



Feed the Future Partnership for Climate Smart Cocoa Report
Semi-Annual Report
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I. Executive Summary

The Feed the Future Partnership for Climate Smart Cocoa (CSC) is a four-year program led by the World Cocoa Foundation in consortium with ACIDI/VOCA. The Program focuses on strategy development and piloting climate smart agriculture (CSA) innovations. After year one the program has come into its own in both the Central American and West African regions. The Program is developing improved predictions, concrete knowledge products, and landscape overviews that will support collaborative strategy building, precompetitive learning, and pilot initiation. Companies are showing increased knowledge about and interest in CSC, and several have stated an interest in specific solutions and investment pathways.

At the same time, it is proving challenging but rewarding to set up the strategic or thematic working groups at the national and regional levels that are necessary for the dialogue on CSA in cocoa production systems. Though governance systems and key partnerships are now in place, unanticipated political changes, particularly in West Africa, have delayed the stakeholder engagement process. However, ongoing CSC activities and consultations have been strengthened by increased attention by public and private partners to environmental stewardship. Areas of interest include improved modeling of climatic effects, research into improved agronomic practices, and concerns around deforestation. In response to this increased interest, WCF in conjunction with the Prince of Wales' International Sustainability Unit and IDH - the Sustainable Trade Initiative has created a sector-wide declaration of intent among more than thirty companies to produce a framework for action to end deforestation and forest degradation in Côte D'Ivoire and Ghana. Agroforestry is also high on key stakeholders' agendas, and the ACIDI/VOCA team is encouraging CSC partners in Côte d'Ivoire and Ghana to share their experiences and best practices.

The coming six months will feature increased attention to the development of additional pilots, building the framework for action with origin governments, and the necessary M&E systems and learning processes to ensure the development of an increasingly rich and actionable CSC investment plan over the coming three-year period.

II. Background

The Feed the Future Partnership for Climate Smart Cocoa is a four-year Program led by the World Cocoa Foundation in consortium with ACIDI/VOCA. This Program brings together USAID and nine private sector companies (Barry Callebaut, Cargill, Inc. (Cargill), ECOM Agrotrade Ltd. (ECOM), The Hershey Company (Hershey), Lindt & Sprüngli, Mars, Inc. (Mars), Nestlé, Olam International Ltd (Olam), and Touton) to address the challenges of climate change and deforestation in cocoa-producing landscapes. The Program focuses on two geographic clusters – West Africa (Côte d'Ivoire, Ghana, and Liberia) and Latin America (Dominican Republic, El Salvador, Honduras, and Nicaragua).

The CSC Program works through the cocoa and non-cocoa value chains to coordinate and leverage private sector investment in developing climate smart agriculture (CSA) in West Africa and Latin America. Sustained private sector engagement and investment in CSA, including cocoa and non-cocoa forest products, requires demonstrating to industry the predicted impacts of climate change on supply, objective analyses of the trade-offs between different CSA practices, a sector-wide strategy, and innovative tools and services to support effective engagement and investment.

The CSC Program began with an initial investment of \$1.7 million from USAID and approximately \$400,000 from WCF and its member companies. With these funds, the CSC Program is supporting strategy development and pilot activities in the areas of farmer training curricula, agroforestry market systems linkages, and drought-tolerant planting material. WCF anticipates that other USAID Missions and Bureaus, other donors, and/or additional companies may contribute additional funds as they learn about the CSC Program.

The CSC Program will adopt a value chain approach by supporting CSA mainstreaming at different entry points in the value chain to ensure a broad-based impact. The overall goal of the CSC Program is to increase private sector investment and engagement that promotes and supports the adoption of CSA among smallholders in cocoa-producing landscapes.

To achieve this goal, the CSC Program is focusing on two objectives:

- **Strategy:** Implement a shared cocoa/agroforestry strategy for addressing climate change threats to farmer

livelihoods and ecosystems in cocoa-growing regions.

- **Piloting Innovations:** Use lessons learned from successful pilots to guide private sector investment in targeted CSA activities to improve resilience for farmers, other supply chain partners, and ecosystems.

In Côte d'Ivoire and Ghana, the CSC Program includes an exciting new development. On May 16, 2017, an initial twelve WCF member companies¹ agreed to a collective statement of intent committing them to work together, in partnership with key public and private sector stakeholders, to end deforestation and forest degradation in the global cocoa supply chain. This 'Cocoa and Forests Initiative' will have an initial focus on facilitating a multi-stakeholder dialogue to develop a framework for action in Côte d'Ivoire and Ghana, which directly impacts all CSC Program companies' strategies and pilots in the West-African region. WCF collaborates on the development of the framework of action with IDH – the Sustainable Trade Initiative (IDH) and The Prince of Wales's International Sustainability Unit (ISU). WCF ensures alignment between the Cocoa and Forests Initiative and the CSC Program. All CSC members have signed the collective statement of intent, and WCF collaborates with the same government and NGO partners on both initiatives. Many of the solutions identified to address deforestation will be relevant for both the Cocoa and Forests Initiative and CSC Program.

