

Sassandra Cocoa Program Report

Côte d'Ivoire

October 2009 – May 2021

SUSTAINABLE SOURCING

The Sassandra Program (“Program”) is a partnership that began with Costco, Blommer and Olam in October 2009, and is named after the Sassandra River in the southwest region of Côte d'Ivoire, the original location of the cooperatives from where we source our cocoa beans.

This Program is exclusive to Costco and designed to provide a quality product that is traceable, deforestation-free, and improves profits and livelihoods for the farmers/cooperative members. It has an active Child Labor Monitoring and Remediation System (CLMRS) and introduces additional practices that are respectful of the environment.



The Program has been audited annually since the 2013-14 season by Intertek, an independent 3rd party auditor.

For the 2020-21 cocoa season, the Program sourced from 10,804 farmers in 209 villages.

TRACEABILITY

The Ivorian regulatory body – Conseil du Café et Cacao (CCC) – implemented a traceability system to ensure farmers are properly compensated. When the farmer sells their beans, they receive a receipt stating the weight, quality and the price mandated by the government. These transactions are verified annually by independent auditors hired by the Program.

Program documents, processes, premiums and social program tracking are maintained by the cooperatives to international auditing standards.



The program uses the Olam Farmer Information System (OFIS) platform to trace farm location, and to gather details on cocoa farm productivity and farmers socio-economics. The program also maintains segregation of the Sassandra cocoa beans in the supply chain from the farm to the initial manufacturing process.

By the end of May 2021, 63% of program farms have been GPS polygon mapped.

All or a total of 10,804 farmers have been surveyed and registered in the OFIS platform.

PROTECTING CHILDREN

Costco is dedicated to preventing and remediating child labor wherever it is found. Unfortunately, child labor is a long-term systemic issue in cocoa supply chains and requires a multi-faceted approach focusing on continuous improvement and broadening awareness. It is vital to understand the many root causes including poverty, inequality, lack of available education, and birth certificates, which are necessary for children to enroll in school in Cote d'Ivoire. The Program works to address these issues, described below and in the Community Development and Women and Gender Equity sections.

Farmers are sensitized on the definitions and consequences of child labor and to fully respect the government and ILO regulations on compulsory education for ages 6 to 16, the Minimum Age of Employment, the Hazardous Tasks framework and the Worst Forms of Child Labor.

All 22 of our cooperatives in the 2020-21 season operated a Child Labor and Remediation System (CLMRS), which was subsidized by the Program. By the end of May 2021, there were 166 trained and operational CLMRS members surveying and sensitizing farmers and inspecting farms. Since the 19-20 season, 65% of program farmer households or 6,977 households were surveyed digitally and 32% of program farms were also inspected.



All farmer households surveyed receive sensitization training on the issue of child labor. It is important that farmers understand why aspects of child labor can be very detrimental to their children's' development such as carrying heavy loads. Households that were found to have instances or risk of child labor receive particular attention.

In the rare and unfortunate cases where child labor is identified, remediation plans are developed, which are tailored to each specific case. For example, if the child cannot go to school because they lack a birth certificate, then we work with local judicial and administrative authorities to get them the proper documentation. As an integral part of remediation, the Program also follows up with the children several months after the initial remediation to ensure that it was effective. The vast majority of these cases are children helping their own families, with no instances of forced labor confirmed to date.

Between the 2018-19 and 2019-20 seasons, the CLMRS data collection transitioned from a paper-based to a digital system. This improved efficiency and data quality. Information such as the number of children not attending school, reasons for not attending school, whether children find themselves in situations of child labor, and for why children are working are captured. The CLMRS system also allows cooperatives to create remediation plans on an online portal, which are then reviewed with the Program Partners.

GENDER EQUITY AND FINANCIAL RESILIENCE

We believe the education and support of women creates a multiplier effect that educates and improves the health and well-being of their families and communities.

Since August 2019, the program started working with a local NGO named Vert+ in 10 villages.

- At the end of May 2021, 43 VSLAs have been established with 1,209 members who have saved cumulatively \$127,589 and taken loans totaling to \$55,451 to start or strengthen individual micro businesses;
- 10 Gender committees have held couple dialogues with 1,167 participants;
- 10 Child Protection Committees have been trained and are operational with 81 members;
- 10 literacy centers are offering literacy courses to 247 women of which 224 women are still actively participating the course;
- 744 loans were taken to either start new microbusiness or strengthen existing ones. The majority of microbusinesses evolve around trading (68%); 25% are used for food crop planting; and 7% for other businesses.

