



# Partnerships for Forests

## A sweet taste for forests

How a multi-partner arrangement piloting an innovative model is turning cocoa into a forest restoration driver for the Amazon





# The Cocoa Agroforestry Restoration Model

In Pará, Brazilian Amazon's leading deforestation State, deforestation is mostly driven by cattle ranching. In the absence of good ranching practices, farmers are led to cut down forests to find fresh pastureland for their cattle to make sufficient profit. Aiming to address the critical deforestation issue, The Nature Conservancy (TNC) – an international non-governmental organisation (NGO) – found an innovative solution in cocoa agroforestry. Shifting to cocoa agroforestry systems on degraded pastureland halts deforestation, actively restores degraded lands, and gives smallholders better livelihood opportunities.

Tapping into this potential, key players across the sector have come together to pilot a Cocoa Agroforestry Restoration Model in a multi-partner initiative. Led by TNC, the partnership includes Mondelez International, Olam Cocoa, local cooperatives and a private technical assistance company. Together, the partners aim to support Brazil in becoming a global leader in sustainable cocoa production.

By piloting a Technical Assistance Hub, the partners aim to overcome two critical barriers to a large-scale shift to cocoa agroforestry: upfront investment costs for smallholders to transition to cocoa production and affordable, large-scale technical assistance availability to build smallholders' skills with cocoa agroforestry. Together, the partners have unlocked rural credit for smallholders and built the institutional arrangement backed by private capital to cover technical assistance costs. By partnering up, risks and returns of the Hub were shared across the cocoa value chain. As a result, 252 smallholders have now moved away from unsustainable practices such as clearing land for cattle ranching. Instead, they have adopted cocoa agroforestry and committed to zero-deforestation and restoration of forests at the farm level.

Partnerships for Forests (P4F) has supported the model from its early days, playing a crucial role in bringing Olam Cocoa to the partnership, creating a clear governance structure between the partners, supporting the development of a business plan for the Hub and leading discussions with the Bank of Amazonia to unlock a credit line for agroforestry systems.



# Cocoa agroforestry as an opportunity for protecting the Brazilian Amazon

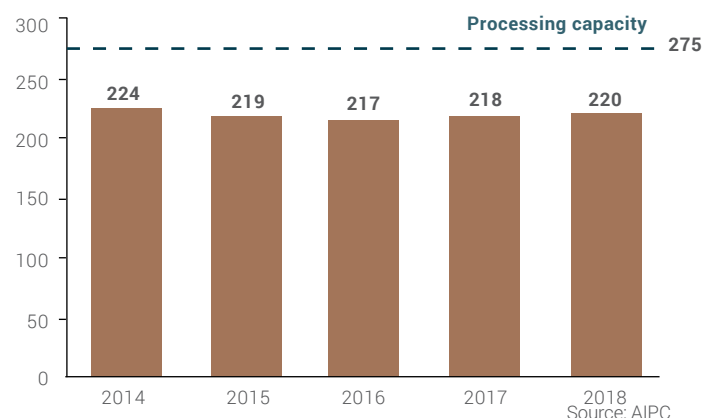
The promotion of the cocoa sector in the Amazon has strong symbolic meaning. The tropical rainforests of the Amazon River basin is the birthplace of the species, and the cocoa tree – the *Theobroma Cacao* – is still found in its wild form in forests that range from Peru to Mexico<sup>1</sup>. As a result, soil and climate conditions in regions such as Pará are excellent to grow cocoa. But cocoa has mainly remained an extractivist activity until the 1970s, with little economic relevance for the Pará<sup>2</sup>. As a country, Brazil was one of the world's top cocoa producers until the late-1980s, with most cultivation located in Bahia, at the Northeast of the country. Unfortunately, production was halved when the witches-broom disease devastated the sector in the eighties. Production rates of cocoa have never recovered, despite improved practices and genetic that have significantly reduced the threat of disease in most new varieties. Although production changed drastically, demand for chocolate has persisted. As one of the world's largest chocolate consumers, Brazil now imports large quantities of cocoa from African countries to run its cocoa grinder industry and satisfy local demand.

An opportunity to revive the cocoa production sector recently arrived in the form of a growing global demand for sustainable and ethical cocoa. Emphasising sustainability as competitive advantage, the State of Pará has promoted the strengthening of cocoa production through its 2011-2019 PRÓCACAUI Plan<sup>3</sup>.

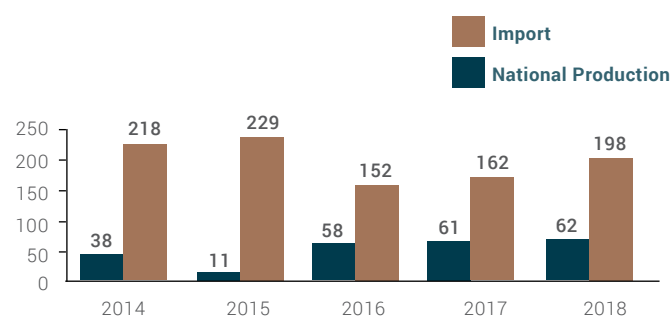
**With its excellent growing conditions and forest restoration and improved livelihood potential, major cocoa suppliers are now turning their eyes to Pará State to increase sustainable cocoa production.**

First, it is important to highlight cocoa production's forest restoration potential in Pará. The state has had the highest rate of deforestation in Brazil over the last 14 years - accounting for

Volume of cocoa processed compared to processing capacity (MT)



Brazil's cocoa import (thousands MT)