III. Comparison of accomplishments against and targets for established performance and impact indicators

Comparison of accomplishments against and targets for established performance and impact indicators – year 1					
#	Indicator	Baseline	Y1 Target	Y1 Actual	Notes
Climate-Smart Cocoa Main Objective/Goal: Increased private sector investment and engagement that promotes and supports the adoption of CSA among smallholders in cocoa-producing landscapes	Amount of investment leveraged in U.S. dollars, from private and public sources, for climate change as a result of USG assistance (4.8.2-10)	\$2.1 M (\$1.7 USAID, \$400k companies)	0	\$25,000	\$25k from World Bank to support Climate Focus report on company commitments to address deforestation in the cocoa sector
	Number of participating private sector companies and corporations implementing CSA technologies and activities	9	9 (0 additional)	9	We will engage with additional companies after the strategic working groups are fully active and the inception report is available
	Number of CSA technologies and activities newly adopted by participating companies	0	1	1	All CSC companies have accepted and adopted the available climate change impact maps provided by the Learning Community
Climate-Smart Cocoa IR 1: Implementation of a shared cocoa/agroforestry strategy for addressing climate change threats to farmer livelihoods in cocoa growing regions	Existence of Climate-Smart Cocoa member ratified shared strategy document addressing climate change threats to farmer livelihoods in cocoa growing regions	0	0	0	Too early, this document will be developed out of the inception report in year 2, which is yet to be sent to the members
	Number of participating private sector companies and corporations engaged in Climate-Smart Cocoa	9	9 (0 additional)	9	We will engage with additional companies after the strategic working groups are fully active and the inception report is available
	Existence of Cocoa–Climate Landscape Report detailing the impact of climate change on the cocoa sector and current landscape of private sector activities and investments in CSA	0	0	1	WCF is awaiting final contributions from the Learning Community and will finalize the report in the next quarter
	Existence of cocoa agroforestry market system recommendations and work plan	0	1	1	Report has been delivered by ACDI/VOCA and is currently being reviewed
	Existence of multi-stakeholder workgroup, engaged to develop a shared cocoa/agroforestry strategy	0	4 countries	5 countries	Workgroups have been set up in all CSC countries but Ghana and Dominican Republic. In Ghana the presidential elections delayed the setup which is expected in May or June 2017. We are carrying out a

¹ Barry Callebaut; Blommer Chocolate Company; Cargill; CEMOI; ECOM; Ferrero; The Hershey Company; Mars, Inc.; Mondelez International; Nestlé; Olam and Touton.

					scoping mission in the Dominican Republic in April 2017
	Existence of CSA investment plan, including analysis of opportunities in CSA pilots and innovations	0	0	0	Too early, development will start in year 2
Climate-Smart Cocoa IR 2: Lessons learned from successful pilots used to guide private sector investment in targeted CSA activities to improve farmer adaptive ability.	Number of CSA pilots implemented and evaluated with learnings shared with the strategy workgroup	0	0	0	Too early, none of the pilots have been fully implemented yet
Climate-Smart Cocoa Outputs—IR2 7	Number of CSA pilot projects started through actors coordinating with Climate-Smart Cocoa program	0	3	3	CSA training pilot; Agroforestry market analysis pilot in Liberia; Drought and heat tolerant planting materials research scoping pilot in Latin America
	Number of CSA pilot projects that have been evaluated and marked for future recommendations	0	0	0	Too early for evaluation of pilots
	Existence of learning agenda for CSA pilot projects that identifies key learning questions	0	1	0	The learning agenda is still under development
	Number of actor-linkages and information sharing agreements established	0	4	5	WCF signed an LoI with Ghana REDD+ Secretariat (full MoU before the July 2017). In Central America MoUs were signed with LWR, VECOMA and ECOM. Several other MoUs are under development

IV. Program Summary Objective 1: Implement a shared cocoa/agroforestry strategy for addressing climate change threats to farmer livelihoods in cocoa-growing regions

During this reporting period, WCF engaged the private sector, USAID, and other key stakeholders in a strategic dialogue on climate change and cocoa. This process will produce an initial climate-smart cocoa strategy for the sector with an emphasis on private sector actions. The strategy will be a living document that the CSC Program will revisit and revise as the understanding of climate change issues evolve over time.

The CSC Program will achieve this objective through the following activities:

1. Report on the Cocoa-Climate Landscape: Build knowledge on the impact of climate change on the cocoa sector and the current landscape of private sector investments in CSA.
2. Cocoa Agroforestry Market System Assessment: Assess cocoa agroforestry market system to identify end-markets and market incentives for cocoa agroforestry products and key capacity building needs.
3. Governance/Structure for CSA Dialogue: Support/establish multi-stakeholder CSA platform/work group to begin strategic dialogue.
4. CSA Framework & Investment Plan: Identify short-, medium-, and long-term investment actions for addressing climate change in the cocoa sector that include investment opportunities in CSA pilots and innovations.

