



**INTER-AMERICAN INSTITUTE FOR COOPERATION IN
AGRICULTURE (IICA)**

**CENTER FOR KNOWLEDGE MANAGEMENT AND
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2021

ENHANCING VALUE-ADDED OPPORTUNITIES OF SMALL-SCALE CACAO PRODUCERS IN PERÚ AND DOMINICAN REPUBLIC

Fair and sustainable cocoa trade



CHALLENGE ADDRESSED

Buyers of specialized cocoa products are increasingly seeking processed products made from native beans and grown under certifications such as fair trade, organic or sustainable production systems, and under good agricultural and manufacturing practices. Compliance with sanitary and food safety requirements as well as the aforementioned certifications are necessary to access and maintain markets.

Small cocoa producers have an opportunity to increase the value of their products and generate additional revenue by processing, as well as by incorporating and highlighting features that are valued by the final consumer, particularly in importing countries. To do this, it is necessary to move from the sale of the raw cocoa beans to transformed products such as differentiated cocoa products with recognized certification marks or chocolate.

Historically, the participation of women in the cultivation and processing of cocoa has not been duly recognized and supported. The project proposal was based on the assumption that the woman cooperative in the Dominican Republic had a state of readiness that would be ideal for replication in Latin America and Caribbean (LAC). Given the inherent differences between the case study organization and the cooperative selected from Peru, modifications were made to ensure that the generic business model would capture the international trade element.

GENERAL INFORMATION

Project name: Enhancing value-added opportunities of small-scale cacao producers in Perú and Dominican Republic (DR)

Countries involved: Canada, Dominican Republic and Peru.

Supported by: IICA Technical Cooperation Fund (FonTC)

Implementing entities: Cooperativa Oro Verde (Peru) and Cooperativa de chocolates Altamira (Chocal, Dominican Republic)

Status: Completed.

Period: 2016 – 2017.

IICA'S PROGRAMS



International Trade and Regional Integration



Territorial Development and Family Farming



Agricultural Health, Safety and Food Quality

TOWARDS A SOLUTION

This project aimed at expanding opportunities for cocoa producers to enable them to increase their income through value added processing. A model of value chain development and engagement of rural women in the Dominican Republic was used as a case study. The case was captured and assessed for use in the development of a generic business model, a template shared for possible adoption by other regions.

The project initiative was due to the fact that women cacao producers in Peru requested IICA's assistance in identifying suitable training to enable them to add value to their products and improve the income base for their families.

The business model provided a guide for the successful operation of a cocoa processing business, identifying institutional structures, marketing approaches, revenue sources, customer base, products, processing steps, equipment, certifications, and financing options. In addition to this model, a study of the Canadian market was developed to provide guidance for organizations wishing to export their products.

In order to validate the business model, support from IICA and other partners was provided for a cooperative in Peru (Oro Verde) to develop a customized business plan for their operations (this step was considered a pilot). The finalized business plan provided the cooperative with a path forward, a means to access financing and attract new trade prospects for higher valued products. Some steps towards implementation of the business plan were undertaken. These included the development of an implementation plan, the development of an investment plan, the matching of the investment needs with investors via a virtual financial fair, and training for the cooperative members to build capacity towards full implementation. To expand the reach of the intervention, several communications products were developed.

The case study of a women led and operated chocolate processing organization was captured and assessed. This case study is one of the main results and, along with other best practices, it was used for the development of a generic business model, a model to be adopted by other small-scale producers of cacao wishing to increase the value of their products and generate additional income through processing.

Cross-cutting issues:



Gender and Youth

SUSTAINABLE DEVELOPMENT GOALS



Targets: 5.5 y 5.6 (5.a, 5.b y 5.c)



Targets: 8.5 y 8.8



The second main result was achieved by developing a realistic and achievable business plan for one cooperative in Peru, Oro Verde. This plan was based on the generic business model and served to validate the model, as well as to provide a path forward for the cooperative. The business plan proposed that Oro Verde specialize in fine flavored cacao and engage in a low-level processing (nibs) for export to international markets. The cooperative did not fully embrace a plan for the women members to produce chocolate due to market conditions as well as other institutional barriers. However, a strategy in this regard was developed for possible future adoption. Lastly, the project achieved results in the areas of implementation and evaluation. Oro Verde not only developed an implementation plan for secondary processing of cacao and for accessing the Canadian market, they also produced an investment plan which was reviewed by investors and is expected to be supported and financed. In addition to these results, training courses were delivered to members of Oro Verde, with an emphasis on gender inclusion, to support cacao processing and institutional strengthening.

First, it was aligned to innovation in that it proposed to introduce new technologies, as well as a new business model, associated with secondary processing of cacao to rural communities as a means to boost productivity and competitiveness. Secondly, it proposed to provide training in cacao processing and support in entrepreneurship for the women living in the cacao production communities. Lastly, the project intended to support inclusive and sustainable productivity.

Going forward, IICA will seek support to replicate the business model in cacao producing countries in LAC. Deliverables produced, including reports and communication products, will be invaluable for similar interventions. Efforts are on-going to share lessons learned from this important value chain in the Americas, and to engage funding partners for supporting replication of the model.

MATERIAL PRODUCED



Description of Image (from left to right):

- CHOCAL members demonstrated how to improve earnings by going up the value chain and producing certified cacao products for both local and overseas markets.
- Representative from IICA Canada and IICA Peru visiting CHOCAL in Altamira, Dominican Republic

RELATED RESOURCES

Resource	Title	Year	URL
Document	Business model for the operation of a cocoa processing company	2016	EN: https://drive.google.com/drive/folders/1GMTVC7ssl8uLtaWG3pBnSpR5wq1KFiso ES: https://drive.google.com/drive/folders/1GMTVC7ssl8uLtaWG3pBnSpR5wq1KFiso
Document	CASE STUDY. Women of CHOCAL: Coca Processing Community Company	2016	EN: https://drive.google.com/drive/folders/1GMTVC7ssl8uLtaWG3pBnSpR5wq1KFiso ES: https://drive.google.com/drive/folders/1GMTVC7ssl8uLtaWG3pBnSpR5wq1KFiso
Document	Oro Verde's Business Plan	-	https://drive.google.com/drive/folders/1GMTVC7ssl8uLtaWG3pBnSpR5wq1KFiso
Document	Lessons learned by small-scale businesses producing cocoa goods with added value	2018	https://drive.google.com/drive/folders/1GMTVC7ssl8uLtaWG3pBnSpR5wq1KFiso
Document	The Canadian Cacao Market	2017	https://drive.google.com/drive/folders/1GMTVC7ssl8uLtaWG3pBnSpR5wq1KFiso