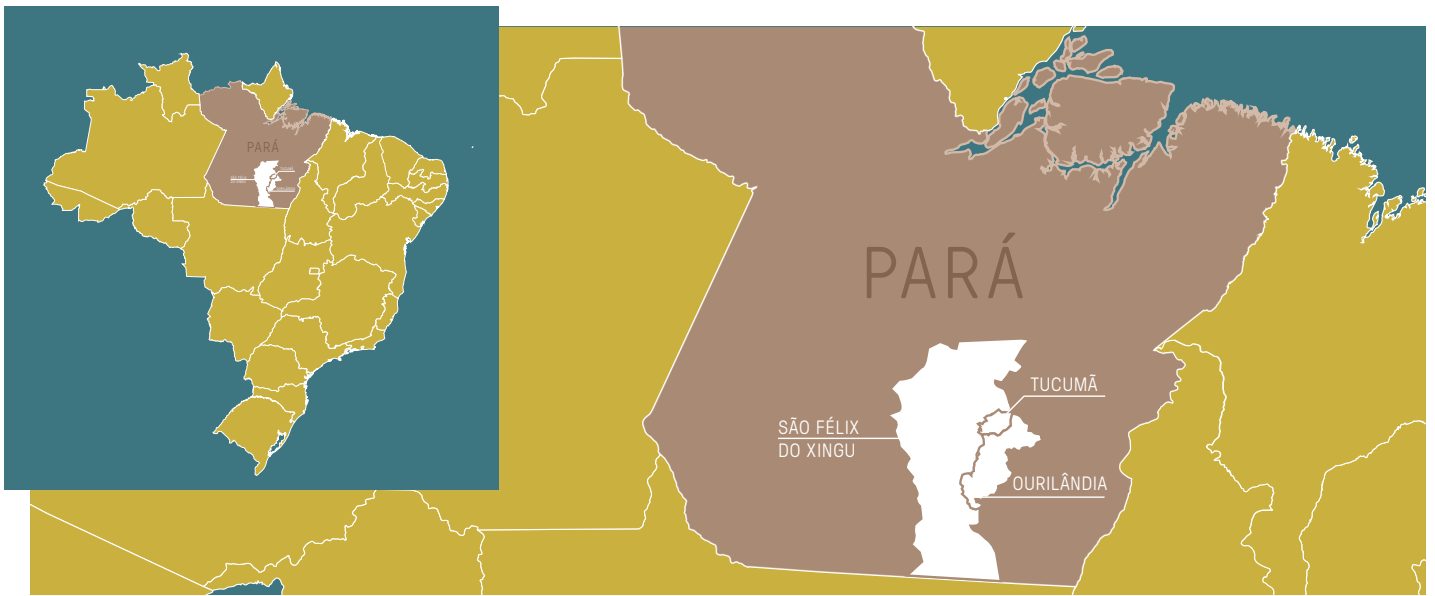
39.5% of all deforestation in 2019. In the last five years, 1.2 million hectares (ha) have been lost and the expansion of pastureland for cattle ranching has been the main driver. The São Félix do Xingu municipality – approximately the size of Portugal – is Brazil's top beef producer region and a deforestation hotspot in the Amazon. Here, smallholders are predominantly calf breeders and occupy properties that can range up to 300 ha. As calculated by TNC, 40% of deforestation in South and South-eastern Pará comes from smallholder farms, driven by cattle ranching, illegal logging and slash and burn crop expansion (mostly manioc, maize and cocoa). Introducing cocoa agroforestry on farmers' degraded lands offers a sustainable alternative to cattle ranching and can

<sup>1</sup> Governo do Estado do Pará. Desenvolvimento da Cadeia Produtiva do Cacau no Pará (PRÓCACAUI -2011/2019). Belém-PA, 2016. Available at: <[http://www.sedap.pa.gov.br/sites/default/files/Projeto%20de%20Cacau%20-%20formatado%20\\_%20final.pdf](http://www.sedap.pa.gov.br/sites/default/files/Projeto%20de%20Cacau%20-%20formatado%20_%20final.pdf)>; Accessed in 27th of May, 2020

<sup>2</sup> MENDES, F.A.T. Revista Cacau Amazônia. 1st ed. Page 16. Abaetetuba – PA, 2019. Available at:<<https://issuu.com/amazonblackgold/docs/cacauamazonia>>; Accessed in 27th of May, 2020

<sup>3</sup> Governo do Estado do Pará. Desenvolvimento da Cadeia Produtiva do Cacau no Pará (PRÓCACAUI -2011/2019). Belém-PA, 2016. Available at: <[http://www.sedap.pa.gov.br/sites/default/files/Projeto%20de%20Cacau%20-%20formatado%20\\_%20final.pdf](http://www.sedap.pa.gov.br/sites/default/files/Projeto%20de%20Cacau%20-%20formatado%20_%20final.pdf)>; Accessed in 27th of May, 2020.





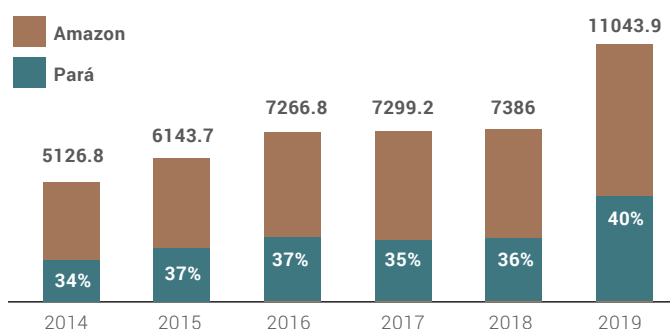
contribute significantly to reforestation: as cocoa thrives in the shade of bananas, hardwoods and other trees it was previously estimated by TNC that cocoa could restore 130,000 ha in Pará.

Second, growing cocoa can improve smallholders' livelihoods in Pará, and can help the region grow economically – as Pará has been ranked among the bottom 23% of Brazil in terms of economic and human development<sup>4</sup>. Extensive cattle ranching is not very profitable – and less profitable than other land use activities. Smallholders generally breakeven on operational costs since their income is not sufficient to cover depreciation of capital expenditures (including degraded pastures). A recent study comparing cocoa production with cattle ranching in São Felix do Xingu<sup>5</sup> found that per ha per year, income from cocoa production is on average six times higher than income from cattle ranching (USD 580-1020/ha/year for cocoa vs USD 110-142 USD/ha/year for cattle ranching).

