3 | Ritter Sport has been growing in inclusivity working with 20 farmer organizations, providing advance funding, some assistance in cocoa quality, training in cocoa tasting and the use of technology to gain productivity. Their purchase volume has increased significantly. Veco has approached Exportadora Atlantic and MLR regarding inclusivity practices, but some of them are not buying cocoa and some others develop their own cocoa farming. | Partially achieved |
| Dos acuerdos (formales) de adquisición entre actores privados y organizaciones de agricultores (actualmente no hay). Ritter Sport – CACAONICA y Ritter Sport – La Campesina. | 0 | 2 | CACAONICA and Ritter Sport have signed a commercial agreement of 80 tones per year. CACAONICA and Ethiquable have signed an agreement of 40 tons per year and with Daarnhower a 15 tons commercial agreement has been signed. La Campesina has signed a commercial agreement with Ritter Sport for 30 tons with double seal (organic and UTZ). | Achieved |

| SCA | 2013 (baseline) | 2016 (target) | Comments | Result |
|---|--------------------|------------------|--|--------------------|
| Dos iniciativas nacionales iniciada por empresas privadas con el fin de apoyar/fortalecer la inclusión de pequeños agricultores en los mercados modernos. | 0 | 2 | Ritter Sport has already developed a business model that embraces inclusivity practices. There are a couple of public/private ongoing initiatives, PROCACAO and the NICADAPTA project, which create opportunities for farmers to gain access to funds. Pro Nicaragua is supporting farmers in establishing cocoa plantations in 7700 hectares. | Partially Achieved |
| SCA1B: The Central America Cocoa and Fine Chocolate Network (AMACACAO) is positioned in inclusive markets niche. | | | | |
| Una iniciativa regionales iniciadas por organizaciones de agricultores apuntan a fortalecer la inclusión de los agricultores en al menos dos nichos de mercados modernos en cocoa | | | A Central America initiative was formed under the name Meso America Cocoa Producers Association. The brand CUNA kakaw is being used to promote the Central American cocoa and markets from France and Holland are already buying from CACAONICA and La Campesina. | Achieved |
| SCA2: Increased capacities (technical, organizational and business) of small producers and their organizations to supply quality and quantity to inclusive markets | | | | |
| Al menos 2 organizaciones de agricultores en el país son económicamente viables por ingresos generados por el suministro a los mercados modernos. | 0 | 2 | La Campesina reports operational margin of 24% and CACAONICA has reported losses. | Partially achieved |
| 1400 productores (=miembros) de organizaciones de agricultores venden colectivamente a los mercados modernos (13.33% del total de productores de cocoa en el país). | N/A | 1400 | Total cocoa producers estimated are 11,000. An estimated of 1,700 producers are selling collectively to the formal market, mainly to Ritter Sport, Ethiquable and Gepa. | Achieved |
| SCA3: Implementation of more comprehensive and participatory public policies to boost the competitiveness of the cocoa subsector | | | | |

| SCA | 2013 (baseline) | 2016 (target) | Comments | Result |
|---|--------------------|------------------|---|----------|
| <p>En cocoa: Al menos una de las tres siguientes iniciativas son fortalecidas y estimulan las prácticas de adquisición sostenibles/inclusivas:</p> <p>a. Mesa Nacional de Cocoa/ plataforma de articulación público privada.</p> <p>b. Promoción del cocoa nicaragüense</p> <p>c. Incidir en al menos 1 programa del Estado para que estos tengan y/o aumenten partidas de inversión en el rubro cocoa, en cualquiera de los componentes de la cadena de cocoa, especialmente en producción y calidad pos-cosecha.</p> | N/A | 1 | <p>VECO supported the formation of the Nicaraguan Chamber of Cocoa (CANICACAO) that represents small producers before APEN, and the Cocoa Sector Commission. The government is supporting the PROCACAO and NICADAPTA projects with the goal of strengthening production and quality in the south and north coast of Nicaragua.</p> <p>The Cocoa Commission, APEN and CANICACAO are participating in the spaces the government is opening to encourage cocoa production and position Nicaragua as fine cocoa producer.</p> | Achieved |

Support Strategies:

| Support Strategy | Summary of activities | Achieved |
|---------------------------------------|---|----------|
| NURTURING THE DEBATE & AGENDA SETTING | | |
| | <ul style="list-style-type: none"> Regional Forum: Opportunities and challenges for the cocoa sector in Central America. Experience exchange with experts in markets, financing and certification was achieved. Expo APEN 2015: The success and challenges in the win-win relationship between Ritter Sport and CACAONICA was presented to encourage inclusion of small producers in modern markets. The Link methodology was used to build the case. | Achieved |

| Support Strategy | Summary of activities | Achieved |
|---|---|----------|
| | <ul style="list-style-type: none"> • Cocoa Exchange Indonesia: Attended by boards of directors of different Farmer Organizations from VECOMA, Andino, and Indonesia. They got to share about production, commercialization, prices, and different opportunities in the different regions. • Cocoa Value Chain Analysis in Nicaragua: Coordinated by CANICACAO this workshop invited farmers, people working in transformation, exporters and support providers. The discussion were around the national vision of cocoa and the role each one plays to strengthen it. • Fine Cocoa International Convention in Nicaragua: Needed steps to keep the status as a country that produces fine cocoa. | Achieved |
| BUILDING EVIDENCE | | |
| | <ul style="list-style-type: none"> • A case study was prepared examining the decision three producers made to switch from raising cows to be cocoa farmers. • A portfolio of financial and no financial service providers was created and made available to farmer organizations. • In process the documentation of an innovating system being created to use the residue of the cocoa fermentation as biogas to be in the dryers, instead of wood that is used to be burned while drying cocoa. • Agro ecological systems profits in Honduras and Nicaragua • The use of microorganisms to gain a more efficient ferment process • Carbon footprint research by Ritter Sport and three farmer organizations • Regional cocoa chain analysis | Achieved |
| EXTERNAL COMMUNICATION (MARKET WHAT WE DO) | | |
| | <ul style="list-style-type: none"> • Nicaragua's cocoa export potential is highlighted in the Cocoa World Convention • The Cocoa Sector participated in the CEI VI Congress | Achieved |
| EXPANDING AND USING OR NETWORK | | |
| | <ul style="list-style-type: none"> • Cocoa cluster • Network WCC • Scope Insight Network | Achieved |
| LEARNING & KNOWLEDGE SHARING | | |
| | <ul style="list-style-type: none"> • Participation in Exchange Events in Ecuador, Dominican Republic and Nicaragua • VECOMA Cocoa Coordinator participated as a speaker in the Fine Cocoa first Congress in Managua and in the VIII Farmer's Summit. • 15 bulletins printed and published on national and international market, exports, and production techniques. | Achieved |
| OTHER | | |

| Support Strategy | Summary of activities | Achieved |
|------------------|---|----------|
| | <ul style="list-style-type: none"> A study was made using Sensemaker (research methodology) to find out how likely it was for the new generation (young people) to continue working in the rural area or migrate for the cities. | |

Observed evidence (Source: SCAR)

VECOMA's Structural Change Agenda Report shows strong execution of the pathways to change as they were designed; great advances were obtained, even though some of the expectations were not met. For example, Ritter Sport showed great advance in their inclusive practices and VECO expected that others will follow suit, but it has not happened yet. VECOMA invested in the capabilities development for both La Campesina and CACAONICA; the CACAONICA shows very evident results in quality and quantity of production, but because of an unexpected weakening of the management, results were not as brilliant. In building of cocoa platforms and influencing policy making, the right steps were taken, but is important to ensure that these kind of processes go beyond just one program.

Observed evidence (Source: CIR/Focus Group)

There exists clear evidence of VECOMA's role in strengthening the Farmer Organizations; these are some of the achievements that La Campesina Administration attributes to VECOMA's support:

