Ensuring sustainability of unorganized cacao farmers

The TechnoServe Experience in Peru

ICCO 4th World Conference
April 2018
The situation in Peru’s post-eradication areas

- Program worked with 25,000+ small holder cacao farmers.
- 10% belong to established cooperatives.
- 20% belong to unsustainable cooperatives.
Guiding principle 1:
Sustainability requires higher productivity
Guiding principle 2:
Sustainability requires access to markets
TechnoServe solution - Farmer Services

Provide training through Community Trainers

- Low cost focused training
- Development of local capacities

Diagram:

- Technical Advisor
- Community Trainer
- Farmer Group (<25 farmers)
- Farmer Group (<25 farmers)
- Farmer Group (<25 farmers)
It pays off for exporters to invest in productivity increase

Comments:
- Based on average farm size of 1.5 ha – national average is higher
- Exporter margin of US$0.70 per kg assumed – need to verify data

Decrease of farmer income in year 1 due to higher costs, in particular input costs, while yields only increase by ~15%

From year 2 onwards farmers generate positive additional income

Upfront investment of US$ 312 required for farmer training

Investment in farmer training generates positive return for industry stakeholders already after short period of time

Incentive for private stakeholders (e.g., exporters to invest in training to improve yields
TechnoServe Solution: Commercial level “Unorganized Farmers”

Producer Business Groups

- Community based
  - Simple organizational structure
  - Business training

- Direct linkage to large intermediary/exporter
  - Quality standards
  - Financing opportunities

Business training
Activities of the Economic Development Alliance Program in Peru were funded by the United States Agency for International Development (USAID), Government of Peru, PIMCO Foundation, World Cocoa Foundation, Peru Opportunity Fund, OLAM, the Weidemann Foundation, and the West Foundation.

To all, our thanks for their continued support.