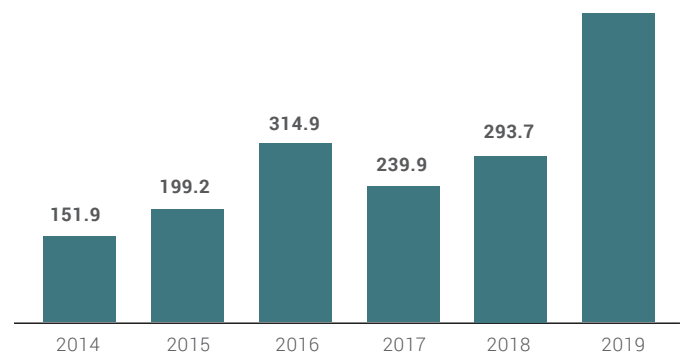
"We have always seen cocoa as a good source of income for families in our rural context", explains Ilson Martins Silva,

founder and Commercial Director at Campmax, a cooperative in São Félix do Xingu that represents 235 smallholders. One of the main reasons why smallholders have continued with cattle ranching and not cocoa is because ranching requires relatively little time and work, small investments and the straightforward production chain is usually considered low risk. Transitioning to cocoa production requires considerable investments, for which smallholders need credit, new skills and technical assistance. "We are responsible for making sure that the prices are fair, especially in a context where there are lots of middlemen operating. (...) But, alone, we wouldn't be able to fill our role. We are very thankful for having Olam Cocoa as this new great partner [Olam has helped the cooperative by providing working capital for cocoa production that have facilitated faster payments, which was a key bottleneck]. Our expectation is to keep increasing the work with cocoa in the region (..) Today there is more demand [from cattle ranchers] for joining the cocoa activity than the cooperative can absorb." cocoa activity than the cooperative can absorb."<sup>6</sup>

#### Pará accounted for 40% of Amazon deforestation in Brazil in 2019 | Km2 (PRODES data)



#### São Félix do Xingu is the leading municipality of Pará in the deforestation ranking | Km2 (PRODES data)



<sup>4</sup> United Nations Development Program – UNDP. "Ranking IDHM Municípios 2010". Available at: <<https://www.br.undp.org/content/brazil/pt/home/idh0/rankings/idhm-municipios-2010.html>>; Accessed in 27th of May, 2020

<sup>5</sup> Braga, D.P.P. How well can smallholders in the Amazon live: an analysis of livelihoods and forest conservation in cocoa-and cattle-based farms in the Eastern Amazon, Brazil. –versão revisada de acordo com a resolução CoPGr 6018 de 2011. –Piracicaba, 2019.

<sup>6</sup> Ilson Martins Silva, Commercial Director at Campmax, Interview given to Juliana Tinoco. São Paulo, May/2020.



# Creating a multi-stakeholder partnership to address systemic challenges

In 2013, TNC launched the Cocoa Forest Project (also referred to as the Cocoa Agroforestry Model) in two municipalities in the Southeast of Pará - São Félix do Xingu and Tucumã, to propose solutions to address the critical problem of deforestation in Pará. The model aims to restore degraded lands using cocoa in agroforestry systems that will serve as a viable economic alternative for farmers and ranchers that currently depend on expanding pastureland for extensive cattle ranching.

Since then TNC has further refined their cocoa production model. The model now supports diversification of land through a combination of short-cycle crops that provide quick income – such as corn, cassava and bananas – and commercial and native tree species that provide shade for cocoa plants – such as crabwood, mahogany, cumaru and cedar. Yet some critical barriers have remained.

**Two key challenges in adopting this model for smallholders include unlocking rural credit for cocoa agroforestry and covering the costs of large-scale technical assistance.**

The original TNC model lacked a broader sectorial arrangement in the region that could create strong linkages between actors enabling sharing of risks and returns across the value chain. Multi-partner collaboration was needed to overcome these issues before the model could be rolled-out and refined.

The first partner TNC brought on board was chocolatier Mondelēz International, formalising its support to the project in 2018. The initiative was part of the company's sustainability

Credit: Juliana Tinoco



Coordenada Rural is a local private technical assistance provider with a team of highly qualified experts



programme, Cocoa Life, led by Jens Hammer in Brazil. “Mondelēz International wants to lead on sustainable cocoa production in agroforestry systems. (...) We were looking into increasing the number of producers in the Cocoa Forest Project, as well as to developing other components such as gender and youth equality”, mentioned Mr Hammer.<sup>7</sup>

Soon after P4F got involved. Felipe Faria, Regional Manager for P4F, recalls: “We received two independent proposals for investment. The first came from TNC, in alliance with Mondelēz International. The second involved a civil society organisation and the supply chain operator Olam Cocoa (a Singapore-based leading supplier of cocoa beans with operations in Brazil since 2002). Our response was to combine the proposals to achieve a sectorial arrangement that could benefit the needs of all actors”.<sup>8</sup>

As a first action, P4F worked with the partners to create a governance structure capable of delivering results, with clear definitions of roles and responsibilities.

As part of this process, it was decided to develop a business plan for a Technical Assistance Hub to provide services for smallholders to attend field training days, receive support to implement cocoa agroforestry and forest restoration at their farms, and get help with accessing rural credit. A concerted effort was also made to understand the agroforestry financial model, factoring in the costs and returns of the producers to develop a sustainable Hub (one that doesn’t require regular grant injections).

Next, the team transformed the business plan into a proposal to secure buy-in from all stakeholders including the UK government. This generated a Memorandum of Understanding from Olam Cocoa and Mondelēz International to implement the pilot.