1. Report on the Cocoa-Climate Landscape

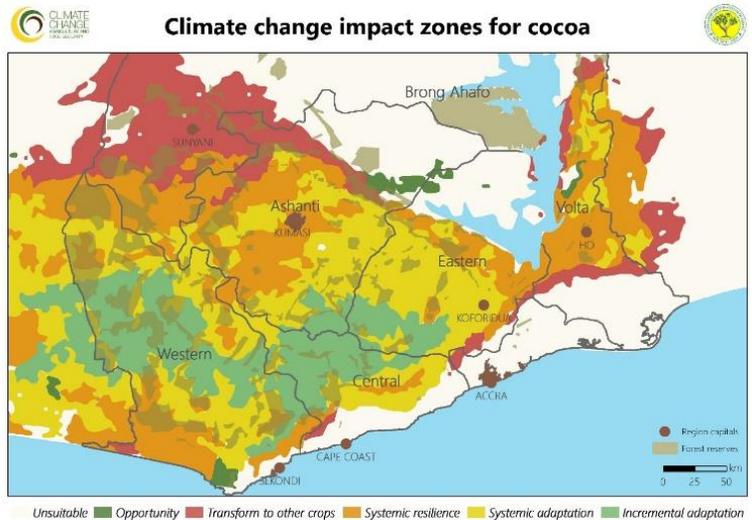
The CSC Program is developing the CSC ‘inception report,’ with several contributions still due over the course of this month. The report will cover: 1) CSA training materials, 2) agroforestry, including the market assessment, and 3) heat and drought tolerant planting materials. The Cocoa-Climate Landscape report is heavily dependent on inputs from the Learning Community (collaboration of CGIAR Research Program on Climate Change, Agriculture and Food Security (CCAFS), Sustainable Food Lab (SFL) and Root Capital). However, these critical inputs from the Learning Community have taken longer than expected to finalize, due to the availability of staff time and data required to carry

out the analysis. WCF expects these inputs shortly and anticipates completing the initial report by June 2017.

Cocoa-Climate Landscape Report: Impact of climate change on the cocoa sector

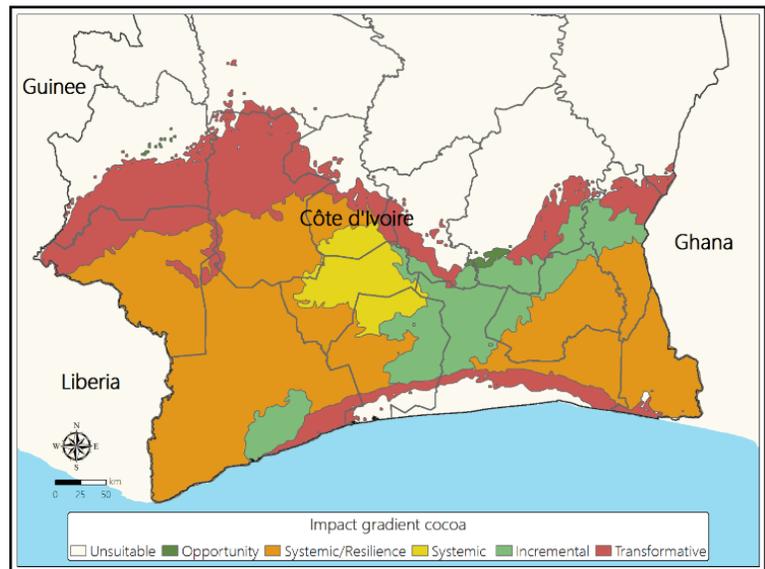
A considerable section of the report focuses on building knowledge on the impact of climate change on the cocoa sector. The long-term impact of climate change on cocoa production remains largely obscure, despite several studies by the International Center for Tropical Agriculture (CIAT). These studies have focused on West Africa cocoa countries because of the importance of the region to the sector. However, much less research exists on other regions, such as Latin America and Southeast Asia.

The objective of CIAT’s work on West Africa has increasingly moved from assessing the degree of climate impact toward providing guidance on how to implement adaptation strategies. Figure 1 shows the gradient of impacts for Ghana as developed by the Cocoa Research Institute of Ghana (CRIG) in 2016. The map gradients show the basic types of necessary adaptation strategies in Ghana: expansion, incremental changes, systemic changes, increased resilience, or transformational change.



During this reporting period, WCF worked with members to provide data to CIAT to complete a similar exercise for Côte d’Ivoire. The inception report is one approach to help CSC members to determine how to use the maps in their in-country operations.

During this period, WCF supported CIAT to develop climate change impacts predictions on cocoa in Mesoamerica using a big data approach. WCF helped to collect 6,000 geo-references of locations of cocoa farms from CSC collaborating partners including Catholic Relief Services (CRS) El Salvador; Lutheran World Relief (LWR) in Nicaragua; and Fundación Hondureña de Investigación Agrícola (FHIA) and Asociación de Productores de Cacao de Honduras (APROCACAO) in Honduras.



Cocoa-Climate Landscape Report: Current landscape of private sector investments in CSA

West Africa

WCF is partnering with the Learning Community to scope the landscape of private sector commitments/investments for CSA in cocoa and complementary forest products. Overall, companies demonstrate a strong willingness to look at the issue of climate change in West Africa and to investigate the integration of climate-smart practices into their operations. However, some companies have expressed doubts and questions on the best engagement strategy, whereas others question the certainty of the models (e.g. limited available research on cocoa physiology and response

to heat and drought). Moreover, companies do not have equal interest in all West African countries, generally showing a preference for initial investments either in Côte d'Ivoire or in Ghana.