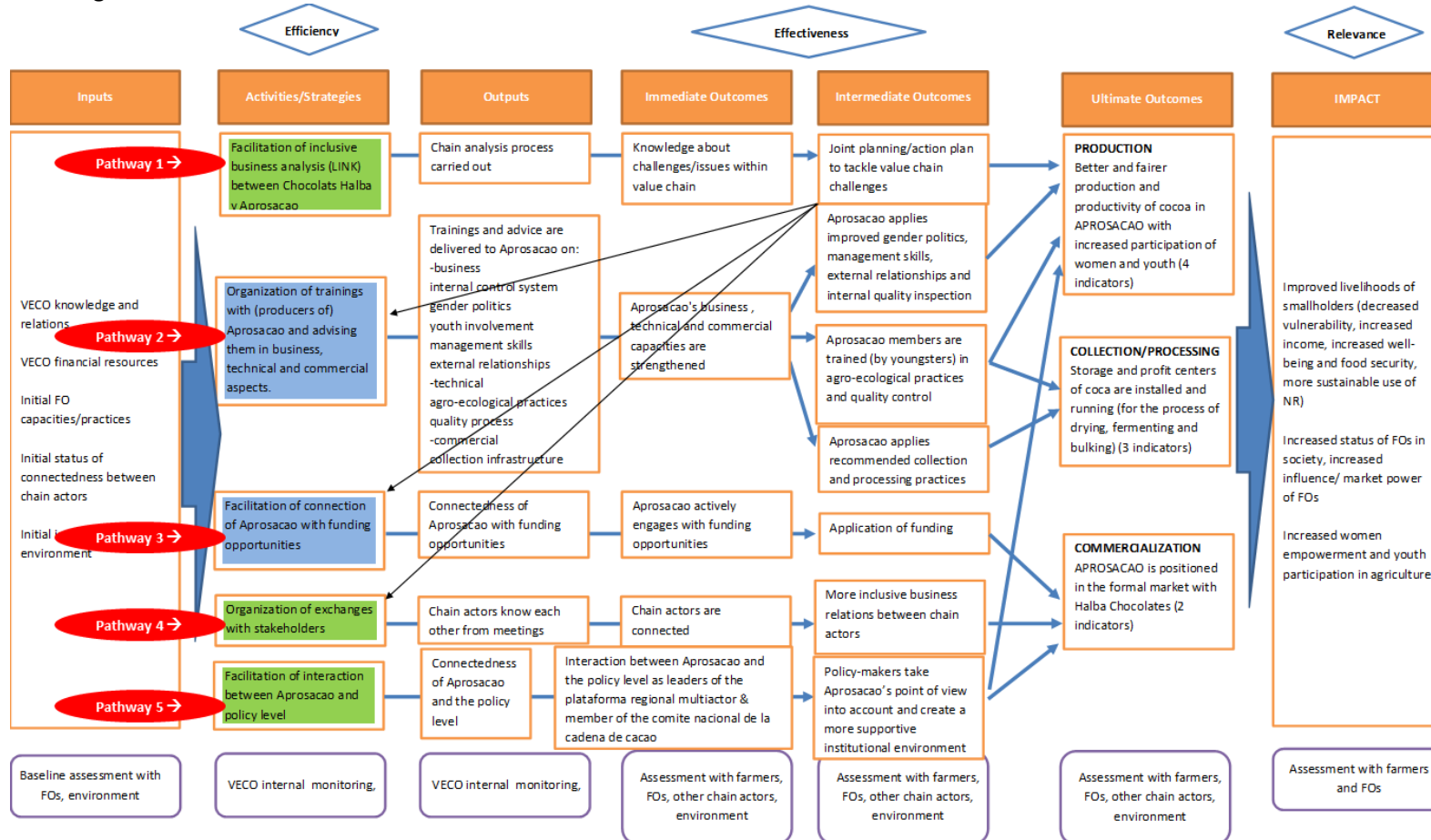
- Additional 400 'manzana' of plots in cocoa plantations (1 manzana = 0.70 ha)
- Technical and administrative training
- UTZ certifications (at 70%)
- Scholarships for 21 FO member's sons and daughters
- International exchanges for the Farmer Organization
- The deals to export cocoa from the pilot to Europe
- The formation of AMACACAO as a regional effort
- The strengthening of CANICACAO
- Improvement on the lab and quality control facilities



6. Olancho Pilot

a. Pathway of change

There are 5 different ways through which the Olancho pilot tries to achieve its outcomes and impact. The different pathways of change are mapped in the figure below.



We have performed an assessment of each pathway in order to determine the effectiveness of the activities, i.e. their ability to achieve the intended change.

b. Effectiveness of VECO intervention

i. Pathway 1

| Activities | Outputs | Immediate Outcome | Intermediate Outcome | Ultimate Outcome |
|--|------------------------------------|---|--|---|
| Facilitation of inclusive business analysis (LINK) between Chocolats Halba and Aprosacao | Chain analysis process carried out | Knowledge about challenges/ issues within value chain | Joint planning/ action plan to tackle value chain challenges | Better and fairer production and productivity of cocoa in APROSACAO with increased participation of women and youth |

Main findings

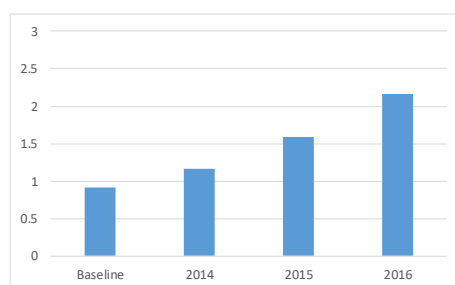
VECO’s application of the LINK methodology proved to be timely as APROSACAO and Chocolats Halba (CHH) start to honor a 10-year commitment to develop cocoa production and commercialization. Important agreements were reached on the basis of the meetings undertaken through the Link process:

- An action plan with established responsibilities from both parties was crafted
- Bimonthly evaluation of plan execution have been taking place
- CHH expressed commitment to maintaining good communication and improving technical assistance
- APROSACAO committed to keep working in the certification process and tracking quality

In APROSACAO’s eyes the relationship dramatically improved when CHH took the step to visit the farmers. As a result of the improved communication and collaboration, APROSACAO and Chocolats Halba decided to reach a yearly agreement defining a minimum cocoa production to be commercialized. For 2015 the minimum was set in 3 tons, but at the end of the year, 11 tons were commercialized with Chocolats Halba. Meeting quality and quantity standards continues to be a challenge for APROSACAO, such that cocoa field management has to be improved and technical assistance remains key.

Observed evidence (source: CIR)

| Row Labels | Baseline | 2014 | 2015 | 2016 |
|---|-------------|-------------|-------------|-------------|
| Olancho | 0.92 | 1.17 | 1.58 | 2.17 |
| 1. To what extent has the FO acquired group management skills? | 1.00 | 1.50 | 2.00 | 2.00 |
| The FO has a clear and representative structure (General Assembly – Board of Directors – representation is ok) | 1.00 | 2.00 | 2.00 | 2.00 |
| The FO is a participatory organisation with transparent management & decision-making systems | 1.00 | 1.00 | 2.00 | 2.00 |
| 2. To what extent has the FO acquired business management skills? | 0.50 | 0.67 | 1.17 | 1.83 |
| A good business plan is available and there is budget to implement it | 1.00 | 1.00 | 1.00 | 2.00 |
| The FO has marketing strategies | 0.00 | 0.00 | 1.00 | 2.00 |
| The FO has risk coping strategies | 1.00 | 1.00 | 1.00 | 1.00 |
| The FO has sufficient own income generation from commercial activities to cover 100% of fixed and recurrent expenses | 0.00 | 0.00 | 1.00 | 2.00 |
| The FO has the systems and skills to manage credit systems for working capital and operational costs | 0.00 | 1.00 | 1.00 | 2.00 |
| The manager of the business has the necessary skills to manage the business | 1.00 | 1.00 | 2.00 | 2.00 |
| 3. To what extent has the FO acquired marketing skills? | 1.33 | 1.33 | 1.67 | 2.67 |
| The FO actively builds a network of long-term market relationships with buyers and suppliers | 2.00 | 2.00 | 2.00 | 3.00 |
| The FO has systems in place to meet market demand (ICS, appropriate systems and services to members) | 1.00 | 1.00 | 2.00 | 3.00 |
| The FO keeps records that track their costs, income and profitability and re-invests profits to expand the business | 1.00 | 1.00 | 1.00 | 2.00 |
| 4. To what extent the FO promotes sustainable production and natural resource management skills to its members? | 2.00 | 3.00 | 3.00 | 3.00 |
| The FO has managed to get the members certified with regard to food safety and/or sustainability claims (GlobalGAP, orga) | 2.00 | 3.00 | 3.00 | 3.00 |



Initial analysis of immediate and intermediate outcomes

Both relevant *business management skills* and *marketing skills* indicators have **improved** compared to the baseline. However, the improvement is significantly less than the Matagalpa intervention. The FO in this intervention has not achieved a score of 3 (the organization has developed advanced skills and has reached a level that does not require further improvement) in any of the indicators, and in terms of risk scoping; it even scores a 1 (basic knowledge and initial skills). This indicates that while the immediate outcome *knowledge about challenges/issues within value chain* and intermediate outcome *joint planning/action plan to tackle value chain challenges* have improved, this intervention does not appear to have fully achieved its objectives. Compared to the other 4 pathways, this pathway appears to have been the least successful.

