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“We can’t solve problems by using the same kind of thinking we used when we created them. – Albert Einstein
Executive Summary

Dear Colleagues,

The foremost request from World Cocoa Foundation (WCF) members over my time thus far as president has been to use WCF as a conduit to accelerate learning and knowledge sharing toward a sustainable cocoa sector. That’s exactly the path taken in the exciting two days of the 2017 WCF Partnership Meeting.

Farm-level input providers, financial institutions, cocoa and chocolate manufacturers, development organizations and other sustainability experts came together to reflect on digital solutions to improve access to finance and boost agricultural productivity for a sustainable and climate smart cocoa sector.

The UN Sustainable Development Goals (SDGs), including SDG 17 and its focus on partnerships, provide the over-arching framework for how we define sustainable development in the cocoa sector and what we aim to achieve by 2030. Over the past year, WCF and its members have created a new vision of a sustainable and thriving cocoa sector – one where farmers prosper, cocoa-growing communities are empowered, human rights are respected, and the environment is conserved. At the heart is a commitment to find solutions to improving traceability and transparency, inclusive growth and social impact and efficiency and professionalization.

Day One of the Partnership Meeting presented and explored the enormous challenges that must be addressed if we are to deliver on our commitment. The global cocoa sector – which provides livelihoods for some 5 million farmers around the world – faces persistent challenges of economic, social, and environmental sustainability. Poverty and inequality are endemic in many cocoa-growing communities, which have limited access to basic infrastructure and services. Many cocoa farms are underproducing, with aging trees, lack of access to improved planting material, and declining soil fertility. Child labor remains a problem. Cocoa farming has spurred deforestation in West Africa, exacerbating climate change that poses a serious threat to future cocoa production and farmers livelihoods.

Day Two provided a range of ideas and innovative solutions to the challenges, particularly through the stimulating Chocothon and Innovation Marketplace. Participants overwhelmingly recognized that it is important to learn from our experiences and failures – not just our successes, and emphasized solutions and problem solving. The sector must promote a shared vision and collective action within industry and with all stakeholders, recognizing the critical role of governments.

As one of our amazing Chocothon teams pronounced, it’s time to “Run Cocoa Run” by delivering solutions on the ground and in the field to farmers and their communities. One avenue is to learn from other commodities, sectors and geographies. We must be intentional, and we must trust each other.

This year’s Partnership Meeting also examined the potential transformative role of technology and innovation. Technological change and innovation are recognized as critical drivers to boost productivity, competitiveness, and economic growth in the global economy. Within the cocoa sector, these factors have huge potential to accelerate sustainability and raise cocoa farmers out of poverty. For this reason, WCF is deepening its focus on technology change and innovation, and looking for ways to better help member companies and origin governments develop stronger “innovation ecosystems” as well as “innovation building blocks” for reaching impact and scale on our development goals.

We’re not backing down in our quest to accelerate learning and knowledge sharing. Please mark your calendars now for a renewed focus on joint learning and knowledge sharing at the next Partnership Meeting, taking place in São Paulo, Brazil, on October 23 and 24, 2018.

Richard Scobey
President
**Day 1: Challenges**

**Framing the Grand Challenges: Cocoa in 2030**

More than 300 participants representing technology and farm-level input providers, innovators, financial institutions, chocolate manufacturers, development organizations and governments gathered for the WCF Partnership Meeting, on October 24 and 25, 2017, to discuss “Accelerating Sustainability Through Technology and Innovation” with the goal of “inclusive innovation” models and technologies for improved transparency, inclusive growth and increased efficiency in the cocoa supply chain.

**Opening Remarks**

Master of Ceremonies Lucas Simons explained the innovative format designed to bring to life the theme of innovation and technology with the aim of stimulating interaction and inspiring change. Lucas added that the 2017 meeting was designed to rethink, revisit and refresh the conversation with innovative solutions to challenges standing in the way of a sustainable cocoa sector. The Partnership Meeting was organized into sessions focused on “Challenges” (Day 1) and “Innovations” (Day 2) with the aim of providing a vision of a thriving cocoa sector in 2030 and using the SDGs – overlapped with WCF company commitments in CocoaAction and Cocoa & Forests Initiative - as a point of reference.