Initial results of SFL's scoping, combined with the different interviews and visits by WCF in the region, generates the following general overview of initial interest:

Name	Interest level in W-Africa piloting of CSA action planning	Ghana	CdI	Both
Barry Callebaut	Connected to rehabilitation and rejuvenation efforts in Côte d'Ivoire	Low	High	
Blommer	High, through Rainforest Alliance (RA) & Olam in Côte d'Ivoire		High	
Cargill	Engaged Ghana Learning Communities' learning sites	Yes		
Cemoi	Cémoi is heavily invested in 'Cacao Ami de la Forêt' with Le Conseil du Café-Cacao and REDD+ secretariat	No	High	
Continaf	TBD			
Ecom	Engaged Ghana Learning Communities' learning sites	High		
Ferrero	TBD			
Guittard	Through Ecom (formerly Transroyal) in Offinso	High		
The Hershey Company	Through ECOM	High		
Lindt und Sprüngli	Through ECOM	Yes		
Mars	Heavily involved with The World Agroforestry Center (ICRAF) in Côte d'Ivoire, through the Vision 4 Change program		High	
Mondelez	Priority is deforestation, then CSA			Yes
Nestle	Have recently hired a dedicated cocoa person in Ghana			Yes
Olam	Works actively with RA and World Business Council for Sustainable Development (WBCSD), already uses maps			Yes
Touton	High, has an existing MoU with the Forestry Commission in Ghana			Yes

Both countries are undergoing policy and institutional reform processes regarding the nexus of cocoa, forests, and climate change strongly related to the work of the national REDD+ secretariats. Some companies struggle to see the opportunities for engagement and investment with these processes, and the CSC Program has made it a priority to provide clarity on these processes and point out the potential entry points for the private sector.

Latin America

Central America has a very small share of the world market of cocoa (approximately around 0.6%). However, the regional cocoa market grew 29% from 2011-2016.

Over the past four months, WCF traveled to each of the Central America program countries to meet with key actors in the cocoa sector. We found that there is a building collaboration of public and private sector partners across the cocoa value chain of El Salvador. In Honduras and Nicaragua, private sector actors actively engage in national cocoa development processes. WCF plans to carry out a similar scoping visit to the Dominican Republic in the beginning of the next reporting period.

Knowledge development - deforestation

With funding from the World Bank and in collaboration with the CSC program, the international advisory company Climate Focus delivered the detailed report "Eliminating Deforestation from the Cocoa Supply Chain" in February 2017. The CSC Program will use this report to help guide its own strategy development and the development of the framework for action for the Cocoa and Forests Initiative. The report outlines how a deforestation-related strategy of

the cocoa sector should concretely address cocoa as driver of deforestation, incorporate sustainable intensification, and involve smallholders. Poverty reduction interventions must ensure that increased productivity does not result in further deforestation. Jointly these solutions will act as the cornerstone of deforestation-free cocoa. WCF is currently awaiting approval from the World Bank to share the report with USAID and CSC member companies.

2. Cocoa Agroforestry Market System Assessment

During this reporting period, ACIDI/VOCA completed the initial cocoa agroforestry market system assessment/value-chain analysis (VCA) in Liberia which will be incorporated into the inception report. This VCA is the first key deliverable in the 18-month pilot in Liberia focused on improving market outcomes for cocoa agroforestry smallholders that launched in December 2016. The pilot takes a whole-farm, landscape-level, systems-based approach by including cocoa and non-cocoa products, serving to sustain producer engagement in cocoa and agroforestry, decrease extensification (expansion of farm to increase overall production), and foster resilience while increasing cocoa quality and supply. ACIDI/VOCA works primarily with producers in Nimba, Liberia where there is a strong base of cocoa agroforestry and opportunities for collaboration with allied projects. In carrying out this research, ACIDI/VOCA engaged actors across the value chain, key stakeholders, research institutes, and others to build sector-wide understanding, collaboration, and support for cocoa agroforestry systems. The VCA and stakeholder consultations aim to identify end markets, actions needed to tap end market opportunities, constraints to end market opportunities, interested buyers, producer engagement mechanisms, and potential program partners.

To conduct the VCA research, ACIDI/VOCA visited urban and rural hub markets and spoke with traders, producers and producer group representatives, farmers, a research center, a cocoa producer training organization with a nursery and a cooperative warehouse, and implementers of complementary projects. During this reporting period, ACIDI/VOCA also finalized the baseline M&E indicators, data collection instruments and workplan for the upcoming period. The VCA report was completed in March 2017 and is currently being reviewed by WCF. The CSC Program will share this VCA with USAID and the CSC member companies once finalized.

3. Governance/Structure for CSA Dialogue

During the last reporting period WCF focused on establishing the CSC thematic/strategic working groups in each program country (excluding Liberia, which is managed under the ACIDI/VOCA). The CSC Program made progress in Côte d'Ivoire and Ghana, as well as El Salvador, Honduras, and Nicaragua.

West-Africa

On November 1, 2016 WCF facilitated a CSC kickoff meeting in Grand Bassam (*please see attached participant list, presentation and summary notes*). The purpose of the meeting was to:

1. Align on the program's goals and objectives,
2. Identify opportunities for collaboration with other climate change programs in West Africa, and
3. Determine next steps to move the program forward.

Ghana representatives had difficulty attending the kickoff meeting because of the WCF Partnership Meeting in Abidjan, from which many representatives had attended the week prior. However, the CSC Program did see strong representation from Ivorian counterparts, company partners, NGOs, and USAID. One of the meeting's key deliverables was to identify the platform to facilitate the development of the CSC strategy in Côte d'Ivoire. Participants agreed that the CSC Program should align with the Thematic Working Group (TWG) on Environment and Climate Change that operates under the existing Public-Private Partnership Platform (PPPP) being led by Le Conseil du Café-Cacao (CCC). The Permanent REDD+ Secretariat (SEP-REDD) of the Ministry of Environment and Sustainable Development is the chairman of the TWG. The same TWG will also serve as the platform for the rollout of the Cocoa and Forests Initiative. For both initiatives, WCF collaborates with IDH as secretaries of the TWG. WCF seeks to find synergies with IDH's Initiative for Sustainable Landscapes (ISLA), with a focus on achieving 'production-protection-inclusion' agreements in the wider Tai forest area in Côte d'Ivoire.