Triangulation (source: key informant interviews and FGDs)

Chocolats Halba (CHH) is the sole client of Aprosacao, and developing this relationship is key for the future of the Farmer Organization (FO). VECO's facilitation of inclusive business analysis (LINK) between Chocolats Halba and Aprosacao played a very important role in clearly identifying the challenges and developing joint planning. APROSACAO just started to produce cocoa and when the LINK methodology was applied a big gap between APROSACAO production (6.8 tons) and CHH initial demand (75 tons) remained to be closed. The LINK methodology allowed both parties to come up with a common plan to tackle the challenges. At the moment APROSACAO's main focus is on improving cocoa quality and quantity, which explains why other indicators like risk coping (generating resilience) or income generation are still pretty low.

ii. Pathway 2

| Activities | Outputs | Immediate Outcome | Intermediate Outcome | Ultimate Outcome |
|---|--|--|---|---|
| Organization of trainings with (producers of) Aprosacao and advising them in business, technical and commercial aspects | Training is delivered to FOs (see PoC for details) | Aprosacao's business, technical and commercial capacities are strengthened | <p>Aprosacao applies improved gender politics, management skills, external relationships and internal quality inspection</p> <p>Aprosacao members are trained (by youngsters) in agro-ecological practices and quality control</p> <p>Aprosacao applies recommended collection and processing practices</p> | <p>Better and fairer production and productivity of cocoa in APROSACAO with increased participation of women and youth</p> <p>Storage and profit centers of cocoa are installed and running (for the process of drying, fermenting and bulking)</p> |

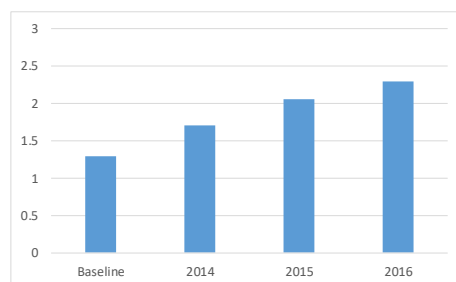
Main findings

Once VECO started the intervention it was clear that training in production was a priority. Three years later it is reported that the organizations has been able to commercialized as Cocoa class “A” 85 % of the total production. Quality goes beyond production to post harvest practices, VECO has also work in training 6 persons in fermenting techniques and 4 persons to collect cocoa. Besides these progresses, 5-cocoa farmer’s sons and/or daughters are being train in cocoa tasting and quality control. In anticipation for more production capacity 4 collection centers have been outfitted. Production volumes have also been on the rise, by the first semester of 2016, 10 tons were already sold to Chocolats Halba, equivalent to the total production which had been commercialized in 2015. The integration of women and young people is still a challenge, involving more women in trainings is not easy due to cultural beliefs and practices. Nevertheless 42 women are members of the FO, and 4 more are expected to become members before the end of 2016. The certification process is still in its first steps, documentation and registration is not part of the culture in the area.

Observed evidence (source: CIR)

Initial analysis of immediate and intermediate outcomes

| Row Labels | Baseline | 2014 | 2015 | 2016 |
|--|-------------|-------------|-------------|-------------|
| Olancho | 1.29 | 1.71 | 2.06 | 2.29 |
| 1. To what extent has the FO acquired group management skills? | 1.57 | 2.00 | 2.29 | 2.29 |
| The FO delivers necessary services to its members | 1.00 | 2.00 | 2.00 | 2.00 |
| The FO gives equal participation opportunities to women and the younger generation. | 1.00 | 2.00 | 2.00 | 2.00 |
| The FO has a clear and representative structure (General Assembly – Board of Directors – representation is ok) | 1.00 | 2.00 | 2.00 | 2.00 |
| The FO has a written clear vision & mission | 1.00 | 1.00 | 2.00 | 2.00 |
| The FO is a membership based organisation (system of regis-tered members, membership fee, ...) | 3.00 | 3.00 | 3.00 | 3.00 |
| The FO is a participatory organisation with transparent management & decision-making systems | 1.00 | 1.00 | 2.00 | 2.00 |
| The FO is inclusive (interaction not only with a selective few of the group members, includes all) | 3.00 | 3.00 | 3.00 | 3.00 |
| 2. To what extent has the FO acquired business management skills? | 0.50 | 0.75 | 1.50 | 2.00 |
| A good business plan is available and there is budget to implement it | 1.00 | 1.00 | 1.00 | 2.00 |
| The FO has certificates on the quality of operations (HACCP, GMP, ISO...) | 0.00 | 0.00 | 1.00 | 2.00 |
| The FO has record keeping systems and accounting skills | 0.00 | 1.00 | 2.00 | 2.00 |
| The manager of the business has the necessary skills to manage the business | 1.00 | 1.00 | 2.00 | 2.00 |
| 3. To what extent has the FO acquired marketing skills? | 1.25 | 1.50 | 1.75 | 2.25 |
| The FO has systems in place to meet market demand (ICS, appropriate systems and services to members) | 1.00 | 1.00 | 2.00 | 3.00 |
| The FO keeps records that track their costs, income and profitability and re-invests profits to expand the business | 1.00 | 1.00 | 1.00 | 2.00 |
| The FO knows how to identify and analyse profitable market opportunities or customers | 2.00 | 2.00 | 2.00 | 2.00 |
| The FO successfully engages in collaborative post-harvest management and markets its products collectively | 1.00 | 2.00 | 2.00 | 2.00 |
| 4. To what extent the FO promotes sustainable production and natural resource man-agement skills to its members? | 2.00 | 3.00 | 3.00 | 3.00 |
| The FO has collective rules to efficiently and fairly manage their natural resources. | 2.00 | 3.00 | 3.00 | 3.00 |
| The FO has managed to get the members certified with regard to food safety and/or sustainability claims (GlobalGAP, orga | 2.00 | 3.00 | 3.00 | 3.00 |



Similar to pathway 1, *business management skills* are relevant for this pathway, and as above, progress in this category appears to be limited. However, both the FO *marketing skills* and *promotion of sustainable production* indicators show strong improvement. This indicates that overall, the immediate outcome *FO's business capacities are strengthened* and intermediate outcomes *FO applies improved practices, FO members are trained in more sustainable production practices and quality, FO assures application of recommended production practices* have improved. It is interesting to note that the baseline scores for business management skills were very low, with scores of either 0 or 1, indicating that for this pilot, the initial challenge was greater than for the Matagalpa pilot, and as such, the relevant improvement noteworthy.

Triangulation (source: key informant interviews and FGDs)

Being a new cocoa farmer organization born with a strong agro-ecological purpose, APROSACAO was in clear need of cocoa production training. The technician supported and financed by VECOMA had to visit farm by farm to teach the most basic knowledge about cocoa, most of the production was being lost by lack of knowledge in every step of the process.

According to the farmers, training has included the following themes: Farm management, Organizational principles, and cocoa quality assurance. Once a month a group of young farmers are trained as Field School Facilitators (ECA's facilitators), to go and promote good practices and quality. Regarding the post harvest processes, VECO has been training the farmers in charge of collecting and fermenting the cocoa, besides

equipping several cocoa collection centers. An experience exchange event between APROSACAO in Honduras and La Campesina in Nicaragua allowed the Honduran farmers to realize how quality was the key aspect to access modern markets.

iii. Pathway 3

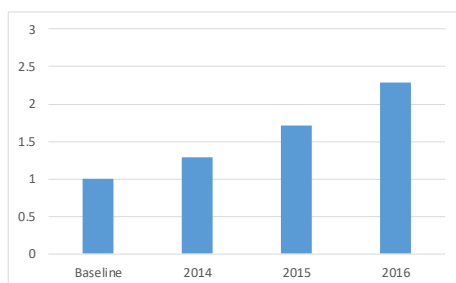
| Activities | Outputs | Immediate Outcome | Intermediate Outcome | Ultimate Outcome |
|--|---|---|-----------------------------|---|
| Facilitation of connection of Aprosacao with funding opportunities | Connectedness of Aprosacao with funding opportunities | Aprosacao actively engages with funding opportunities | Application of funding | APROSACAO is positioned in the formal market with Halba Chocolates More supportive institutional environment |

Main findings

APROSACAO has reached an agreement that provides them with \$ 50,000 worth of funding from Chocolats Halba in order to collect cocoa, in addition to some funding for the production infrastructure. VECO has worked in connecting APROSACAO to work some funding opportunities (Covelo Foundation and Fairtrade Access Fund). Just recently, a proposal presented to the European Union by APROSACAO with VECOMA's technical assistance, was approved. There is an ongoing negotiation with Halba Coop for the support that will be available to fund several initiatives starting 2017. I. Increasing advice in fund raising is received from service providers link to the cocoa value chain, such as FHIA and ASEPRA. The challenge that APROSACAO faces is strengthening their operation and finances in order to minimize its dependence on external support.

Observed evidence (source: CIR)

| Row Labels | Baseline | 2014 | 2015 | 2016 |
|--|-------------|-------------|-------------|-------------|
| Olancho | 1.00 | 1.29 | 1.71 | 2.29 |
| 2. To what extent has the FO acquired business management skills? | 0.25 | 0.75 | 1.50 | 2.00 |
| The FO has record keeping systems and accounting skills | 0.00 | 1.00 | 2.00 | 2.00 |
| The FO has sufficient own income generation from commercial activities to cover 100% of fixed and recurrent expenses | 0.00 | 0.00 | 1.00 | 2.00 |
| The FO has the systems and skills to manage credit systems for working capital and operational costs | 0.00 | 1.00 | 1.00 | 2.00 |
| The FO is able to attract relevant Business Development Services | 1.00 | 1.00 | 2.00 | 2.00 |
| 3. To what extent has the FO acquired marketing skills? | 1.50 | 1.50 | 1.50 | 2.50 |
| The FO actively builds a network of long-term market relationships with buyers and suppliers | 2.00 | 2.00 | 2.00 | 3.00 |
| The FO keeps records that track their costs, income and profitability and re-invests profits to expand the business | 1.00 | 1.00 | 1.00 | 2.00 |
| 5. To what extent does the FO builds up and maintains external relations? | 3.00 | 3.00 | 3.00 | 3.00 |
| The FO has the capacities to relate and communicate with other entities and municipalities | 3.00 | 3.00 | 3.00 | 3.00 |



Indicators within *group management skills, business management skills, and promotion of sustainable production and natural* indicators have **improved** compared to the baseline. This indicates that the immediate outcomes *FOs actively engages with service providers* and intermediate outcome *application of services* have improved. It appears that this is the most successful pathway in the Olancho intervention, along with pathway 4 (next page).