Lucas and WCF President Rick Scobey presented key sustainability challenges including:

- Farmer Livelihoods and Poverty
- Current Market Conditions
- Low Farm Productivity
- Community Development
- Deforestation and Climate Change
- Child Labor

Faced with these challenges, WCF responds with a vision of a thriving cocoa sector – where farmers prosper, cocoa-growing communities are empowered, human rights are respected, the environment is conserved.

Rick reminded the audience of WCF’s mission: to catalyze public-private action to accelerate cocoa sustainability - through multi-stakeholder partnerships, aligned public and private investment, policy dialogue, and joint learning and knowledge sharing.

“Poverty is the cornerstone of the problem. We will not stop child labor or deforestation without eliminating poverty.

– Nicko Debenham
Framing the Grand Challenges: Cocoa in 2030

Keynotes

JB Aidoo, CEO of the Ghana Cocoa Board, sounded an optimistic note saying cocoa lends itself to sustainability with proper innovation and technology. However, Ghanaian cocoa farming is an industry with aging farmers and trees, small farms averaging 2.5 hectares in size, trees diseased with the swollen shoot cocoa virus and production/yield so low that farmers are turning to illegal mining on their lands.

Production controls are not the answer as small farmers will be unwilling to shift back to cocoa if their production is limited. Instead they will turn to rubber, palm and illegal mining. The Ghana Cocoa Board aims to aid farmers through irrigation to improve bean size; weeding through motorized slashing; hand pollination; pruning diseased trees; and developing farmer databases to track soil moisture, yield and labor needs and training on crop diversification.

**COCOBOD has packaged interventions that basically aim at enhancing efficiency and productivity of the Ghanaian farmer. This is being done not only to discourage them from selling their farmlands, but it is also meant to make cocoa farming a lucrative venture and attractive to the youth. - JB Aidoo**

WCF Chairman Barry Parkin reported on changes over the last year in four areas of cocoa sector concerns that he outlined at WCF’s 2016 Partnership Meeting: competitiveness, child labor, cocoa swollen shoot virus, and climate change. He also spoke to four reasons to be cheerful: commercial farming, clones, consumption, and CocoaAction. He stressed the need for more innovation to drive sector-wide change, with more countries, companies and farmers involved. Collaboration is key and has brought about positive action in two key cocoa sector challenge areas, child labor and climate change/deforestation. Early results from the International Cocoa Initiative’s pilot, monitoring and remediation projects point to a 51 percent decrease in the worst forms of child labor. The Cocoa & Forests Initiative has brought about increased funding and progress to regenerate forests in Côte d’Ivoire where cocoa farming has taken hold in protected areas. CocoaAction, an industry-wide effort to improve sustainability in the cocoa sector, has touched 147,000 farmers in 330 communities.

Nena Stoiljkovic, vice president of Blended Finance and Partnerships at the International Finance Corporation, addressed the challenge of sustainability in the cocoa sector from the perspective of a development bank focused on private sector partnerships. She noted that the World Bank considers the Sustainable Development Goals related to poverty reduction as a mandate for action that cannot be achieved without the private sector. The goal is to use technology and innovation to reduce risks and create opportunities for the private sector. Companies can encourage inclusive growth and efficiency to address environmental and social issues in cocoa growing communities.

Ms. Stoiljkovic laid out three technology and innovation priorities for the cocoa sector in West Africa, including training to improve smallholder livelihoods, financial literacy and traceability and creating social change for reforestation. One example is a private sector partnership where it was learned that farmers preferred to be paid digitally rather than at a bank a considerable distance from where they lived. IFC developed a digital system to pay farmers through mobile banking. By early 2018 it is expected that 25,000 farmers will be paid $10 million through that system.
Day 1: Challenges

Grand Challenger Breakout Sessions: Traceability & Transparency

Antonie Fountain opened the session by challenging the group to agree on an understanding of the extent of the challenge toward a sustainable cocoa sector. He noted that there can be no true solution unless there is a thorough understanding of the problems and that “we are still quite blind” in understanding these challenges in the cocoa sector. He challenged CocoaAction to be transparent and share results of its activities on a regular basis. He also praised enhanced sharing of company information on child labor in the cocoa supply chain.