Through follow-up conversations with partners and by carefully monitoring the changes after the electoral period,

WCF determined that the CSC strategy discussions in Ghana need to be aligned with the existing strategic Joint Coordination Committee (JCC) between the Ghana Cocoa Board (COCOBOD), Forestry Commission, and the Ghana REDD+ Secretariat, with leadership provided by the Ministry of Lands and Natural Resources. This connects to the launch of the Ghana Cocoa Forest REDD+ Program (GCFRP) that has been developed under the highly ambitious and internationally commended Emissions Reductions Program (ERP). A TWG in partnership with a broad set of private and public sector actors, civil society members, traditional authorities, and community representatives will perform at least three roles: 1) advisory body to the JCC of the GCFRP, 2) strategic working group for the CSC Program, and 3) a thematic working group to the yet-to-be-revived Ghana Cocoa Platform (GCP). When possible, CSC pilots will link to the GCFRP's Hotspot Intervention Areas (HIAs), covering up to 2.5 million ha, to serve as priority areas for immediate and concentrated interventions at the farm to landscape level.

The table below outlines the governance structure and key participants in each country:

	Côte d'Ivoire	Ghana (provisional)	Purpose
National coordination	CCC, SEP-REDD, with IDH and WCF as secretaries	COCOBOD, Forestry Commission, Ghana REDD+ (Joint Coordination Committee), Ministry of Lands and Natural Resources, WCF and [TBD]	Ensures that meetings are organized and the program progresses through frequent calls
Strategic Thematic Working Group on CSC	Existing Thematic Working Group, presided by SEP-REDD, performing tasks for the PPPP of the CCC, and for the CSC Program and the Cocoa and Forests Initiative	New TWG at the level of Ghana REDD+, based on collaboration between COCOBOD and Forestry Commission, performing tasks for the GCFRP under the ERP, for the Ghana Cocoa Platform, and for the CSC Program and the Cocoa + Forests Initiative	Meets on monthly basis to address specific agenda items. May look at strategy building, research questions, assessment of pilots, policy recommendations, the framework for action for the Cocoa and Forests Initiative
Pilots	In or close to protected areas within companies' operations	Within existing ERP HIAs or more general 'Community Resource Management Areas' (CREMA), preferably led by private sector company within a landscape approach	Learning on engagement and investment strategies that need further testing and validation will be achieved within specific pilot sites. Leadership by or jointly with CSC members

These two governing platforms will also be central to the development of the Framework for Action as part of the Cocoa and Forests Initiative and will link to WCF's CocoaAction Strategy platform in both countries, with which WCF's African Cocoa Initiative Phase II (ACI II) project launched on October 1, 2016 also aligns.

A key lesson learned since the start of the CSC Program was the need to be flexible in the design and implementation of the strategic platforms. Through our conversations with partners it is apparent that the cocoa sector, particularly in West Africa, is inundated with programs, platforms, working groups, and meetings. This creates both 'meeting fatigue' and confusion amongst stakeholders and can limit their participation and motivation to participate in any new initiative. Therefore, instead of integrating a new climate smart strategy platform at the outset of this CSC Program, the team spent the first months surveying the landscape and discussing with partners in both regions the optimal entry point for the CSC strategy discussions.

Latin America

Smallholders, many of indigenous and of Afro-Caribbean descent living in remote areas with poor infrastructure and high levels of poverty, produce most of the cocoa in the region. Cocoa-producing areas of Central America are also located within zones identified as part of the Central American Biological Corridor, resulting in the need for climate smart cocoa agroforestry systems to preserve biodiversity and conserve natural resources.

In 2016, the Central American Agricultural Council (CAC), a regional coordination platform of the Ministries of Agriculture from all Central American countries, prioritized the cocoa value chain for analysis of climate change adaptation needs and actions. WCF in alliance with Vredeseilanden en Mesoamérica (VECOMA) works with the Technical Secretariat of CAC to stimulate joint analysis toward the goal of a common regional vision for a sustainable cocoa sector and the development of a regional climate smart cocoa strategy.

The main platform for climate smart cocoa dialogue in El Salvador is the National Cocoa roundtable (Mesa Nacional de cacao) supported by Cocoa Alliance with the participation of public and private sector actors (Ministry of National Economy (MINEC), Ministry of Agriculture (MAG), National Center of Agricultural Technology (CENTA), National Agriculture School (ENA), Ministry of Natural Resources (MARN), Secretariat Technical Staff of the Presidency (PPRR), Development Bank El Salvador (BANDESAL) and Bank for Agricultural Foment (BFA), University of El Salvador and Centro Agronómico Tropical de Investigación y Enseñanza (CATIE)). WCF, in alliance with Catholic Relief Services (CRS), works with these platforms to foster climate smart cocoa strategies and pilots in country.

The main platform for cocoa value chain and climate smart cocoa dialogue in Honduras is the National Cocoa Value Chain Committee, supported by the National System for Technical Assistance in Cocoa (SINATEC). WCF, in alliance with LWR, FHIA, APROCACAO, Foundation for Rural Business Development (FUNDER), and Chocolats Halba, works with these platforms to support climate smart cocoa strategies and pilots in country.

The National Cocoa Value Chain Commission, supported by the Nicaragua Association of Growers and Exporters (APEN), acts as a platform to analyze cocoa value chain development. The private sector, led by ECOM and Cargill, has also convened cocoa sector actors to foster higher productivity, better quality, and improved natural resource conservation in cocoa agroforestry systems. WCF works with these platforms in alliance with ECOM and APEN on climate smart cocoa strategies and pilots in country.