Triangulation (source: key informant interviews and FGDs)

VECO is insisting to APROSACAO in the importance of counting with funding in order to collect cocoa, work in infrastructure and develop the plans, but this not appear to be the priority in the minds of the APROSACAO leadership. The fact that the cocoa volumes collected are still small and Chocolats Halba is providing enough funds so far could influence de decision to look for more funding. Fortunately, the solid relationship APROSACAO has with the formal market is attracting national and international service providers; it will be APROSACAO’s challenge to grow administratively enough to have access to these funds.

iv. Pathway 4

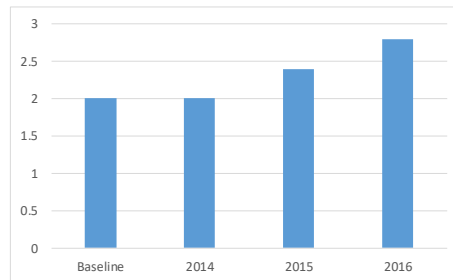
| Activities | Outputs | Immediate Outcome | Intermediate Outcome | Ultimate Outcome |
|---|--|----------------------------|---|--|
| Organization of exchanges with stakeholders | Chain actors know each other from meetings | Chain actors are connected | More inclusive business relations btw. Chain actors | APROSACAO is positioned in the formal market with Halba Chocolates |

Main findings

APROSACAO has demonstrated a fairly active role as delegate from Olancho to the National Cocoa Chain Committee, participating in several cocoa activities such as the Cocoa Quality Contest. The leadership from the Board has also participated in Central American events promoted and financed by VECO. These opportunities have better prepared APROSACAO to interact with other actors throughout the cocoa chain, including Ruta, COSUDE – FUNDER, Helvetas, LWR, and Christian Aid. Internationally VECO organized an International Exchange involving APROSACAO members, the event took place in Indonesia. It is a lesson learned that interaction with other actors in the cocoa chain opens the perspective of the farmer to greater opportunities.

Observed evidence (source: CIR)

| Row Labels | Baseline | 2014 | 2015 | 2016 |
|--|-------------|-------------|-------------|-------------|
| Olancho | 2.00 | 2.00 | 2.40 | 2.80 |
| 2. To what extent has the FO acquired business management skills? | 1.00 | 1.00 | 2.00 | 2.00 |
| The FO is able to attract relevant Business Development Services | 1.00 | 1.00 | 2.00 | 2.00 |
| 3. To what extent has the FO acquired marketing skills? | 1.50 | 1.50 | 2.00 | 3.00 |
| The FO actively builds a network of long-term market relationships with buyers and suppliers | 2.00 | 2.00 | 2.00 | 3.00 |
| The FO has systems in place to meet market demand (ICS, appropriate systems and services to members) | 1.00 | 1.00 | 2.00 | 3.00 |
| 5. To what extent does the FO builds up and maintains external relations? | 3.00 | 3.00 | 3.00 | 3.00 |
| The FO has the capacities to relate and communicate with other entities and municipalities | 3.00 | 3.00 | 3.00 | 3.00 |
| The FO is an active member in a higher-level (farmer) organization and/or commodity organisation | 3.00 | 3.00 | 3.00 | 3.00 |



All indicators within this category have reached a full score of 3, with only an exception in the business management skills category (the FO is able to attract relevant Business Development Services). Along with pathway 3, this appears to be the most successful pathway in this intervention.

Triangulation (source: key informant interviews and FGDs)

APROSACAO is actively connected with other cocoa chain actors on the local, national and international level. In Olancho, APROSACAO leads the Olancho Cocoa Committee (Mesa de Cocoa en el Departamento de Olancho (MESACAOLA), at the national level APROSACAO represents the Olancho producers before the National Cocoa Chain Committee, actively participating and gaining influence. Internationally APROSACAO participated in the AMACACAO regional Encounter in El Salvador. It is noteworthy and promising at the same time that a recent organization such as APROSACAO is so active externally. This exposure is directly attributed to VECO connections and encouragement to go deep into the cocoa world.

v. Pathway 5

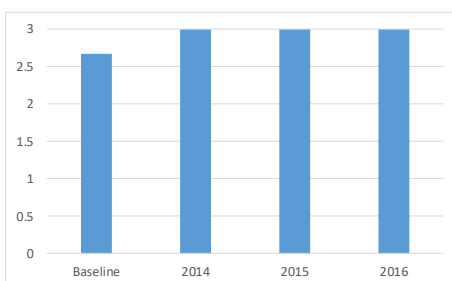
| Activities | Outputs | Immediate Outcome | Intermediate Outcome | Ultimate Outcome |
|--|---|--|--|--|
| Facilitation of interaction between Aprosacao and policy level | Connectedness of Aprosacao and the policy level | Interaction between Aprosacao and the policy level as leaders of the platform regional multi-actor & member of the Comite Nacional de la Cadena de cocoa | Policy-makers take Aprosacao's point of view into account and create a more supportive institutional environment | APROSACAO is positioned in the formal market with Halba Chocolates |

Main findings

VECO has successfully introduced APROSACAO to the National Cocoa Chain Committee; even though APROSACAO was timid in the first interactions, they soon moved beyond this to become an active participant. Together with the rest of the cocoa chain actors, APROSACAO is moving the agenda to promote access to information, technical assistance, resource exchange, research and sharing of experiences. The Honduran government has shown a characteristic openness to listen to the Farmer Organizations and other actors in the cocoa chain, the challenge is to take advantage of this spaces coordinating activities with the rest of the players.

Observed evidence (source: CIR)

| Row Labels | Baseline | 2014 | 2015 | 2016 |
|---|-------------|-------------|-------------|-------------|
| Olancho | 2.67 | 3.00 | 3.00 | 3.00 |
| <input checked="" type="checkbox"/> 4. To what extent the FO promotes sustainable production and natural resource management skills to its members? The FO has collective rules to efficiently and fairly manage their natural resources. | 2.00 | 3.00 | 3.00 | 3.00 |
| <input checked="" type="checkbox"/> 5. To what extent does the FO builds up and maintains external relations? The FO has the capacities to relate and communicate with other entities and municipalities The FO is an active member in a higher-level (farmer) organization and/or commodity organisation | 3.00 | 3.00 | 3.00 | 3.00 |



Interestingly, indicators related to external relations of the FO appear to have started with a high score initially and have stayed equal throughout the intervention. While this appears to be a successful

intervention in terms of the ending score, it would appear that the baseline was quite strong, with most baseline scores already at full score (3) and therefore not needing much support. The Olancho intervention is particularly interesting as it shows clear differences between different pathways, with pathways 1 and 2 scoring notably less strong than pathways 3 and 4, and pathway 5 appearing to have had a very strong starting position.

Triangulation (source: key informant interviews and FGDs)

APROSACAO has gained an influential position with local authorities and in the whole Olancho area (biggest district in area in Honduras). One of the reasons for such exceptional influence lies in the fact that the coop was founded primarily for agro-ecological reasons, supported by government institutions such as ICF (Forestry overseer), SAG (Agricultural Ministry) and CERNA (Environment protection government agency). This is the reason why a strong start in this area is evident in the indicators. VECO's role has been in supporting APROSACAO to transfer into the cocoa chain in Honduras, and gain influence at the policy level. This latter process is still at an early stage.

c. Relevance of VECO intervention

In this section we evaluate the relevance of VECO's interventions by looking at the farmer-level impact. We investigate whether the VECO interventions at the FO-level have also created notable differences (positive or negative) on the farmer impact level. This is done in two ways: by reviewing the results of the focus group discussions, and by comparing the farmer survey (2016) with baseline data (2013). It must be noted that comparison is difficult at times, as indicators frequently differ significantly over time.

Main conclusion of focus group discussions (FDG) with farmers

Since APROSACAO's farmers are just starting to produce cocoa, the most noticeable impact is the fact that they have a secure market, and the fact that with VECOMA's technical support and financing they are learning to produce, to collect, to ferment and to dry in order to obtain cocoa class A. In 2015, the buyers accepted 65% of the production as cocoa class A.

Farmers spoke highly about the training they are receiving with VECO's support, they have found the following themes especially helpful:

- Farm management
- Grafting
- Cocoa quality control
- Organizational principles

VECO has supported the formation of "Escuelas de Campo" (Farmer's Field Schools). According to the participants in the focus group discussions, this program has been key to learn about the cocoa production and to feel connected with the organization.

There is a clear enthusiasm about cocoa farming as a means to improve the environment, aiding the recovery of arid lands. Moreover, one of the farmers commented that having the plantation close to his house adjusted the local climate, changing the temperature inside of his house. They are convinced that "cocoa has to be planted first in their hearts and then in their soil". Having very young cocoa plantations, farmers are not producing yet, so the economic impact still remains to be seen.