During the lively morning breakout session on the importance of access to data for traceability and transparency, questions were asked on the overall purpose and expected result of data sharing. Participants recognized that transparency can only be as good as the data collected, and questionned the link between transparency and liability - in the context of private companies, data is proprietary information. They also discussed due diligence laws as a prerequisite to any transparent supply chain, and about government role in any system beyond voluntary. Another question raised touched on the farmers’ perspective: do farmers know how to use data? It was agreed that decision making cannot only be based on data but also on participatory qualitative information and that transparency requires shareability, transferability and access to open sources.

The afternoon session focused on the future of standards and identified these challenges and opportunities:

- Mass balance: the cocoa sector is moving away from this model.
- Government’s support: this is essential for the success of standards systems.
- Transparency and child labor: transparency is a pre-requisite.
- Transparency and reputation: what is the business case for being vulnerable and brave?
- Industry-wide efforts: importance of supporting the World Cocoa Foundation and International Cocoa Initiative
- Farmer voices: standardizations should be established with contributions from farmers.
- Impact: only impact will confirm the long-term viability of standards.

Challenges to traceability and transparency include an inability to communicate or network effectively with smallholders, preventing scale up, and government-mandated prices, which block the opportunity to offer premiums or higher prices.
Grand Challenger Breakout Sessions: Inclusive Growth & Social Impact

Joan Larrea suggested that a business case can be made for social impact blended financing by combining donor, government and industry funds. Mission and profits can go together, because “soft money/handouts” are not sustainable. Examples of industries where social impact financing has been successful include carbon markets that allowed renewable energy market to flourish. Today that market is largely sustainable and profit-making. Blended financing can include financing for small farmer clients once the business has been established.

The idea of “oldovation”, or going back to basics, was discussed. Is there a simple solution to why a positive change or behavior isn’t happening? Who can take on a specific risk? Trust remains an issue; aid organizations don’t trust business and vice versa.

Other challenges include the lack of crop diversification due to poor access to information, the prevalence of traditions, aversion to risk, and little overarching agriculture policy and planning.

“Social Innovation is a way of approaching innovation that has a social impact.
– Beatrice Moulianitaki

Grand Challengers also expressed their concerns regarding the next generation of cocoa farmers: How do we encourage young people to remain in cocoa? This generation has ambition, energy, substance, enthusiasm but is vulnerable and lack skills. How can younger people become entrepreneurs? Long term “patient capital” in the form of mentors, coaches, challenge fund (small grants), and having businesses share potential opportunities/expectations for employees/entrepreneurs were offered as solutions.
Grand Challenger Lee Babcock opened the session by noting that there has not been a strategic approach to the important goal of professionalism and modernization of cocoa farming. He emphasized that achieving modernization in the cocoa sector will require a roll out of digital solutions in the cocoa supply chain and challenged the group to be open to and offer new solutions during the Partnership Meeting.

Session attendees emphasized several crucial factors leading to the professionalization of cocoa farmers:

• Help young farmers with access to finance.
• Determine appropriate interest rate for farmer loans.
• Identify farmers who are more willing and ready to become professional farmers.
• Take into account social inclusion in our solutions.
• Include services such as financial and inputs in SDMs approach.
• Explore knowledge management platforms as necessary.
• Think about how to build and manage partnerships.
• Recognize the importance of land tenure and land titling.
• Use digitized payments, when a functioning network is available.
• Do not overestimate the need for professional cooperative management.
• Create opportunities for women in the value chain and their cooperative work.
• Examine cost of labor in value chain.
• Consider service delivery model as a business opportunity.

