

Theory into Practice

Delivering a Sustainable Cocoa Supply Chain:
Armajaro Trading Ltd.

22nd November 2012



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CONTENT

- Our Business Context
- Our Approach

- Back to farm level
 - Acquiring knowledge:



- Our Solution

- Farmer grouping
 - Farmer development centres:



Armajaro: Our Business Context

PRODUCERS



MANUFACTURERS/ PROCESSORS



ACTING AS A LINK...

- Our business depends on demand from our customers
- Our concerns about the current cocoa supply chain therefore, inevitably, mimic those of our clients

Armajaro: Our Business Context

MANUFACTURER CONCERNS

SHORT TERM

Child Labour



Farmer Livelihoods



Farmer Working Conditions



LONG TERM

Securing Future Supply



Environmental impact



Armajaro: Our Business Context



We must reverse current industry trends

- **Falling yields**
- **Shrinking farm sizes**
- **Young small holders choosing alternative occupations**

Meanwhile dealing with short term concerns

Armajaro: Our Approach

➤ Moving back to the farm level...



- Make farming an aspirational occupation
- Generate a viable and profitable business model for cocoa production

Armajaro: Our Approach

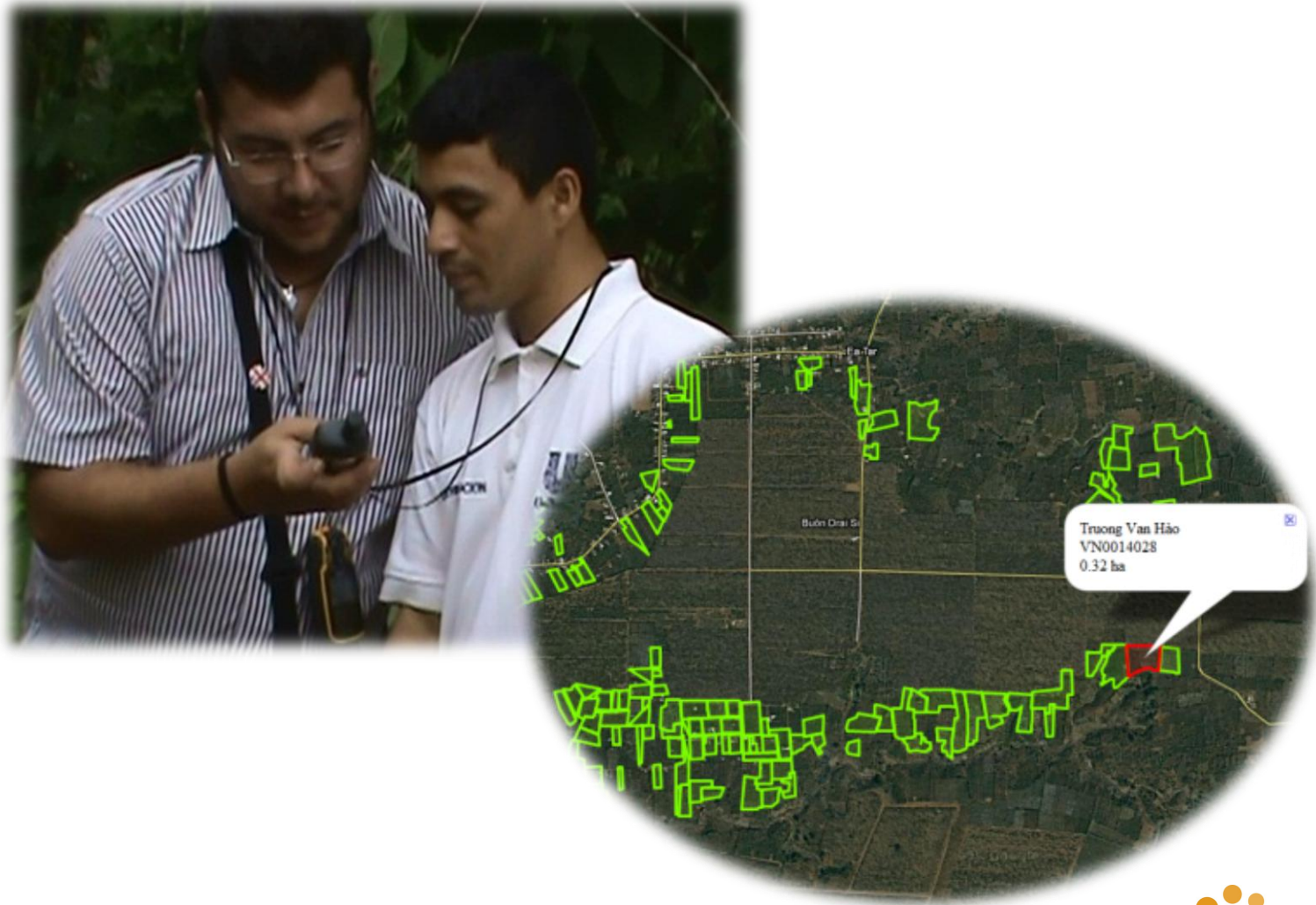
FIRST STEP: ACQUIRING KNOWLEDGE



GEOTRACEABILITY

- ✓ Farm mapping
- ✓ Data collection
- ✓ Geo-traceability

GeoTraceability: Farm Mapping



GeoTraceability: Farm Mapping



House



School



Water



Nursery



Medical



Inputs
Warehouse



Warehouse

Mapping Human Infrastructure

- ✓ Collect information such as:
 - A farm's proximity to a school
 - Medical Centre
 - Water Source
- ✓ This information can be evaluated in relation to issues such as child labour
- ✓ Areas can then be categorised in terms of risk in relation to these indicators