**“P4F played a critical role in accelerating the deliverables from the initial partnership between Mondelēz and TNC, as well as bringing Olam Cocoa onboard”, says Mr. Hammer.**

Credit: Kevin Arnold



“We counted [on the] learnings derived from similar initiatives across the global programme involving the cocoa sector, such as our work with the [Cocoa and Forest Initiative](#)<sup>8</sup>- supported by P4F in Ghana - and the [Peru Cocoa Alliance](#)<sup>9</sup>- a USAID funded project managed by Palladium”, explained Felipe Faria. “With that expertise, we were able to go deep into the concept of the hub, idealising what kind of services it could provide and possible models of how

<sup>7</sup>Jens Hammer, Country Lead for Mondelēz Cocoa Life Programme in Brazil, Interview given to Juliana Tinoco. São Paulo, April/2020.

<sup>8</sup> Felipe Faria, P4F LATAM Regional Manager, Interview given to Juliana Tinoco. São Paulo, April/2020.

<sup>9</sup> The Cocoa and Forest Initiative was launched in 2017 and is chaired by the governments of Côte d'Ivoire, Ghana and Colombia, facilitated by IDH, the Sustainable Trade Initiative and the World Cocoa Foundation (WCF).



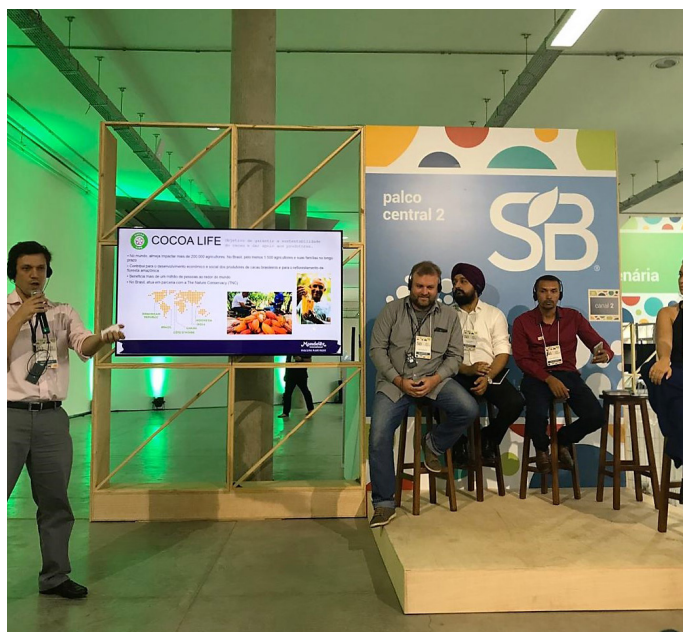
it could be sustained financially. We analysed the matter from multiple perspectives. From the industry side, looking at what would be the price that the industry could provide as premium, and from the producer perspective, trying to understand what would make more sense for them on the ground.

New opportunities emerged from that work, such as piloting açai (the super berry native from the Amazon) as

another economic alternative in the agroforestry system", he explained.

By the end of 2019, the Humanize Institute was brought into the arrangement to structure the forest seeds and seedlings supply system and with investments towards youth engagement.

Credit: Juliana Tinoco



Mondelēz International, Olam Cocoa, TNC, CAMPPAX, Humanize Institute and P4F launched the partnership to pilot the Hub at the Sustainable Brands event<sup>10</sup>, held in São Paulo in November 2019.



The story was featured in a prominent Brazilian business newspaper (Valor Econômico).

Credit: Juliana Tinoco



Six field workshops with farmers and multiple meetings with stakeholders were held in order to support alignment of the vision.

<sup>10</sup>Event info available at: <http://sbsaopaulo.com/>



# The importance of technical assistance in Pará

“You can’t think of agroforestry development without effective and high-quality long-term technical assistance”, explained Rodrigo Freire<sup>11</sup>, from TNC. “With the experience of running the project in the Southeast Pará, it became clear for us that public technical assistance won’t be enough to solve the challenges due to the lack of resources of the federal, the state and municipal governments. At the same time, the private technical assistance that is available in the project region of Alto do Xingu lacks sufficient funding to provide high-quality TA, as it is dependent on producer payments. As a result, the average cocoa productivity in Pará is about half of that of well-managed cocoa farms.<sup>12</sup>

Looking to innovate private technical assistance, the Technical Assistance Hub is crucial to the success of the Cocoa Agroforestry Model as it can be financially sustainable in the long run.

Credit: Erik Lopes

**“[The Hub] combines - in an integrated manner - services that address the major gaps that producers face in the region, which would normally be tackled separately. It has already proven to be a winning approach, with our proof-of-concept having achieved all the expectations”, concluded Jens Hammer, from Mondelēz International.<sup>13</sup>**



<sup>11</sup> Rodrigo Freire, Deputy Manager at The Nature Conservancy, Interview given to Juliana Tinoco. São Paulo, April/2020

<sup>12</sup> Instituto Internacional de Educação do Brasil – IIEB. “Governança Socioambiental na Amazônia – Agricultura Familiar e os Desafios para Sustentabilidade em São Félix do Xingu”, 2016. Available at: <[https://iieb.org.br/wp-content/uploads/2019/02/Livro\\_SFX\\_WEB\\_reduzido.pdf](https://iieb.org.br/wp-content/uploads/2019/02/Livro_SFX_WEB_reduzido.pdf)>; Accessed in 27th of May/2020

<sup>13</sup> Jens Hammer, Country Lead for Mondelēz Cocoa Life Programme in Brazil, Interview given to Juliana Tinoco. São Paulo, April/2020.



# The Technical Assistance Hub explained

## THE VISION

The Technical Assistance Hub aspires to synergize efforts, catalyze transformational changes and enable Brazil to be a leading global sustainable cocoa producer. To achieve this vision, the Hub is guided by the shared values of environmental protection and restoration, positive social impacts and improved productivity and production, with increased returns for producers and sustainable supply for the industry.

## THE STRATEGY

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**1. DELIVER COST-EFFICIENT TECHNICAL ASSISTANCE** involving a combination of farm visits and demonstration units, as well as the adoption of an innovative remote technical assistance technology.