Factors influencing farm modernization include:

• Meaningful partnerships that lead to modernization.
• A dual track of farm and landscape level modernization.
• A coherent and consistent policy environment.
• A long term vision.
• Impact, land, labor, and information as barriers to investment.
• A non-competitive space such as CocoaAction.

Educational policies must be improved along with the practical aspects of education such as schools, teachers and curriculum. Education is a human right and is directly tied to productivity and sustainability. Systems should be designed based on what cocoa communities want and not what funders believe people need.

“Sustainability needs to be a good business case for farmers.”
— Julia Bolton
Innovations Shaping Cocoa in 2030

Opening Remarks
Sergio Restrepo presented CasaLuker’s ‘Chocolate Dream’ program. CasaLuker is a family cocoa and chocolate business founded in 1906 in Columbia. In 1962, the company opened ‘Granja Luker’, an applied research center, and has trained 30,000 smallholder farmers to cultivate their own land. CasaLuker believes in corporate leadership with a social mission, the transformational power of cocoa, and cocoa as a nutritious food. The company supports education, entrepreneurship and innovation in their community, and advocates for the environment, better infrastructure, connectivity and technological innovation in rural areas.

Keynote Speeches

Willy Foote, CEO of Root Capital, a nonprofit impact investing firm focused on agriculture, presented a bleak medium and long-term outlook for cocoa farming without an infusion of innovation. He questioned whether there is an incentive for farmers to continue producing and suggested looking at other sectors that have redefined the challenges.

“Tied to SDGs, blended investments go where angels fear to tread.” – Willy Foote

Using coffee as an example, where a combination of mixed financing/blend of capital, technical assistance and income diversification helped bring the sector back from a climate calamity, Mr. Foote laid out a blueprint for the cocoa sector:

First, create top-notch agronomic extension services starting with access to fertilizer and plant stock, as well as training to ensure better practices.

Second, financial Institutions (or traders) must be willing to make long-term loans that consider the realities and timelines of crop renovation. WCF Partnership Meeting attendees, including financial institutions, chocolate manufacturers and development organizations, can play a critical roles in providing the blend of capital with differing risk/return expectations and impact objectives, and including risk mitigators such as partial loan guarantees or insurance products.
Innovations Shaping Cocoa in 2030 (Cont.)

A third ingredient is that farmers themselves must be willing to make long term investments. They need long-term contracts with reliable buyers; fair and transparent pricing; and more advanced decision-making tools to remove the guess-work and help them objectively evaluate the expected return on investment. An updated, modern policy environment, coupled with new services for the professional cocoa farmer of the future, are essential ingredients to sector renewal.

An uncomfortable truth is that much of what is needed collides with competitive practices and weak governments. Impact investing is a risky business, but impact is crucial to maintain small agriculture businesses in some countries.

In his speech, Wayan Vota, a digital development entrepreneur, talked about scanning technology for impact. In other words, how can we use technology to improve people’s lives? Increases in capacity aren’t always necessary for technological solutions. A good example is the use of FM radios and mobile technology in local dialect. At the same time new technologies shouldn’t be forced on farmers who may not want or understand them. WCF has the opportunity to bring innovation forward. The cocoa sector is well positioned to use technology to accelerate sustainability.

But the overarching lesson, whether for coffee or cocoa, is to pilot and learn from coordinated, multi-stakeholder approaches that leverage a diversity of actors and the distinct assets and abilities of each one to address industry-wide problems.
Innovation Marketplace: Exploring Innovations Shaping Cocoa Sustainability

Armed with the notion that the cocoa sector is well positioned to use technology to accelerate sustainability, the Innovation Marketplace offered Partnership Meeting attendees the opportunity to find out firsthand about innovative solutions to many of the challenges of Traceability and Transparency, Inclusive Growth and Social Impact, and Efficiency and Professionalism.

Marketplace attendees asked five questions as they engaged with innovators:
1. Why am I excited about the solution?
2. Can it solve my challenges?
3. Can I use it?
4. What are the risks?
5. What can I do to make this solution more successful/impactful/bring to scale?