Some of the limitations mentioned by the farmers are the following:

- Insufficient technical assistance
- Lack of funds to expand cultivated area and to populate the areas already cultivated
- Farmers live in a very disperse geographical area; it is difficult to communicate with each other and to meet.

All in all, farmer-level relevance cannot be measured economically at the moment, since the cocoa farms for the most part are not producing yet, for farmers VECOMA’s work is relevant because it has been instrumental for them to learn about cocoa production, harvest, and collection.

Comparison of baseline and 2016-farmer survey

*Note: in this section, data from the 2016 farmer survey is compared with data from the baseline study conducted at the end of 2013. As these sources of information are different and do not use the same indicators, this analysis has **limited comparability**.*

| 1a. Income | |
|---|--|
| Baseline | 2016 |
| <ul style="list-style-type: none"> • The average smallholder works on 1.6 plots. • 10% of the members will begin to have income after 2014. • No information on income is given in the report. | <ul style="list-style-type: none"> • The average smallholder works between 1.5 and 6 manzanas of cocoa (1 manzana=0.7 ha) • Some of the farmers are starting to sell an average of 6 qq per year, but very few are obtaining profit. • Cultivated areas are small and not well populated. |
| Discussion | |

- Cocoa is still not producing high net income for most of the farmers; the investment and the work required by the plantations are indeed producing losses at the moment. Given that initial investments are high and the time needed for investments in cocoa to yield significant income impacts can often be several years, this is considered normal
- Surprisingly, during the focus group, there was significant enthusiasm about cocoa, when asked about it, the farmers adduced three main reasons for it (described in their own words):
 - “Our main purpose is to help reforestation, I enjoyed the change in climate I perceive around my home”
 - “For me, cocoa is an opportunity to diversify, I am not expecting returns yet, but a certain point the selling of cocoa will supplement my income”
 - “Cocoa is an investment for my kid’s future”
- Farmers with bigger areas saw it as a replacement of the cattle raising prevalent in the area.
- Cattle raising, coffee, beans and corn are the traditional sources of income for most farmers.

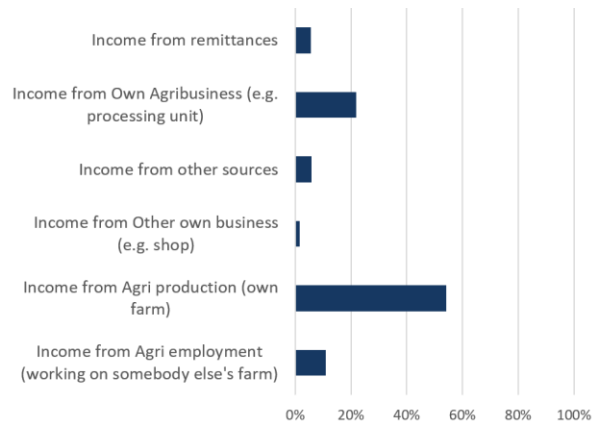
1b. Resilience (diversity of income sources)

Baseline

The baseline did not include data on the diversity of income sources beyond the farm, but rather focused on the proposed of income received from different on-farm activities

2016

The graph below provides average % dependence on different income sources for farmers in the Olancho pilot intervention.



Discussion

- 2016 data show that farmers have limited sources of income, which most focused on agricultural production and other farm-based activities. This indicates that there is a relatively high degree of dependence on farm income.
- Main source of income is agriculture (coffee, beans, corn), but many farmers also raise cattle, at least to get milk and eventually sell a cow. Some of the cocoa farmers are actually receiving more income from raising cows than from agriculture.
- Most of the farmers have limited access to land, which makes cocoa more attractive than cattle raising as an alternative to diversify.
- An increasing environmental awareness is also motivating many to explore cocoa.
- VECOMA noted that in neither Honduras nor Nicaragua, GMO is present in cocoa

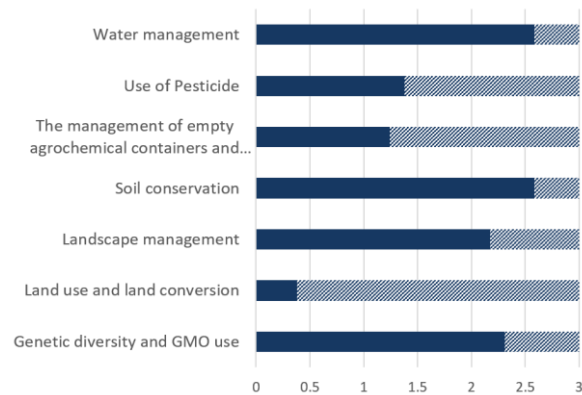
1c. More sustainable use of natural resources

Baseline

- Increased drought and water stress in the region is making other crops more attractive.
- The organization promotes agroforestry system, and supports its members to implement intercropping of mahogany and plantain.
- The members are trained in crop management and have technical support.
- 100% of the production is natural, and is in process of becoming organic certified.

2016

The below chart indicates results from the farmer survey on multiple sustainability indicators. For each, farmers were asked to provide a score of 0-3.



Discussion

- Farmers in this pilot intervention face several sustainability challenges. In particular, drought and water-related challenges in some of the areas, like Rio Blanco and Poncaya, in other areas like Rio Tinto and Cuyamel water scarcity is less of a problem. Insufficient steps have been taken in the past three years to address the lack of water that affects the cocoa plantations during certain seasons of the year.
- The cocoa farmers are adopting sound practices in water management, soil conservation and genetic diversity. In fact, the cocoa project was born to deal with environmental problems and farmers are very aware of the climate situation they have been living in.
- The low score on land use and land conversation should be understood in context; even though APROSACAO farmers are actually converting very arid land into beautiful cocoa plantations, forest dilapidation for economical interest or to raise cattle is still a generalize practice in this area of the country.

1d. Diversity of crops and livestock

Baseline

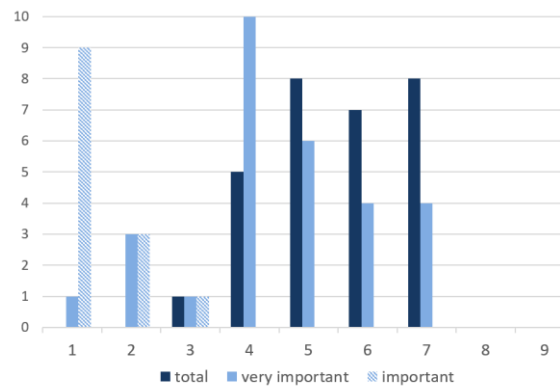
- Currently cocoa represents 0% of the income, 80% milk and livestock sale, 15% other crops and 5% yucca production. Other crops include corn, beans and coffee.

2016

The chart below indicates the number of farmers surveyed who receive 1-9 different sources of on-farm income.

- Total: refers to any source of on-farm income (from livestock and/or crops), regardless of importance of that income for livelihoods
- (Very) important: refers to sources of on-farm income judged by the farmer to be (very) important the farmer's livelihoods

In the survey, farmers were given a choice of indicating the importance of each source of income. As the below chart shows, the vast majority of farmers have relatively few sources of on-farm income. In addition, a high number of respondents indicated having 4 or more sources of income that were very important for farmer livelihoods.



Discussion

- Baseline data shows that livestock provides most of the income for the farmers, always accompanied by corn and beans that are mainly grow for self-consumption; and small-scale poultry farming that provides food and livelihood to the families.
- The newcomer is cocoa; with the support of Fundación Helvetas Honduras and Chocolats Halba the farmers started to grow cocoa, seeing it as an opportunity to diversify while restoring forest that had been dilapidated for livestock.
- Surveys results indicate that cocoa is already considered important, even though most of the farmers have not received income from it yet, the classic income sources are still seeing as very important.
- In alignment with VECO's diversification approach, cocoa plantations among APROSACAO's farmers are considered an agro-forestry system. Initially shade was provided by yucca and plantain. Pur Project is financing long-term shade with caoba (*Swietenia macrophylla*), teca (*Tectona grandis*), cedro (*Cedrela odorata*), and laurel (*Cordia alliodora*).
- Diversification of income sources is happening; this means that results in income are still to be seen.