**2. FACILITATE PRODUCER COMPLIANCE WITH THE ENVIRONMENTAL LEGISLATION** through implementation of restoration plans on cocoa agroforestry and legally protected areas.



**3. COOPERATE WITH BANK TO UNLOCK RURAL CREDIT FOR FARMERS** by establishing partnerships with rural banks to simplify and fast-track credit applications from producers of cocoa agroforestry.



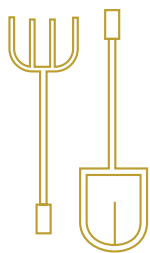
**4. OPTIMISE THE WORK THROUGH THE USE OF TECHNOLOGY**, including trainings for both farmers and technicians to use digital technology to evaluate, monitor and report environmental, socio-economic and geographical data.



**5. ENSURE PRICE PREMIUM AND PROMOTE SOCIAL BENEFITS**, enabling the payment of a sustainability price premium from buyers to producers and promote the agendas of gender equality and adequate working conditions.



# SERVICES PROVIDED BY THE HUB



## AGROFORESTRY

In the Agroforestry Hub, trainings are provided to smallholders on: how to restore degraded pasturelands into cocoa agroforestry systems; how to align aspects of land preparation and management; seed and seedling production, and; forest restoration and planting. Trainings are divided into two modalities: group trainings at demonstration units and individual farm assistance and monitoring. Trainings are also provided to future instructors.



## RESTORATION HUB

The Restoration Hub works with smallholders to achieve compliance with the Brazilian Forest Code. Activities include: environmental compliance diagnosis of cocoa farms; drafting forest restoration plans at farm level; creating restoration demonstration plots, and; providing technical assistance for restoration and monitoring of cocoa farms.



## RURAL CREDIT HUB

The Rural Credit Hub aims to simplify rural credit application frameworks by working in partnership with rural banks to fast track credit approvals for cocoa agroforestry cultivation and restoration plans. The Rural Credit Hub supports smallholders with applying for rural credit and establishing an agreement with the bank.

## PILOT PHASE IN NUMBERS

**252** **SMALLHOLDERS ENGAGED**, WITH ZERO-  
DEFORESTATION AGREEMENT SIGNED  
**14K HA** OF UNDER IMPROVED LAND MANAGEMENT

**436** **HA** OF NEW AGROFORESTRY SYSTEMS, OF WHICH:  
**172 HA**  
REPLACING PASTURE LANDS  
**247 HA**  
REPLACING DEGRADED PASTURE LANDS  
**16 HA**  
RESTORING OLD AGROFORESTRY AREAS

**78** **TONS** OF COCOA COMMERCIALIZED

AS OF JUNE 2020, **13 SMALLHOLDER** CREDIT APPLICATIONS HAVE BEEN  
SUBMITTED AND APPROVED. THE TOTAL VALUE OF THESE APPLICATIONS IS  
ESTIMATED AT **GBP 100K**.



# THE HUB'S ROLE IN UNLOCKING CREDIT FOR COCOA AGROFORESTRY

In June 2019, a new Resolution issued by Brazil's Ministry of Treasury brought changes to the norms guiding credit lines for the National Program for Strengthening Family Farming (Pronaf)<sup>14</sup>. These changes have allowed smallholders to access credit to invest in agroforestry systems, an essential factor for the success of this project. According to Misael Moreno dos Santos, Executive Manager at the Bank of the Amazon (Banco da Amazônia – BASA), the resolution came as a result of a study conducted by BASA with technicians, partners and community members. The study identified the bottlenecks that led to almost no applications for credit to implement agroforestry systems in Pará. "We had two credit lines available, but none of them really served the needs of producers who wanted to invest in agroforestry systems with cocoa, either because of mismatches in their grace period or in the volume of credit offered", explained Mr. dos Santos.<sup>15</sup>

Traditionally, smallholder cattle ranchers do not have a history of credit solicitation and lack the technical capacity to apply for credit. At the same time, local banks lack the right technical expertise of agroforestry production to properly assess credit risks. One of the challenges comes from the diversity of

agroforestry systems which means it can be difficult for banks to compare productive models and set benchmarks. As a result, credit is mostly reserved for large-scale farmers, further disincentivising smallholders to adopt cocoa agroforestry.

Several meetings were held with actors in the Agroforestry project to identify the challenges from both the bank and the producers' point of views. The Hub proposed to support banks with risk assessments of credit applications by smallholders that have little to no collateral and little education.

In February 2020, an event held in Tucumã celebrated the first credits approved under the scope of the Cocoa Agroforestry Model. "The partners of the Cocoa Agroforestry Project came to support both smallholders and the bank to approve the first projects. I believe this will change the life of many others", concluded Mr. dos Santos. "It became clear for BASA, which is the biggest financier of smallholder agriculture in the Amazon, the missed opportunity of not paying enough attention to cocoa agroforestry. Thanks to our project, they now see this as a chance to learn and gain scale for more credit approvals", says Rodrigo Freire.

Credit: Partners collection



**Three new credit projects were approval despite the challenges presented by the covid-19 crisis.**

<sup>11</sup> According to data from the official Rural Credit Database (BACEN,2020)\*, Pronaf is the main source of credit for smallholders in Brazil, corresponding to 71% of the number of credit contracts in the country. Despite the relevance, only 13% of credit provided is channelled to smallholders.