GeoTraceability: Data Collection



The largest web database worldwide on commodity farming

GeoTraceability: Traceability and Barcoding



Armajaro: Our Approach

DELIVERING
A SUSTAINABLE
SUPPLY CHAIN



Helps identifies the:

- ✓ Main **'sustainability'** issues
- ✓ **Interventions** needed at the farm and community level

Armajaro: Our Solution

DELIVERING
A SUSTAINABLE
SUPPLY CHAIN



SECOND STEP: FARMER DEVELOPMENT CENTRES



sourcetrust
sustainability in action



Source Trust: Improving Crop Yields and Quality

Source Trust: Introduction

Goals

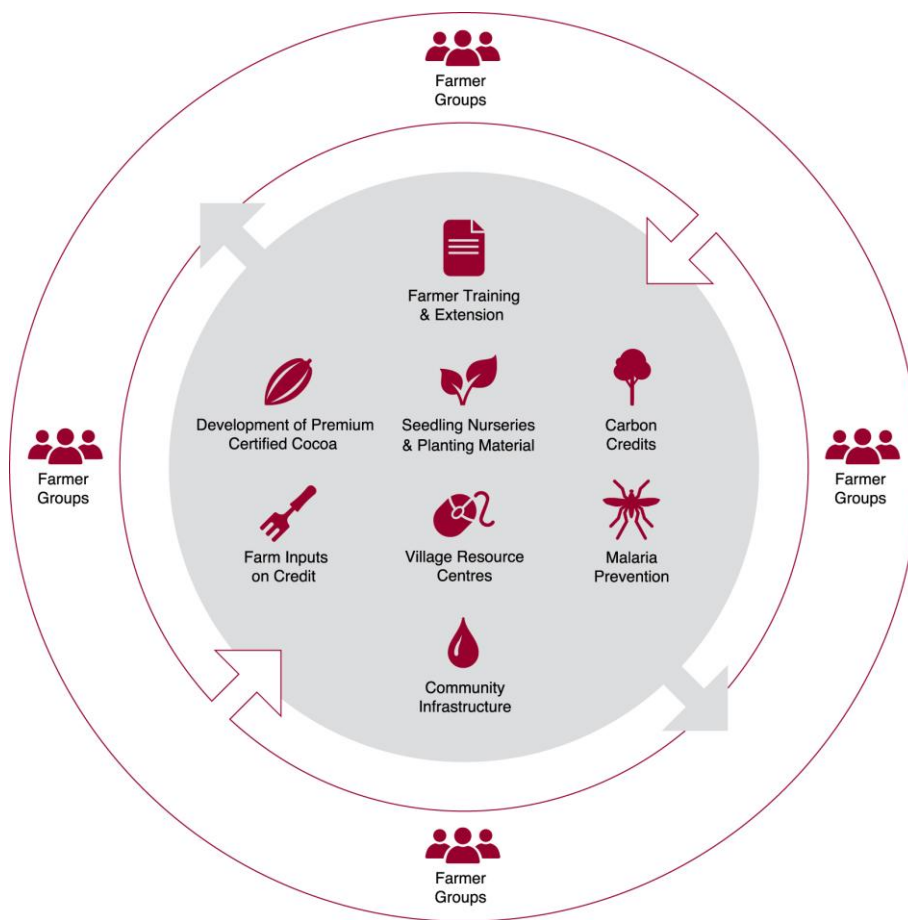
- Efficient farmers producing better quality cocoa and higher yields
- Achievement of best possible cocoa prices for farmers
- Farmers well trained in Good Agricultural, Environmental and Social Practices
- Entrepreneurial farmers
- Increased business awareness in farmers
- Farmers by choice
- Long term sustainable cocoa production









- ✓ Source Trust can be **complimentary to certification or an alternative** depending on customer requirements

The Source Trust Model

Farmer Development Centres

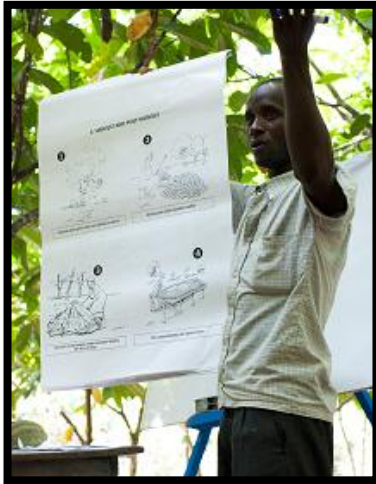
Example: West Africa



-  Farmer Training
-  Development of Premium Certified Cocoa
-  Seedling and Planting Material
-  Farmer Inputs on Credit
-  Carbon Credits
-  Village Resource Centers
-  Community Infrastructure
-  Malaria Prevention