2. Increased status of FOs

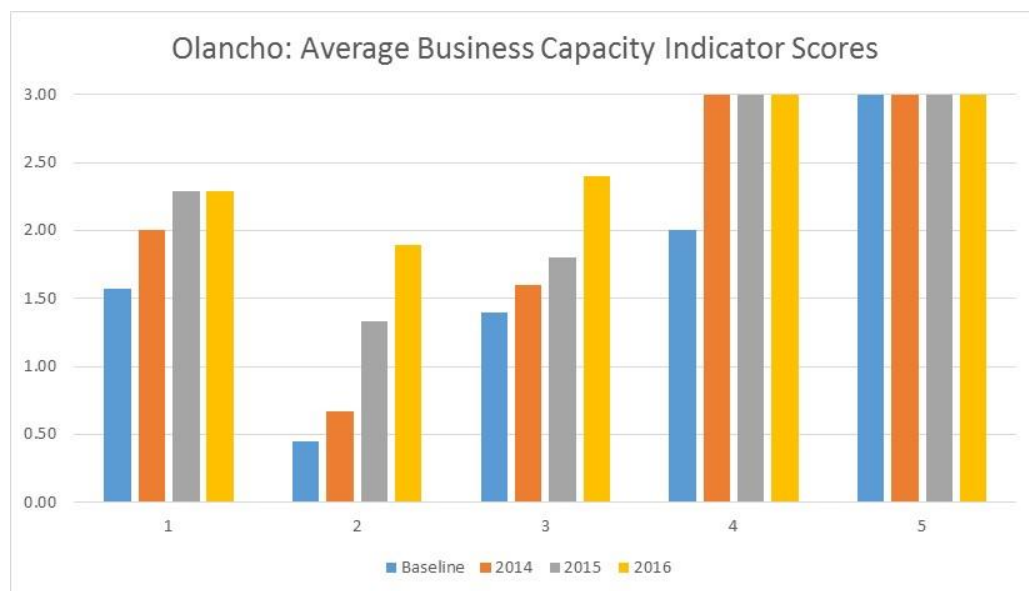
Baseline

2016

The baseline did not include concrete information on the status of the FO, as the creation was recent. However, it is mentioned that the bargaining power of the organization with its supplier is relatively high.

Analysis of FO business capacity indicators shows varying improvement for the FOs across business capacity categories. A more detailed analysis can be found in the previous section, however below a summary is presented. The 5 categories are:

1. To what extent has the FO acquired group management skills?
2. To what extent has the FO acquired business management skills?
3. To what extent has the FO acquired marketing skills?
4. To what extent does the FO promote sustainable production and natural resource management skills to its members?
5. To what extent does the FO build up and maintain external relations?



Discussion

- A detailed analysis of impact at the FO level can be found in the previous section. In summary, it appears that fairly strong improvement was achieved across all business capacity indicators
- While business management skills appear to be lagging, these also came from the most challenged starting position.
- Organizationally APROSACAO has been benefited by the formation of field school groups (“Escuelas de Campo”). Promoters are trained in agricultural and organizational skills to lead a group of 12 to 20 families in the cocoa growing process. The promoters become the main liaison between the Board of Directors and the farmers.

- Even though business management skills have improved, it is important to clarify that just one or two administrative people show enough business savvy. In order not to depend on those individuals, management training should be broadened.
- APROSACAO has to be intentional about growing their marketing skills, because the fact that their own formation was encouraged and supported by Chocolats Halba and there is a commitment from Halba to buy their production could easily make them depend on that solo buyer.

3a. Women's status and empowerment

| Baseline | 2016 | | | | | | | | | | | | | | | | | | | | | | | | |
|--|---|----------|---------|---------|---------|---------|---------|--|-----|-----|----|----|----|--|-----|-----|-----|-----|-----|---|-----|-----|----|----|----|
| <ul style="list-style-type: none"> • Only 11.47% of the 427 members are women. There are few women in management position. • The organization has supported the creation of a small chocolate producer with 7 women as partners. • The organization promotes gender equality. • 30% of male members share the responsibilities of household work with their partners | <p>In the below chart, scores are shown for 3 questions.</p> <ul style="list-style-type: none"> • Question 1: 0-not, 1-a little, 2-a lot • Question 2: increasing scale from 0-4 • Question 3: 0-a little, 1-equally, 2-a lot <table border="1"> <caption>Data for the stacked bar chart</caption> <thead> <tr> <th>Question</th> <th>Score 0</th> <th>Score 1</th> <th>Score 2</th> <th>Score 3</th> <th>Score 4</th> </tr> </thead> <tbody> <tr> <td>How much do women participate in management roles in the organization?</td> <td>10%</td> <td>90%</td> <td>0%</td> <td>0%</td> <td>0%</td> </tr> <tr> <td>How do women participate in decision making within the FO?</td> <td>10%</td> <td>10%</td> <td>40%</td> <td>10%</td> <td>30%</td> </tr> <tr> <td>Are women as farmers and their opinion equally respected/taken into account than men (within the FO)?</td> <td>10%</td> <td>90%</td> <td>0%</td> <td>0%</td> <td>0%</td> </tr> </tbody> </table> | Question | Score 0 | Score 1 | Score 2 | Score 3 | Score 4 | How much do women participate in management roles in the organization? | 10% | 90% | 0% | 0% | 0% | How do women participate in decision making within the FO? | 10% | 10% | 40% | 10% | 30% | Are women as farmers and their opinion equally respected/taken into account than men (within the FO)? | 10% | 90% | 0% | 0% | 0% |
| Question | Score 0 | Score 1 | Score 2 | Score 3 | Score 4 | | | | | | | | | | | | | | | | | | | | |
| How much do women participate in management roles in the organization? | 10% | 90% | 0% | 0% | 0% | | | | | | | | | | | | | | | | | | | | |
| How do women participate in decision making within the FO? | 10% | 10% | 40% | 10% | 30% | | | | | | | | | | | | | | | | | | | | |
| Are women as farmers and their opinion equally respected/taken into account than men (within the FO)? | 10% | 90% | 0% | 0% | 0% | | | | | | | | | | | | | | | | | | | | |

Discussion

- While direct comparison between the baseline and 2016 data is difficult, it appears that the role of women in FO management was and remains relatively limited, with a minority of women being represented in executive decision-making positions in FOs.
- One out of seven board members is a woman, three women were proposed to be part of the board in the last general assembly, two of them were voted for board positions, but just one of them accepted.
- Women have been increasingly involved in the cocoa production, participating more and more in "Escuelas de Campo". There is a particular interest in the cocoa production shown by young women (farmers daughters), some of them are already actively working with their parents.
- VECO has been decisively supporting and financing ECA's and training meetings by area, inviting not just the farmer, but all the family including women, daughters and sons.
- Although some increase in women involvement is evident, according to the farmers that were part of the focus group, the general cultural norm keeps being "the woman is in charge of the home and the man is in charge of the farm." That probably explains why women involvement in the cocoa system has timidly increase, but this advance has not yet been translated in women actively participating in the decision-making processes of APROSACAO.

- At the household level, the vast majority of respondents in the 2016 farmer survey indicated that women and men equally decide on household spending.

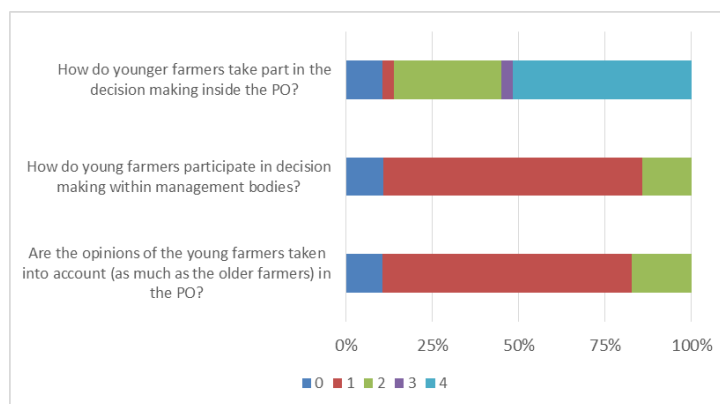
3b. Youth status and empowerment

| Baseline | 2016 |
|----------|------|
|----------|------|

- The organization promotes leadership amongst young farmers, so they develop towards leadership roles in the community.

In the below chart, scores are shown for 3 questions.

- Question 1: increasing scale from 0-4
- Question 2: 0-not, 1-a little, 2-a lot
- Question 3: 0-a little, 1-equally, 2-a lot



Discussion

- While it is not possible to compare against the baseline, respondents in 2016 indicated that youth had a reasonable degree of influence in FOs in terms of opinions taken into account, with a relatively good participation in decision-making activities
- VECOMA has been backing Fundación Helvetas in providing Community Leadership Development for young people; as a result 12 young community leaders are actively working to strengthen the organization at a community level.
- In order to incorporate the new generation, APROSACAO with VECO's support has train young people to work in the community collection centers, 8 have been trained in tasting, cocoa collection, and fermentation.
- Young people have been purposefully trained in leadership for them to participate in the different decision making levels of the organization, as fruit of this initiative, 4 out of 7 members of the Board are young.