\*Banco Central do Brasil – BACEN. Matriz de dados do Crédito Rural – MDCR, "Contratações", 2020. Available at <<https://www3.bcb.gov.br/mcr>>; Accessed in 15th of June/2020

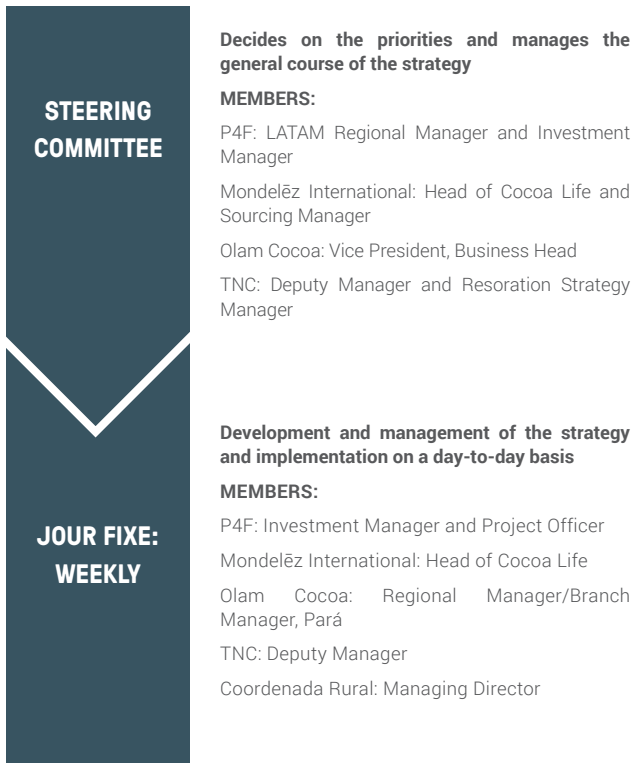
<sup>12</sup> Misael Santos, Executive Manager at the Bank of the Amazon, Interview given to Felipe Faria. São Paulo, January/2020.



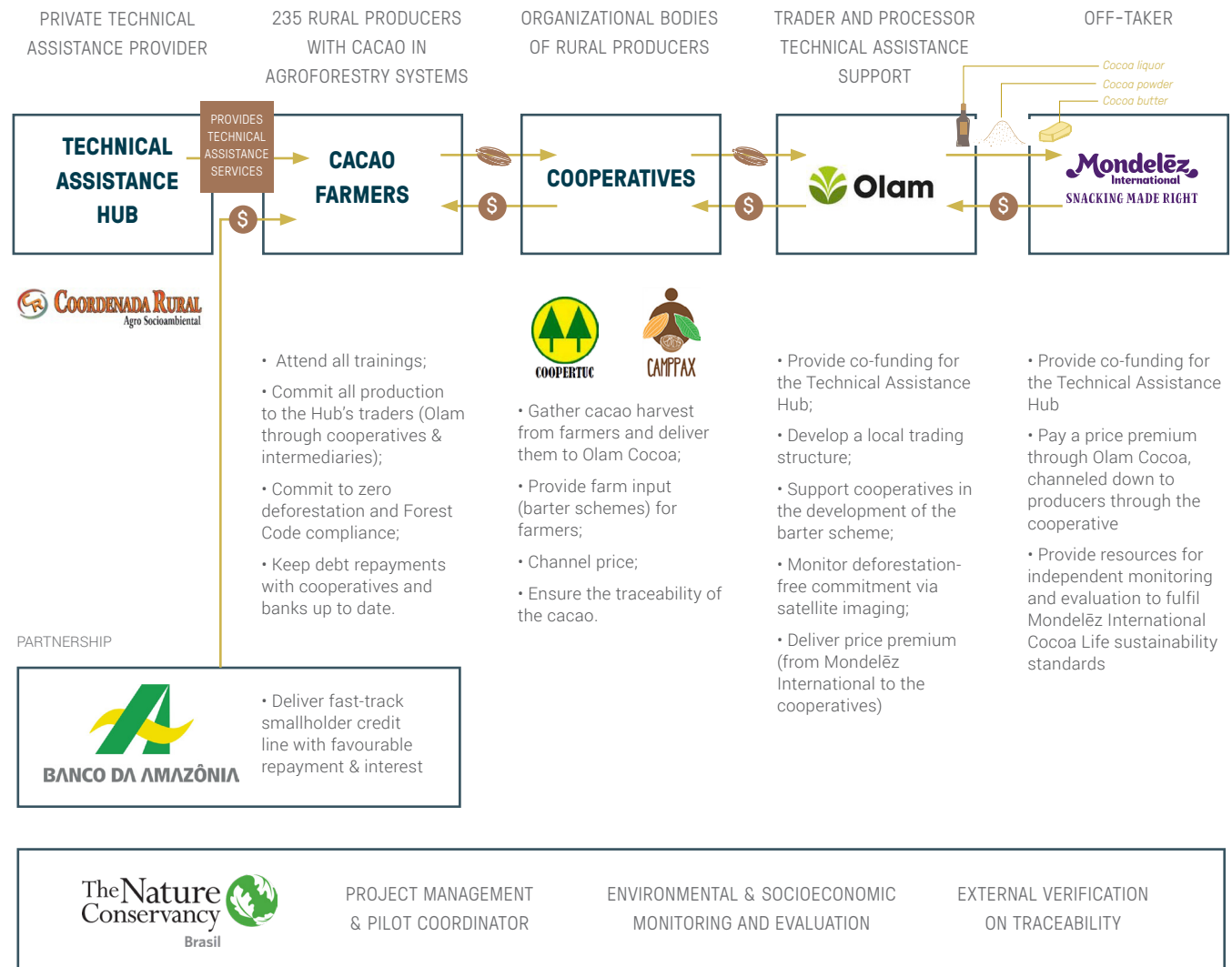
# Multipartner arrangement

Partnerships for Forests worked in alliance with the various stakeholders involved in the value chain as to create a governance structure capable of delivering results, with clear definitions of roles and responsibilities.

## PILOT GOVERNANCE STRUCTURE



## STAKEHOLDER MAP OF ROLES AND RESPONSIBILITIES





# The triple win of the model

Overall the partnership created trust and the pilot shows clear returns for all stakeholders. For smallholders, receiving technical assistance reduces operational risks of switching to cocoa and increases access to rural credit. With Olam Cocoa and Mondelēz International providing off-take agreements at price premiums, smallholders are also expected to reap livelihood

returns. For Olam Cocoa and Mondelēz International, access to local produce reduces dependency on cocoa imports and they have better access to sustainable and ethical cocoa. For banks, the partnership reduces risks related to providing credit and provides a safer revenue stream.