4. CSA Framework & Investment Plan

As part of the CSC program, WCF will produce an investment plan for the implementation of pilot activities. The investment plan will identify short-term, medium-term and long-term investment actions for addressing climate change in the cocoa sector. Short-term actions are those that can be taken relatively quickly based on current information. WCF convenes key stakeholders in each country and the region to develop the CSC Program's strategy objective and to promote a more sustainable cocoa sector by assisting farmers to adapt to climate change.

West Africa

In West Africa, strategy development will follow a similar path in both Côte d'Ivoire and Ghana using the TWGs described above as the dialogue platforms to 'translate' the globally-focused CSC inception report into national CSA strategies. Through the TWGs in both countries, WCF will work with a broad stakeholder group to single out themes at the national level and show the business case and entry points for increased engagement and investment by the private sector. In the second part of 2017, this will increasingly involve the prototyping of investment strategies and the design of pilot activities in collaboration with the TWG. In addition, this work will align with the framework for action being developed as part of the Cocoa and Forests Initiative. In many cases, company investments to address climate change will be the same as or closely linked to those focused on tackling deforestation.

Latin America

During this reporting period, the CSC Program team identified the key stakeholders to participate in the strategic working groups in each country. In addition, with the limited resources in the CSC Program, WCF identified and will rely on "anchor partners" to help move program activities forward in each country. WCF signed MoUs with three anchor partners (ECOM, LWR and VECOMA) during this period.

- V. Program Summary Objective 2: Use lessons learned from successful pilots to guide private sector investment in targeted CSA activities to improve resilience for farmers, other supply chain partners and ecosystems.

Five key activities will contribute to the achievement of this objective:

1. **Identification and Design of Pilots:** Identify and link sector actors with specific interest in piloting CSA relevant projects to refine and design pilots.
2. **Implementation of Pilots:** Facilitate implementation of CSA pilots (starting with initial pilots).
3. **Identification of Key Questions:** Identify key learning questions to guide pilot M&E and additional studies/analysis.
4. **Lessons Learned:** Compile lessons learned from pilots in accordance with identified sector needs.
5. **Promotion:** Refine and promote successful pilots to attract additional investment.

1. Identification and Design of Pilots

In addition to the three initial pilots, WCF is also identifying other potential pilots to be incorporated in the program. The work to develop a framework for action as part of the Cocoa and Forests Initiative will likely identify additional potential pilots to be linked to this program.

CSC Training Curriculum

As part of the work to develop a CSC training curriculum, WCF will build upon similar efforts already taking place. RA, in partnership with the SFL/CGAIR's CCAFS CSC project in Ghana, started work on curriculum development. WCF is in negotiations with RA and UTZ to expand upon the recommended practices from that program and collaborate on the development of a pre-competitive set of training supplements on CSC to be used first in Ghana. This will incorporate inputs, particularly the recommended CSA practices per climatic impact zone, developed as part of the SFL/CGAIR's CCAFS CSC project. The CSC Program will subsequently adapt these initial materials (designed for Ghana) for use in Côte d'Ivoire through additional research, testing, and validation. WCF will also examine how the tools may be brought to the CSC activities in Latin America.

Heat and Drought Tolerant Planting Material

During this period, WCF made progress in designing the pilot activities to screen for heat and drought tolerant planting material, which is also directly linked to the ACI II program. In July 2016, WCF received an 18-month, USDA-FAS grant entitled "Strengthening the Cocoa Value Chain." Through a portion of this grant (approximately \$60,000) and in partnership with Bioversity International, WCF is facilitating the development of a plan to evaluate the current state of research on drought and heat tolerant planting material and to develop a methodology for evaluating material as part of the CSC Program and other projects, including ACI II.

The objectives of this work include:

1. Understand current knowledge on the physiological response of cocoa and the genetic diversity to drought and heat,
2. Map the institutional landscape on cocoa drought and heat tolerance research, and
3. Develop a pragmatic framework for a research program and related priorities for the next 3-5 years.

During this period, the following activities were completed:

- Recruitment of a post-doctoral Research Fellow to join the cocoa research team at Bioversity and support the delivering of the project expected outputs. The Fellow is based at the CATIE in Costa Rica;
- Completion of an in-depth review of published literature on drought and heat tolerance in cocoa and the role of genetic diversity to get a better understanding of what is known about cocoa climatic resilience and key research questions. WCF is reviewing this work and will share it with USAID, USDA, and other partners shortly; and
- Introduction of the Research Fellow to a vast network of public and private sector partners, including research institutes, producer organizations, and industry representatives to collect additional information on unpublished and on-going research work in this area. This includes the African and Latin America Cocoa Breeders Working Groups (ACBWG, LACBWG).

The CSC Program team works closely with the ACI II team because the development of the workplans and

methodologies of each program will inform the implementation of the screening trials in a reciprocal manner. Given the modest financial resources of the CSC Program, WCF intends to have the CSC Program directly fund ongoing drought tolerance breeding work in Latin America, while ACI II will fund a parallel effort in West Africa that uses a similar protocol, in collaboration with the ACBWG. Since all the genetic material for breeding originates in Latin America, ACI II will coordinate with the CSC Program to articulate screening needs at both CATIE (Costa Rica) and the Cocoa Research Center (Trinidad), where important international collections are housed. Where specific materials are needed in West Africa, the ACI II program will work to request and transfer these materials to West Africa. By feeding into the same global CSC platform, efforts in both West Africa and Latin America will contribute to the global action plan for drought tolerance breeding.