Source Trust: Farmer Support

Farmer Training



- ✓ Sustainable agriculture
- ✓ Child Labour sensitisation
- ✓ Value and impact of farm inputs
- ✓ Standards for certification

Source Trust: Farmer Support

Village Resource Centres



- ✓ Further training materials and means of communication
- ✓ Educational resources for school pupils

Seedling and Planting Materials



Source Trust: Community Support

💧 Community Infrastructure



- ✓ Carry out thorough needs assessments at farmer level
- ✓ Projects are designed and delivered according to local needs

Source Trust: Funding

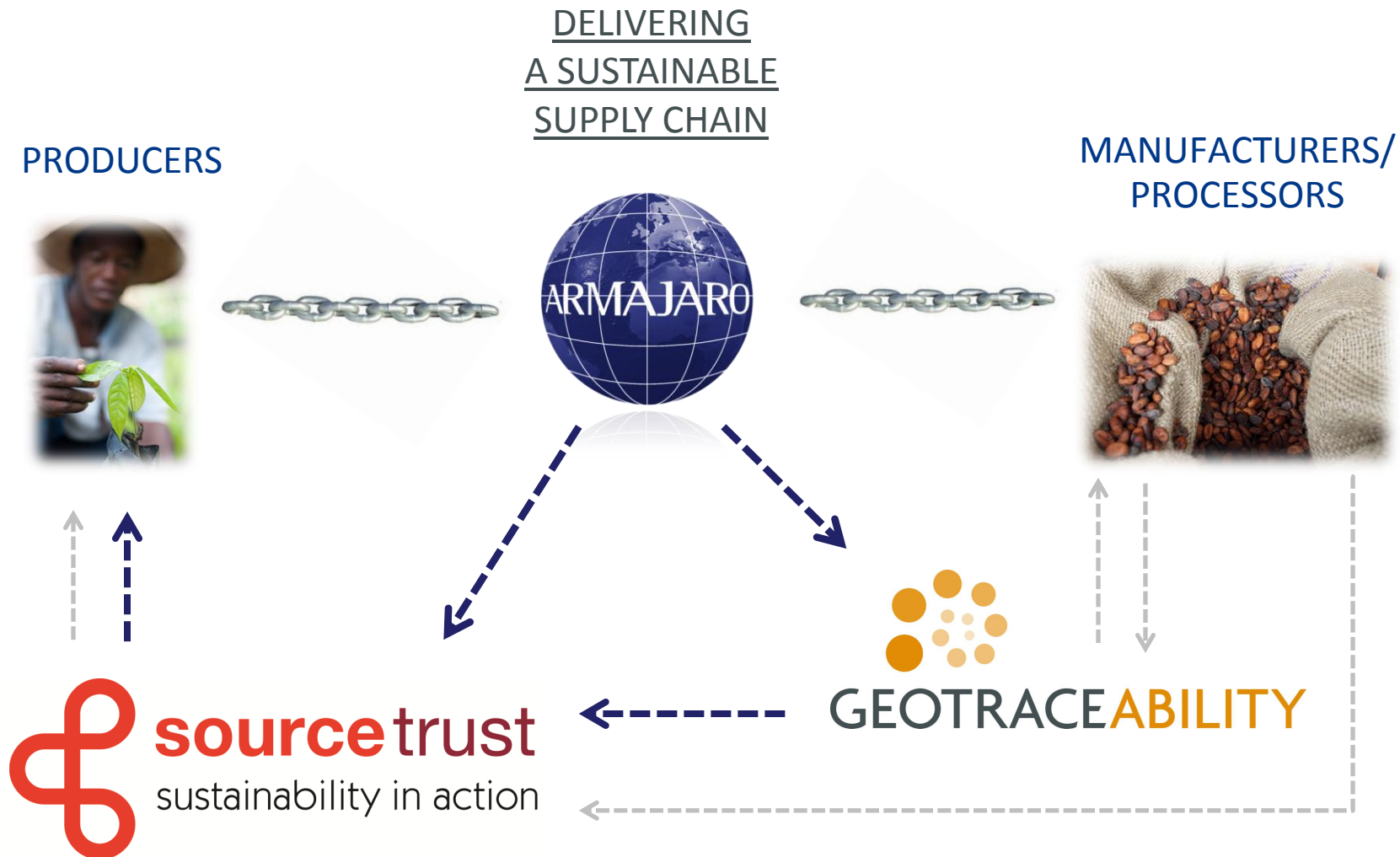


- ✓ voluntary premiums paid by Source Trust Partners for traceable cocoa
- ✓ further Partner funds for specific, bespoke projects
- ✓ also receive donations from Source Trust Sponsors who source their cocoa elsewhere

We seek to match the premiums and project funds with donor funding:



Armajaro: Our Solution



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