7. Structural Change Agenda - Honduras

a. Background

The following information provides a high-level overview of the current landscape in the cocoa production and trade in Honduras:

| | |
|------------------------|---|
| International trade: | <ul style="list-style-type: none">• There are already in Honduras some international companies buying first class cocoa (Chocolats Halba and XOCO Gourmet)• There are also some big intermediaries buying second class cocoa to export to the regional market (El Salvador and Guatemala) |
| Production: | <ul style="list-style-type: none">• It is estimated that 85% of the small cocoa farmers are cultivating no more than 2 hectares.• The existing cocoa farms have very low productivity levels, mainly due to poor management and low fertilization.• Small farmers usually do not have access to credit in order to manage or expand the cocoa farm.• 75% of the cocoa produced in Honduras is Trinitarian with very high acceptance internationally.• Production reported in 2011 was 421,872 Kg., the number of cocoa farmers reported in 2011 were 2,092, cultivating 2,954 ha and with productivity of 242 Kg/Ha |
| Value chain: | <ul style="list-style-type: none">• Cocoa quality has been affected for lack of knowledge in post-harvest processes, according to APROCACAO, 70% of dry cocoa cannot be exported because poor quality.• Cocoa farmers have very low commercialization skills, international market has been unknown and the capacities to negotiate are lacking. |
| Policy and government: | <ul style="list-style-type: none">• Since 2005 there has been strong support for the Honduran cocoa sector both nationally and internationally.• There is a favorable environment in the public sector for investment in products that can be exported. Cocoa has been identified as one of the products with the biggest potential.• The government is regaining interest in the cocoa sector and is providing some financing opportunities.• There is coordination between the government, private sector and international stakeholders to activate the Cocoa Chain National Committee. |

Link to pilots:

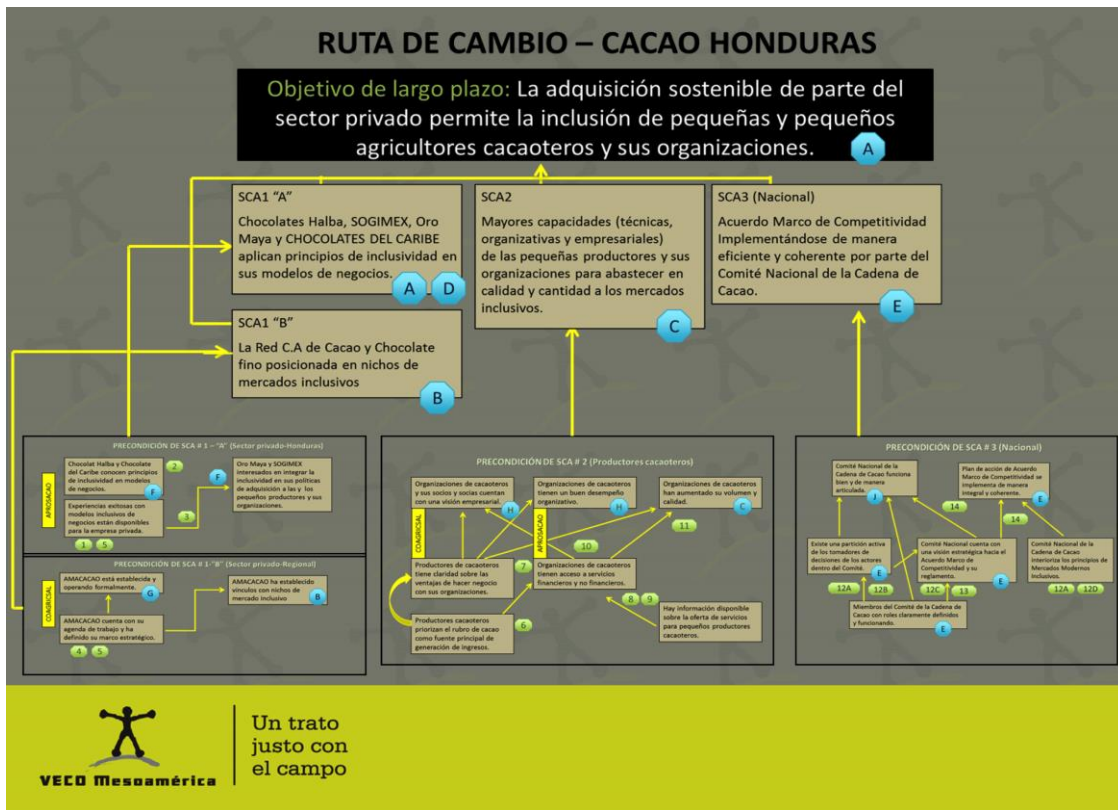
- Pilot in Olancho

Long-term goal:

The sustainable product acquisition by part of the private sector allows the inclusion of the small cocoa farmers and their organizations.

For more information see the VECO SCAF HO and VECO SCAR HO

b. Pathway of change

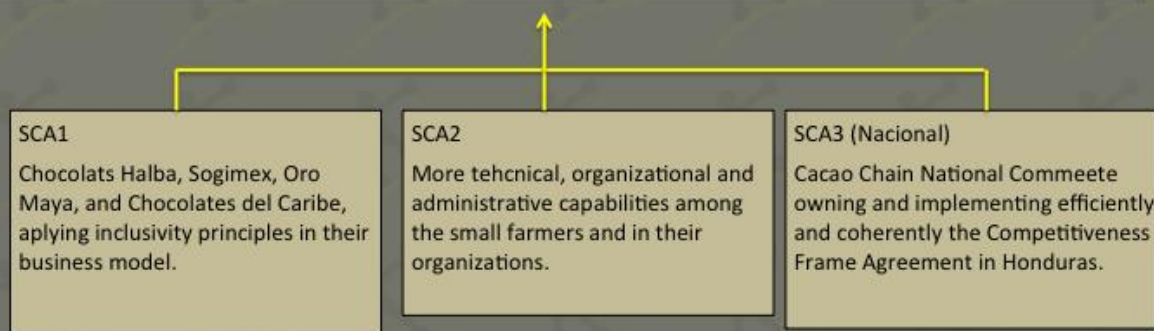


The sub-SCAs are:

1. SCA1 "A" Chocolats Halba, Sogimex, Oro Maya, and Chocolates del Caribe, applying inclusivity principles in their business model.
SCA 1 "B" The Central America Cocoa and Fine Chocolate Network (AMACACAO) positioned in inclusive markets niche.
2. SCA 2 More technical, organizational and administrative capabilities among the small farmers and in their organizations.
3. SCA 3 Cocoa Chain National Committee owning and implementing efficiently and coherently the Competitiveness Frame Agreement in Honduras.

PATHWAY OF CHANGE – CACAO HONDURAS

Long term goal: A more competitive cacao sector in Honduras.



Un trato
justo con
el campo

c. Observed changes in outcomes at SCA level

Main conclusion SCA1:

SCA1 “A” Chocolats Halba, Sogimex, Oro Maya, and Chocolates del Caribe, applying inclusivity principles in their business model.

SCA 1 “B” The Central America Cocoa and Fine Chocolate Network (AMACACAO) positioned in inclusive markets niche.

VECOMA’s strategy presented in the narrative of the Pathway of Change was to build a case of inclusive markets between Chocolats Halba and APROSACAO. Chocolates Halba increased inclusion practices such as supporting certification processes, infrastructure improvement, financial aid, payments in advance. Chocolates Halba signed purchase contracts with more than 13 farmer organizations defining quantity, quality and stable prices. Next steps have to be taken in showcase the good relationship between Halba and APROSACAO, so the rest of the buyers felt pressure to adopt inclusive practices.

AMACACAO has been approaching the European market with their own chocolate brand “CunaKakau”.

Main conclusion SCA2:
More technical, organizational and administrative capabilities are present among the small farmers and in their organizations.

VECOMA has been directly accompanying APROSACAO and COAGRICSAL in their journey to become stronger and more capable organizations. In APROSACAO's case the focus has been on quality, equipping collection centers and training the young people to operate them, increasing the quality is the key to increase the volumes sold to Chocolates Halba under inclusivity practices. Administratively, VECOMA applied Scope Insight to three organizations to identify their strengths and weaknesses and define actions to develop their skills. Coagricsal reports that VECOMA has been key in developing capabilities in production and post-harvest processes, broadening the farmers understanding of cocoa through trips to exchange experiences. VECOMA has also strengthening their marketing abilities by making possible for Coagricsal to participate in international forums.

Main conclusion SCA3:
Cocoa Chain National Committee owns and efficiently and coherently implements the Competitiveness Frame Agreement in Honduras.

APROCACAHO considers that VECOMA participation in the Cocoa Chain National Committee is definitely strategic. VECOMA is an important player in facilitating the operation of the platform by financing the work of the National facilitator. Besides that, VECOMA is supporting technically and financially the design of an information system that will grant to the cocoa chain actors the possibility of finding updated information on the state of the Honduran cocoa status through the internet. Supporting the National Cocoa Committee, VECOMA is making possible the follow up to the Honduran Cocoa Agreement.