The Innovators
Learn more about the 24 innovators that participated in the Innovation Marketplace here.

**Traceability & Transparency**
- Starling - The Forest Trust
- Global Forest Watch Pro - World Resources Institute
- Sustainability Map Tool - International Trade Center
- Global Traceability Platform - Ata Marie
- Africa Cocoa Village - Manobi
- Supply Chain Intelligence and Visibility - SupplyShift
- Beantracker - Chain Point
- Chocolate Blockchain - SourceMap

**Inclusive Growth & Social Impact**
- Equitable Business Model - Theo Chocolate
- When Cocoa Goes Digital: Automatic School Loan for Farmers - Advans
- Impact Investing for Smallholder Farmers - OikoCredit
- Bring the Bank to Her - Women’s World Banking
- System Innovation for Women’s Economic Empowerment - Oxfam
- Financial Leverage to Tackle Undernutrition - The Power of Nutrition

**Efficiency & Professionalization**
- Digital Weather Platform - Kukua
- Crop Coat - Crop Enhancement
- Olam Farmer Information System - Olam
- Productivity Investment Menu - Touton
- Affordable and Profitable Replanting - Arysta Callivoire
- Innovative Fermentation Process - CÉMOI
- Land Selection and Plantation Design - Andean Cocoa
- Agribusiness Market Ecosystem Alliance - ACDI-VOCA
- Data Driven Farmer Professionalism - ScopelInsight
- Cocoa Productivity Enhancement Peru - Technoserve Peru
Moving from Innovation to Scale

Using a conversational approach, Ravi Chhatpar explored with the audience the key factors required to bring innovations to scale in the cocoa sector. He generated a conversation drawing on experiences from three innovators representing the three themes and three-member companies also representing work on all three tracks as well as the audience. Key factors included farmer assessment, farmer usage, partnerships, finance and regulatory environment.

Mr. Chhatpar offered the following principles on scaling up:

**Principle 1**: Understanding diversity and complexity of needs is critical to begin and sustain innovation.

**Principle 2**: Innovation must be agile, responsive and flexible to support evolution of behaviors over time.

**Principle 3**: Prototype value propositions, products, services, touch points and incentives across ecosystems help sustain behavioral change.

**Principle 4**: Creative collaboration, co-creation and envisioning helps secure, align and motivate participants to take risk.
Innovation Live: Chocothon

To spark the cocoa industry into further innovation and collaboration, three teams came together to “hack” the cocoa supply chain and generate new creative solutions to the common challenges cocoa farmers and suppliers face. The teams, made up of students, mapping experts and tech enthusiasts, each developed apps around a different challenge.

**Challenge 1: Climate Change and Deforestation**
**Geo Cocoa: Forest Intelligence at your Finger Tips.** GeoCocoa presented a farm level solution using photos and geolocalization to generate deforestation reports in the form of an app.

**Challenge 2: Diversification of farmer’s activities during off-season**
**Kejetia: Beyond Cocoa.** Kejetia developed an app that seeks to empower farmers to move beyond cocoa through an online marketplace that enables them to sell other crops and goods.

**Challenge 3: Real time communication to and from farmers to improve traceability, farm management, and efficiency**
**Run Cocoa Run-Ultimate Cocoa Entrepreneur Journey.** This cocoa farming game would exist on mobile phones and in the form of a board game to introduce farmers to GAPs and business concepts.

**The Winners**
Official Winner: Kejetia
Audience Winner: Go Cocoa

**Judging Panel**
Pierre Costet  
Valrhona

JB Aidoo  
Ghana Cocoa Board

Mike Burness  
Godiva Chocolate

Anupa Aryal Pant  
The World Bank

**Partners**
The World Bank  
Valrhona

Future Food Institute  
Google Food Lab

The International Trade Center  
Business School Lausanne
Closing Panel

The group discussed takeaways from the 2017 meeting and ideas and topics for 2018.