Cocoa agroforestry market systems linkages

This pilot—aligned with Objective 1, activity 3: Cocoa Agroforestry Market System Assessment earlier—will provide farmers with sustained, market-based investments in cocoa agroforestry production systems. With a focus in Liberia, the CSC Program will accomplish this in part by connecting cocoa agroforestry producer groups to markets for non-cocoa crops that they are not marketing as successfully as they could, and connecting them to markets that will offer price premiums for cocoa. Training activities associated with the pilot will begin at the start of the next reporting period.

Linked to the work on agroforestry market systems, ACDI/VOCA will be traveling to Côte d'Ivoire and Ghana in late May to teach CSC member companies ways to implement cocoa agroforestry market development activities in their projects. They will gain an understanding of partners' current activities and resources, conduct a rapid appraisal to identify profitable end-market opportunities for cocoa agroforestry products from both male and female producers, and produce and deliver a report with recommendations as to what actions WCF and partners can take to implement market linkage activities in their projects. WCF is working with ACDI/VOCA to identify the companies interested in engaging in this pilot activity.

Other Pilot Opportunities (currently not funded)

In addition to the initial three pilots, WCF continues to identify other potential pilots that may be linked to the CSC Program. In West Africa, through the development of the Cocoa and Forests Initiative framework for action, WCF will help identify pilot activities led by both public and private sector partners which can be incorporated in the CSC Program. Moreover, WCF is exploring opportunities to align pilots with the UNDP Green Climate Fund and Ghana REDD+ ERP. Some examples of areas under investigation are landscape governance mechanisms, finance models for replanting and rehabilitation, and land and tree tenure.

Similarly, WCF is exploring pilot opportunities in Latin America. During the reporting period, WCF gathered information about climate smart cocoa initiatives of in El Salvador, Honduras and Nicaragua via interviews and field visits with key private and public sector actors.

2. Implementation of Pilots

WCF began negotiations with RA and UTZ to develop the CSC training curriculum that CSC members will get the opportunity to test and validate in the next reporting period with CSC partners in Ghana, and later on also in Côte d'Ivoire.

With additional funding support from USDA, WCF started work to develop the workplan and methodology for the screening of heat and drought planting material. WCF will begin implementing field trials during the next reporting period.

As part of the agroforestry market systems pilot, ACDI/VOCA completed the following activities over the last reporting period:

- Characterized cocoa agroforestry systems in the intervention area;
- Identified cocoa agroforestry crops with the greatest potential to improve market outcomes, incentives to

invest in cocoa agroforestry, and producers' willingness to maintain and enhance biodiverse cocoa agroforestry systems;

- Identified end markets for cocoa agroforestry crops with the greatest potential for inclusive growth in the project period;
- Identified potential partners and buyers;
- Characterized value chain linkages and the dynamics of relationships among actors;
- Identified key constraints to improving market access for cocoa agroforestry crops, and value chain actors' investments in cocoa agroforestry production systems; and
- Identified potential interventions to address constraints, and the partners and change drivers who can help foster upgrades and collaborate on implementation.

3. Identification of Key Questions

WCF will work with the CSC partners and TWGs, as appropriate, to develop learning questions for each pilot beginning in the design phase. With the identification of the key questions, WCF will design relevant systems to collect and collate timely performance data that enables the program team to manage for results, improve program performance, and provide quality data to meet the M&E needs of USAID and effectively monitor and evaluate the pilot activities. This data collection aims to leverage learnings from a successful CSC pilot in additional key dimensions like gender, environmental impacts, and potential future scaling efforts.

4. Lessons Learned

Following the development of the M&E methodologies for each pilot, WCF will collect relevant data from the pilot activities. WCF will work with the CSC partners and TWGs, as appropriate, to analyze the pilots for key lessons learned and to determine possible scalability. Lessons will be shared with USAID and participating WCF member companies, as well as the strategic platforms in each of the countries. With the assistance of the Learning Community, the CSC Program will exchange lessons learned with the Climate-Smart Coffee program led by the Hans Neumann Foundation.

5. Promotion

The CSC Program team is designing the M&E and communication strategy in anticipation of sharing the successes and challenges in pilot development. The intent is to catalyze private sector adoption of successful innovations.

VI. Operations

During this reporting period, WCF requested adjustments be made to the proposal narrative to include language specifically on deforestation. Following the launch of the CSC Program, company and government partners have highlighted deforestation as a growing and significant concern to cocoa sustainability. Moreover, strategically in both Côte d'Ivoire and Ghana, the CSC Program aligns its work and the establishment of strategic platforms with partners and programs tackling deforestation. While the CSC Program does believe that addressing deforestation is inherent in climate smart agriculture, the proposal could have articulated the linkage more strongly. Therefore, some slight adjustments in the proposal's language makes addressing deforestation more explicit in the program design. It will also support our conversations with potential donors in the future who may place a greater emphasis on deforestation. USAID is currently reviewing this request. In addition, the CSC Program Director and other WCF staff developed and submitted the Climate Smart Cocoa workplan to the AO in March 2017.