Observed evidence from indicators (source: SCAR)

| SCA | 2013 (baseline) | 2016 (target) | Comments | Result |
|---|--------------------|------------------|---|----------|
| SCA1: Chocolates Halba, SOGIMEX, Mayan Gold and CARIBBEAN CHOCOLATES apply principles of inclusivity in their business models. | | | | |
| Al menos 1 empresa de alimentos en la región (CHOCOLATS HALBA) incrementa la cuota de productos comercializados, provenientes de pequeños productores organizados, adquiridos a precios justos. | 1 | 1 | Chocolates Halba signed purchase contracts with more than 13 farmer organizations defining quantity, quality and stable prices. Chocolates Halba also increased inclusion practices such as supporting certification processes, infrastructure improvement, financial aid, payments in advance. | Achieved |
| Al menos 2 acuerdos de adquisición son suscritos e implementados entre actores privados (Chocolats Halba, etc.) y asociaciones de pequeños productores de Honduras. | 0 | 2 | Chocolates Halba signed contracts with more than 13 farmer organizations. Other buyers such as DaarnHower, Maribel Liberman and Mexican Beans have purchase Honduran cocoa, but without signing a contract. | Achieved |

| SCA | 2013 (baseline) | 2016 (target) | Comments | Result |
|---|--------------------|------------------|---|--------------------|
| Al menos 2 iniciativas nacionales son establecidas y/o fortalecidas por los actores privados, con el fin de apoyar la inclusión de pequeños agricultores organizados en los mercados modernos | 0 | 2 | Chocolates Halba has developed its own initiative, supporting technical assistance, advanced funds and financing of organic certifications to the cocoa farmers. | Achieved |
| SCA1B: The Central American Network of Cocoa and Fine Chocolate positioned in niches of inclusive markets | | | | |
| Una iniciativa regionales iniciadas por organizaciones de agricultores apuntan a fortalecer la inclusión de los agricultores en al menos dos nichos de mercados modernos en cocoa | 0 | 1 | Producers formed a Regional Association called "Asociación Mesoamericana de productores de cocoa y chocolates finos" (AMACACAO), this association approaching the European market with their own chocolate brand "Kunakakau" | Achieved |
| SCA2: Increased capacities (technical, organizational and business) of small producers and their organizations to supply in quality and quantity to the inclusive markets | | | | |
| Al menos 3 organizaciones de pequeños productores de cocoa de Honduras en proceso de alcanzar su viabilidad económica, mediante la aplicación de prácticas de inclusividad en sus relaciones con el sector privado. | 0 | 3 | Most cocoa plantations are new, still no producing in 2014. At the end of 2015 APROSACAO sold 14 tons (28,000 pounds) and COAGRICSAJUL sold 12 tons (24,000 pounds). It is certain that production will increase in 2016 for both companies. COPRACAJUL has strengthened its relationship with Chocolates Halba, leading several processes among farmer organizations. Farmer organizations are still far from financial viability, but they are certainly moving in the right direction. | Partially achieved |
| Al menos 1,400 productores socios de 3 organizaciones de pequeños productores de cocoa de Honduras venden colectivamente a los mercados modernos (que representan un 19,6% del total de agricultores del sector cocoa en la región y que no venden colectivamente aún). | N/A | 1,400 | Farmers selling collectively to modern markets: Copracajul (61), Aprosacao (332), Coagricsal (450). Total of farmers: 843 Chocolates Halba is the main commercial partner for APROSACAO and COPARCAJUL, while COAGRICSAJUL sells its production to a myriad of foreigner customers. APROCACAO that includes more than 17 organizations and 3,700 farmers has been supported by VECOMA in the strengthening of quality. ECA's facilitators have been financed by VECOMA to work with small groups of farmers. | Achieved |
| Al menos 1 iniciativas nacionales (consorcios agro-comerciales ¹ , etc.) iniciadas y fortalecidas por organizaciones de pequeños productores de cocoa, con el fin de mejorar la inclusión en los mercados modernos. | 0 | 1 | The Link methodology has been implemented between APROSACAO and Chocolates Halba. The Link methodology has been also shared among the participants at the Inclusive Business National Forum. Several actions have been taken to strengthening the commercialization Committee, discussing themes such as standardizing negotiation terms and identifying new market segments. | Achieved |
| SCA3: Competitive Framework Agreement Implementation in an efficient and coherent manner by the National Committee of the Cocoa Chain | | | | |

¹ Horizontal integration model in which several producer associations are united under a single legal entity in order to manage their commercial relations with the private sector.

| SCA | 2013 (baseline) | 2016 (target) | Comments | Result |
|--|--------------------|------------------|--|----------|
| Al menos una iniciativa y/o programa de gobierno y otros actores (incluyendo redes y plataformas) que estimulan prácticas de adquisición sostenible. | 0 | 1 | The different actors in the Cocoa Chain and the government have signed a Framework Agreement; sub committees of the National Committee of the Cocoa Chain are planning and executing several actions to implement the Agreement. The National Committee of the Cocoa Chain has developed a National System of Technical Assistance with the vision of gathering information about the cocoa chain actors and their role to strengthening the cocoa production in the country. The system will also allow more coordination among the technical assistance actors. | Achieved |

Support Strategies:

| Support Strategy | Summary of activities | Achieved |
|---|---|----------|
| NURTURING THE DEBATE & AGENDA SETTING | | |
| | <ul style="list-style-type: none"> Cocoa productivity Forum organized by APROCACAHO: International experts shared about how to design the cocoa plantations, what genetic materials to use. Cocoa producers regional summit: The event allowed producers and buyers to establish alliances and commercial relationships. Successful Experience exchange Symposium: The objective was to improve the quality, using successful practices to ferment and dry cocoa. Cocoa Exchange Indonesia: Leaders of the Farmer Organizations and Veco technical personnel attended the event to discuss different production processes and their results. Inclusive Business Forum: Three successful cases of improving relationships between Farmer Organizations and Private Buyers were presented and discussed. Cocoa Chain Mapping Workshop: Discussing opportunities, limitations and tendencies for Cocoa in Honduras. Regional Workshop: Analyzing the current situation of the cocoa chains in Central America. Guatemala, El Salvador, Honduras and Nicaragua were represented. | Achieved |
| BUILDING EVIDENCE | | |
| | <ul style="list-style-type: none"> National census of cocoa producers: Veco is supporting the planning efforts for the census, currently identifying the consultant that will have the needed capacities to lead the effort. Constructing the information system for APROCACAHO: The construction of the system is still in the planning facet, once in operation it will allow all the members of the chain to have access to information on cocoa production, cocoa actors and cocoa tendencies. COAGRICSA experience systematization: Documenting positive and negative experiences along the development of the Farmer Organization, so others can benefit from their experiences. Service organizations directory: This document will allow the cocoa actors, especially the producers to know what services are available and how to get in contact with them. It includes financial services, and not financial services such as technical assistance services. | Achieved |
| EXTERNAL COMMUNICATION (MARKET WHAT WE DO) | | |

| Support Strategy | Summary of activities | Achieved |
|---|--|--------------------|
| | <ul style="list-style-type: none"> Through the website and the social network VECO delivers information on current cocoa issues, so promoting its role in supporting cocoa development in the region. Supporting the National Assembly of women producing and adding value to cocoa. VECO was publicly recognized by its participation. Organizing the Inclusive Business Forum allowed VECO to share its work in connecting farmers with the markets. | Partially achieved |
| EXPANDING AND USING OR NETWORK | | |
| | <ul style="list-style-type: none"> Likening Farmer Organizations with institutions that provide financial services and non-financial services. These efforts have provided opportunities for financing raw material acquisition and to grow in cultivated area. An agreement was reached with Scope Insight to evaluate some Farmer Organizations, defining strengths and weaknesses in administrative an managerial work. Alliances with other cocoa actors were establish to present proposal to donors with the capacity to financially support the efforts of the Farmer Organizations. | Achieved |
| LEARNING & KNOWLEDGE SHARING | | |
| | <ul style="list-style-type: none"> Experience exchange between Farmer Organizations from Nicaragua and Honduras and Ritter Sport: A visit to the Ritter Sport facilities give a broader perspective on the Cocoa chain to the producers. Research on the use of EM in the cocoa fermentation process has been promoted among university students and the technicians of some of the Farmer Organizations. Experience exchange with partners of VECO Andino, visits to Farmer Organizations, private sector companies and public offices. | Achieved |
| OTHER | | |
| | <ul style="list-style-type: none"> Together with other organizations, developing the rules of procedure for the Technical Assistance System (SINATEC) | |

Observed evidence (Source: SCAR)

VECOMA's Structural Change Agenda Report shows strong execution of each one of the pathways to change as they were designed. There is a very particular window of opportunity in cocoa in Honduras, as farmers, international cooperation and government are all seeing cocoa as a key product for Honduran exports in the near future. The platforms are in place for VECOMA to foster sustainable product acquisition by part of the private sector and encourage the inclusion of the small cocoa farmers and their organizations. Supporting the work of the National Cocoa Committee, VECOMA has made possible the entire dialog around the cocoa theme to develop. Forming Central America cocoa platforms is another way VECOMA is contributing to the cocoa structural change.

Observed evidence (Source: CIR)

There exists very clear evidence of VECOMA's role in strengthening the Farmer Organizations; these are some of the achievements that Aprosacao administration attributes to VECOMA's 2014-2016 program:

- The training of a team of young people in the fermentation process has been key to improve APROSACAO's cocoa quality.

- The training in organization and administration has definitely strengthened the board and the personnel.
- The technical support provided by VECOMA makes a big difference, just a couple years ago; cocoa was being wasted because a correct way to produce it, collect it and then dry it was unknown for most of the farmers.
- Other organizations are producing bigger cocoa volumes than APROSACAO, but thanks to VECOMA's intervention APROSACAO's quality is now well known.

A recommendation that came out of the Focus Group discussion was for VECOMA to better coordinate its support with other organizations that are already working to strengthening APROSACAO.