## RODRIGO MAURO FREIRE | Deputy Manager at The Nature Conservancy



“Partnerships for Forests helped us in designing this new phase of the project in a pragmatic way, thinking carefully on how we could deliver effective economic responses to the challenges. Bringing Olam Cocoa to the arrangement, as well as providing support in the discussions with the Bank of Amazonia as to unlock a credit line for agroforestry systems were key aspects of P4F’s contribution”

## JENS HAMMER | Country Lead for Mondelēz Cocoa Life Programme in Brazil

“The cocoa industry players have become increasingly cohesive in the last few years, through a variety of cross-industry initiatives in associations and as members of Cocoa Action<sup>16</sup>. I believe the industry has a big role to play in demanding sustainable supply while guaranteeing incentives for the production shift. In this sense, I consider that Mondelēz International can help to drive cocoa agroforestry as an agent of change for entire landscapes. On the other side of the chain, we are responsible for communicating with the end-consumer and create awareness of responsible supply chains through our products.”

“P4F has brought to the table solid aspects of governance and project management, helping us prioritise and foresee the areas where we could have greater impact (...) such as unlocking rural



credit. We certainly wouldn’t have made it without the support from P4F and look forward to taking this approach at scale to drive lasting change in multiple landscapes”.

## ELÍCIO OLIVEIRA AMADO | Comercial Director at OLAM Cocoa



“<sup>17</sup> Our close relationship with farmers and cooperatives is embedded in our DNA and remains central to our ambition of making the future of cocoa more sustainable. By harnessing our deep on-the-ground expertise, we can help drive transformational change for cocoa farmers, their communities, and the environment through multi-stakeholder partnerships like the Cocoa Agroforestry Project. Not only are we working to improve cocoa quality and traceability, we’re also helping farmers get the best price for their product whilst restoring forest. Collaborating with Partnerships for Forests has added immense value to our vision for the Pará region. The team plays a key role in ensuring that targets are met and resources are responsibly and efficiently used.”

<sup>16</sup>The Cocoa Action is a voluntary industry-wide strategy that aligns the world's leading cocoa and chocolate stakeholders on priority issues in cocoa sustainability.

<sup>17</sup> Elício Oliveira Amado, Commercial Director at Olam Cocoa, Interview given to Juliana Tinoco. São Paulo, May/2020.



# The perspective of a smallholder farmer

"When I arrived in Pará, the only activity that people spoke of was cattle ranching. I came to put down the forest and start[ed] raising cattle for beef and milk. With time, the pasture would get worst, degraded. Then we would cut down more forests. (...) When I first heard that deforestation was illegal, I stopped cutting the forest and realised that, without new land to expand, cattle ranching wouldn't give us enough money." - Idalto Mendes Pereira<sup>18</sup>, smallholder producer in the district of Nereu, São Félix do Xingu.

The story of Mr. Pereira is similar to most smallholders across the Amazon. He was a cattle rancher until 1997, until he joined the Cocoa Agroforestry Project in 2014. Now, he celebrates his third cocoa harvest: "I was one of the first to sign my name for the project (...) We had never heard of TNC before when they called us on the local radio for a meeting and explained us about a project to plant cocoa in degraded pasturelands. That was the key word for me. Back then, we thought that cocoa could only be planted in newly deforested land. Since I had so much unproductive land, I got immediately excited".

The early results of the Cocoa Agroforestry Model and TA Hub have sparked interest from other smallholders across the region to convert to cocoa agroforestry:

**"Many of [my neighbours] who didn't believe it could work out in the past are now willing to join the project because there is a growing understanding of the importance to maintain the forest. Now people are starting to see that not only it works, but it is also worth it. One key thing I've learned is to believe in the technician who is assisting you on the ground. There were many times when I didn't trust that my cocoa trees would survive. They kept telling me it was normal to have some losses, they kept me engaged. I am very grateful for their persistence".**

Credit: Personal collection



<sup>18</sup> Idalto Mendes Pereira, smallholder cocoa producer, Interview given to Felipe Faria. São Paulo, January/2020<sup>14</sup> Elício Oliveira Amado, Commercial Director at Olam Cocoa, Interview given to Juliana Tinoco. São Paulo, May/2020.



# The latest developments



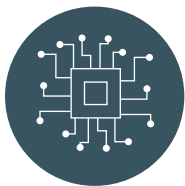
## TRACEABILITY PROTOCOL

After several workshops and meetings between partners, a traceability protocol was developed and implemented, with training provided by Olam Cocoa, Coordenada Rural and TNC. The cooperatives are now responsible for maintaining the records of volumes acquired from the TA Hub's participating smallholders. The process is audited by a third-party company, hired by Mondelēz International.



## DEMONSTRATION UNITS (DUS)

Five reforestation Demonstration Units were installed in the regions where the project operates, showcasing the forest restoration technique of direct seeding. P4F has promoted the direct seeding method as a viable cost-effective option for regenerating vegetation by means of its support to two relevant projects in Brazil: the Xingu Seeds Network<sup>16</sup> and The Seed Paths Initiative<sup>17</sup>. Early results observed by the technicians in the Demonstration Units point to well-succeeded forest recovery. The goal by end of 2020 is to support 250 smallholders to develop forest restoration plans for their properties, comprising around 400 ha of vegetation restoration in riverine zones, part of the efforts of compliance with the forest legislation.



## DIGITAL APPLICATION

The Olam Cocoa Farmer Information System (OFIS) is a digital tool developed to collect farm-level data such as socio-economic profile of the families and yield, with geo-location of farms. Based on the data collected, producers receive customised farm development plans to improve their productivity.



## REMOTE TECHNICAL ASSISTANCE

The project has still been able to adapt their fieldwork despite the risk of COVID-19 and the challenges with social distancing. TNC has developed a series of thematic training videos using WhatsApp. Additionally, producers have been receiving tailored remote assistance via their smartphones, with each technician covering 15 to 40 producers. An evaluation of cost/results of the e-learning methodology is due to take place in order to identify possible reductions in the operation costs of the technical assistance in the future.