VII. Communications and Outreach

On December 14, the CSC Program Director organized a panel discussion in innovations in climate-smart cocoa as part of the Agri-Chains and Sustainable Development annual conference hosted by CIRAD. The panel discussion provided concrete examples of CSA innovations that private sector partners have adopted across their cocoa value chains. It also presented how leveraging multi-stakeholder platforms can foster greater collaboration and more

efficient and effective initiatives. Finally, the CSC Program Director presented on the CSC program. Other participants on the panel included CIAT, the International Institute for Environment and Development, Mars, Inc., the Moringa Fund, Valrhona, and IDH. Over 260 people participated in the conference and over 50 participated in this panel conversation.

On March 30, 2017, WCF facilitated a webinar on CSC and deforestation featuring three companies (Chocolats Halba, Touton, and Valrhona), who presented on their CSC initiatives. As experience shows that companies will adopt best practices and successful interventions when demonstrated through public-private partnerships, the team considered this a great success.

West Africa

The CSC Program began field implementation in October 2017 with the hiring of a West Africa CSC Program Manager and the organization of a kickoff event in Grand Bassam, Côte d'Ivoire in November 2017 involving key national partners and much of the global sustainability leadership of the CSC member companies. The discussions identified entry points for strategic engagement in Côte d'Ivoire and Ghana as well as essential steps forward. Through numerous meetings, the team has subsequently presented the CSC Program to all relevant cocoa, forest, and climate change institutions in Côte d'Ivoire and Ghana, higher executives of cocoa institutions, and representatives of all company members for their input and support.

Several climate smart initiatives exist in both Côte d'Ivoire and Ghana, and the CSC team works to ensure that stakeholders recognize the CSC Program as an important and complementary program to convene the private sector. For instance, in Côte d'Ivoire, the CSC Program forged an alliance with the IDH-ISLA program, a leading voice in the discussion of agroforestry as a CSA approach in cocoa. In Ghana, much revolves around the CSA mainstreaming project by CCAFS, with links to BMZ-funded research projects as well. Thus, the sector acknowledges the CSC Program as one of the most obvious pathways for research uptake and scaling.

Latin America

The Latin America CSC Program Manager presented the strategy for rolling out the CSC program to Cocoa Alliance members in El Salvador in November 2016, to National Cocoa Value Chain Committee members in Honduras in February 2017, to members of National Cocoa Value Chain Commission of Nicaragua in February 2017, to the members of national Chambers of Cocoa of Nicaragua in February 2017, and to a wide audience at the National Cocoa Forum in Nicaragua in March 2017. The CSC Program Manager also presented the program and the possible cocoa germplasm evaluation for heat and drought tolerance to WCF Borlaug fellows in Ecuador in March 2017. The CSC Program Manager will travel to the Dominican Republic in April 2017 to work with and learn from potential program partners.

VIII. Discussion of any implementation problems encountered

During the past reporting period, the CSC Program team determined that there was not a functioning public-private platform in Ghana to align the CSC strategy discussions and facilitate industry engagement with the government bodies. Therefore, initial work was needed to re-establish the Ghana Cocoa Platform, which could serve this purpose. Moreover, during the first quarter of 2017, the elections in Ghana made it difficult to engage with the government institutions between December 2016 and well into 2017 due to the change of leadership in virtually every cocoa and forestry institution and at the department level. This caused a few months' delay in the thematic working group in CSC set up discussions.

Beginning in January, 2017 the slump in cocoa prices has caused both economic and social hardship for the government and the producers. This has resulted in sporadic civil unrest and WCF, in a pre-emptive fashion, limited travel both within the country and internationally to the country out of a concern for safety and welfare of staff. This unfortunately resulted in a slowdown in project activities and in-country consultations with partners and the government.

IX. Summary of expected activities over the next six months

Please note that WCF has already submitted the project year 2 workplan, which is currently under review by USAID. This workplan will cover the program from April 1, 2017 to March 30, 2018. The following is a brief summary of key activities outlined in that submission:

1. Program Summary Objective 1: Implement a shared cocoa/agroforestry strategy for addressing climate change threats to farmer livelihoods in cocoa-growing regions:
 - Presentation of Inception Report consolidating information on impact of climate change, risk assessment and CSC landscape to USAID, company members and other potential public and private implementing partners;
 - Climate change impact modelling by CIAT on cocoa for several countries in the Latin-American region;
 - Share VCA report with WCF member companies;
 - Climate Smart Cocoa Strategic Working groups established and functioning in all the target countries. In Côte d'Ivoire and Ghana, this is aligned with the development of the framework for action under the Cocoa and Forests Initiative;
 - Development of concept notes with companies and implementing partners for additional CSC pilots;
 - Relevant MoUs presented to USAID for approval; and
 - Continue to manage initial pilots on agroforestry and planting materials, start a pilot on CSC training materials, and potentially start additional pilots.

2. Program Summary Objective 2: Use lessons learned from successful pilots to guide private sector investment in targeted CSA activities to improve resilience for farmers, other supply chain partners and ecosystems:
 - Use Inception Report to engage private sector partners on (collective) learning through pilots, and incite their interest in specific themes and solutions;
 - Learning alliances established and collective learning process initiated (Central America);
 - First set of climate-smart cocoa pilot projects and sites identified;
 - Key indicators identified and developed, and effective monitoring and evaluation process set up with actors involved in CSC pilot sites;
 - Plan for multi-site cocoa germplasm evaluation for heat and drought tolerance in Central America and Caribbean developed and reviewed; and
 - Initial version of Climate Smart Cocoa training modules available, in collaboration with RA (Ghana) and UTZ (Côte d'Ivoire).