What are the key takeaways from the 2017 WCF Partnership Meeting?
It was noted that knowledge and understanding are two different concepts. Understanding is lacking among some parties. WCF should encourage the foundation and growth of farmer co-ops, which will allow farmers to solve their own problems with industry as supporting actors. The Chocothon team name “Run Cocoa Run” could be used as a metaphor for the need to accelerate change in the cocoa sector. Most farmers cannot afford either time or money to participate in the dialog. Agriculture around the world and in cocoa specifically is aging in terms of manpower and inputs (farmers, trees, farms), so the sector needs to consider how to gain interest from young people.

The panel encouraged the sector to continue to work non-competitively in an open, honest and genuine way; to build trust; to look for ideas in other commodities and geographic regions. A panelist observed that an injection of infrastructure investment is needed: “There are billions of dollars for climate change but only two per cent of monies are being spent on agriculture.”

What should be among the key topics for the 2018 Partnership Meeting?
Panelists gave their wish list of 2018 topics with ideas such as:
• How can the cocoa sustainability model be improved? How can farmers survive without temporary infusions and support? There is too much dependance currently on foreign governments, organizations, industry, NGOs—“the fixers”.
• The cocoa sector needs to create and implement more good projects; “there is enough money but not enough good projects. We need more examples of successful projects on the ground; i.e., what is working for farmers, what is leading to farmer successes? In the past we have “glorified” impact stories. A hackathon with farmer participants and/or farmer audience could be organized and/or farmers could design the challenges.
• What can we learn from coffee, cotton, palm?
• Topics should include deforestation, climate change, productivity, gender development. We need more cocoa farmers to participate in the Partnership Meeting and in creating solutions. We should also tackle infrastructure improvements; without roads, nothing works.
Closing Remarks

WCF President Rick Scobey offered four reflections on the two-day meeting:

1. This revamped version of the WCF Partnership Meeting successfully identified challenges and solutions in a participatory manner.
2. Participants learned about a range of new ideas and innovations, particularly through the Innovation Marketplace. But “Run Cocoa Run”, as expressed by a Chocothon team, could be next year’s theme: how can we take the innovation and solutions offered during the Partnership Meeting and bring them on the ground to cocoa farmers around the world?
3. The Partnership Meeting offered much to learn from other commodities, sectors and geographies. “Be intentional, trust each other” were also prevalent messages.
4. The premise of the Partnership Meeting was that there is a potential transformative role for technology and innovation. It brought together ideas and providers of these solutions. It is now up to the sector to leverage the promise of the innovative solutions discussed.
With a vision of a sustainable and thriving cocoa sector – where farmers prosper, cocoa-growing communities are empowered, human rights are respected, and the environment is conserved, WCF made a concerted effort to ensure the 2017 Partnership Meeting was a sustainable, environmentally-friendly event.

WCF worked with a sustainable events firm, MeetGreen, to plan the event using sustainable event best practices. Post-event, the MeetGreen® Calculator 2.0 – an event sustainability measurement tool – was used to determine whether specific practices related to air quality, waste management, water conservation, energy efficiency, and environmental purchases were requested, available, and implemented.

The sustainability actions taken at the Partnership Meeting link to the 2030 United Nations Sustainable Development Goals.

### A Sustainable Event

#### Donation of leftover food

#### Served condiments and beverages in bulk

#### No pre-filled water glasses

#### No use of disposables (used china and linens for meals)

#### Used electronic signage in the meeting venue

#### Re-used existing signage and used sustainable materials for new printing

#### No bottled water served at event

#### Reduced printed materials (100% app use!)

### Incorporated local/sustainable food on the menu
Sponsors

The 2017 Partnership Meeting was made possible by the generosity of:

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TCHO
See you in Brazil!
Join us for the 2018 Partnership Meeting in São Paulo, October 23-24

Visit the WCF Website and our social media accounts for the agenda, videos, photos, and more: worldcocoa.org/event/2017-partnership-meeting-washington/

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