Credit: Juliana Tinoco



**Early results of restoration with direct seeding technique at Demonstration Unit in Tucumã**

Credit: TNC



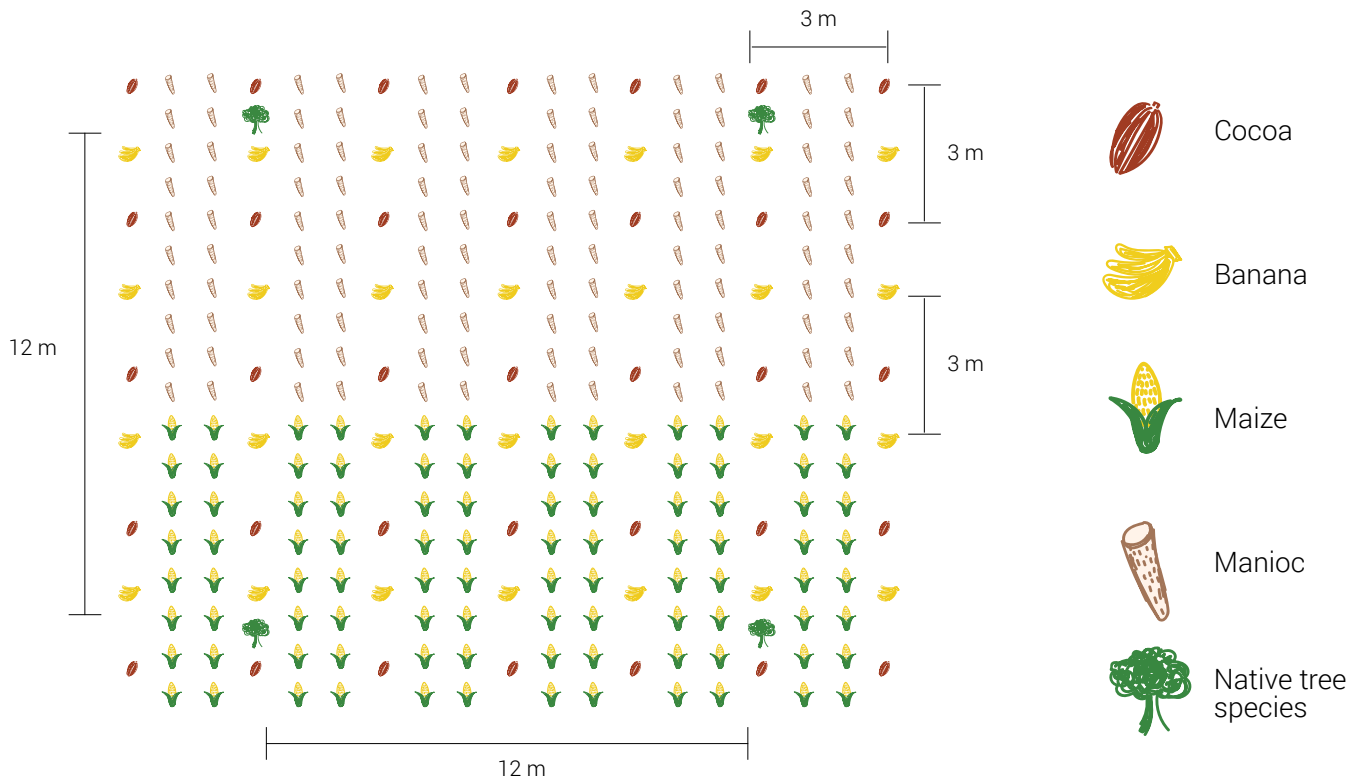
**Technicians are producing videos to support in the remote technical assistance work**

<sup>16</sup> <https://partnershipsforforests.com/partnerships-projects/xingu-seeds-network-harvesting-native-forest-seeds/>

<sup>17</sup> <https://partnershipsforforests.com/partnerships-projects/seed-paths-initiative/>



# Typical agroforestry: planting model



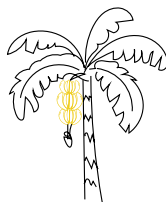
## Short and mid cycle species



Cocoa



Manioc



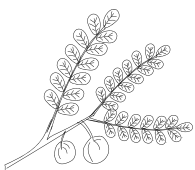
Banana



Maize



## Long cycle species



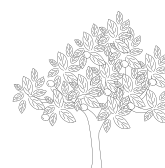
Andiroba



Mohogany



African Mohogany



Pequi



Brazil nuts



# Forward looking

The project is due to consider findings from an independent study that will provide a proof of concept on the effectiveness and replicability of the Technical Assistance Hub. This study will test the hypothesis that coordination across the cocoa sector is good for business and is expected to further justify the second phase.

Olam Cocoa and Mondelēz International have already joined efforts to propose a new phase of the project. “We are looking forward to take this approach at scale to drive lasting change in multiple landscapes”, mentioned Jens Hammer. These revelations have come out alongside developments at state level. Specifically, in March 2020, TNC along with the Governor of the State of Pará, Helder Barbalho, and a representative from the Bank of Amazon (BASA) announced they had signed a Memorandum of Understanding for a joint strategy to promote the green economy in the State with cocoa in agroforestry systems as one of their strategies.

Felipe Faria, Regional Manager at P4F, also highlights the high level of interest of smallholders to adopt agroforestry systems: “We observed cases of producers investing in preparing the soil and acquiring seedlings to get started with planting cocoa without any assistance or investment, proving that there is space for it to grow among the farmers in the region. With more producers each day interested in joining the scheme and the clear pathway to unlock financing mechanisms across other regions in the Amazon, we can now say that there is a strong scalability and replicability potential in this model”.





This case study was developed by P4F' staff, in a joint effort between the Monitoring, Evaluation & Learning, External Relations & Knowledge and Latin America regional teams.

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