In November 2016, the Program partnered with Caritas. Below are the achievements of this work which was completed in April 2019:

- Community needs assessment and baseline data collected;
- 8 women's groups were formalized into associations with 551 women across 5 villages with a total population of around 21,000.
- 14 Literacy centers supported in 5 villages. Whereas 65% of women successfully completed the 1-year literacy course (out of a total of 415); year 2 registered 231 women of which 179 (77%) completed the full cycle. The final tests show that 41% passed with "very good" and 31% with "good."
- 15 Village Savings and Loan Associations (VSLA) established with a total membership of 356 women; \$12,300 had been saved and the group members took loans of \$2,241 to advance their collective and/or individual micro businesses;
- 53 Women in leadership positions in 8 groups were trained in financial literacy and 146 trained in good governance and decision-making;



- 412 Women organized and were trained in Income Generating Activities (IGA), which include farming of food crops and poultry;
- 217 Women were trained on best food crop production practices and 31 ha of food crops were planted during the project period and 354 chickens were raised in 6 locations;
- 37 Community leaders were trained on gender equality who, together with 31 community organizations, conducted sensitization training with 2,000 community members.



A third project was started in April 2021 with Care International in 10 villages focusing on gender sensitization and reinforcing the socio-economic resilience of women and families.

COMMUNITY DEVELOPMENT

The Program focuses on improving community infrastructure, farmers' livelihoods and empowering women. Financial awards for social infrastructure projects were granted annually to the cooperatives that demonstrated adherence and commitment to the Program, with the choice of the project decided by the combined membership of the cooperative.



In the 2020-21 season we paused the infrastructure reward so we could focus on completing the many projects already in the pipeline. To ensure these projects remain viable they are coordinated and approved by the appropriate government ministries, and further supported by the cooperatives from a portion of their quality premiums.



The program has supported community education since the beginning, including facilitating the building of eight schools, totaling 39 classrooms, serving 45 communities and distributing over 10,288 school kits. There are also 9 classrooms that are in the pipeline.

The cooperatives themselves have invested in the construction of 44 classrooms, the rehabilitation of 48 classrooms, in over 4,732 school kits, 3,032 school benches, constructed or rehabilitated 24 latrines, rehabilitated 1 school canteen and constructed or rehabilitated 13 teacher housing units and built 2 offices.



To support community health, the Program has provided an ambulance that covers 150 km radius, 2 medical centers providing access to 2,800 families in 12 communities and 2 maternity wards offering pre- and post-natal care to 14,317 women.



These health infrastructures have also been a platform for the vaccination of over 221,000 infants and pregnant women for polio, measles, tuberculosis, yellow fever and mumps, and almost 6,700 baby deliveries.

An additional one health center and one maternity ward are in the pipeline. The cooperatives have invested in the construction of 4 nurse/midwife housing units, rehabilitated 1 medical center and equipped 1 health center.

To support community infrastructure, the Program has facilitated the construction of 3 cooperative stores and 1 water pump that can be accessed by at least 100 families.

The cooperatives have invested in the repair of 14 water pumps, the installation of 13 water pumps and distributed 1,315 water filters, as well as fertilizer, machetes, and boots to over 3,800 farmers.

FOREST CONSERVATION

In order to reduce the risk of deforestation and assist in regenerating farms, 1.1 million high-yielding cocoa seedlings have been distributed enabling 2,100 farmers to replant a total of 1,100 hectares.

We are assisting our farmers in actively reforesting Cote d'Ivoire. To date, over 153,000 forest and shade trees have been distributed.



Cooperatives were asked to choose among the varieties of shade trees offered. We provided trees that service multiple purposes. Some provide fruit or medicine, while others provide natural nitrogen fixing properties to lessen the need for synthetic fertilizer. The preferred trees by farmers this season were Cedrela, Frake and Akpi.



The Program promotes alternative soil fertility measures to boost organic matter in the soil.

If pesticides are used, the Program aligns with the Rainforest Alliance criteria prohibiting the use of substances according to their List for Pesticide Management.

PREMIUMS PAID FOR QUALITY

Of utmost importance is the promotion of good quality standards and parameters. To reward for best quality and standard compliance, Program farmers and cooperatives are paid a premium in addition to the fixed price set by the government.

Since the inception of the program to April 2021, over \$15 Million have been paid in farmer and cooperative premiums



PROFESSIONAL TRAINING



More than 350 Cooperative Managers have attended five days of training in Best Management Practices, including budgeting, credit control and debt recovery, quality management, and traceability of product and its implications, as well as regeneration of tree stock.

From 2015 to 2019, a new training program with International Finance Corporation (IFC) and SCOPEInsight was implemented among 24 cooperatives. Ninety-six managers were coached for one year with the aim of supporting the cooperative into becoming professional and efficient business entities capable of obtaining independent commercial bank loans.

Overall, the SCOPEInsight training results show a 35% increase in the cooperatives' capability as a business considering the following areas of assessment: Internal Management, Operations, Durability, Sourcing, Market Access, Financial Management, External Risk and Resource Management.



Since inception, over 8,000 farmers have been trained in Farmer Business School (FBS) to strengthen entrepreneurial skills.

Farmers have been trained in Occupational Health and Safety ensuring best social practices both at the cooperative and farm level. Since inception, approximately 16,500 farmers and co-op staff have been trained on labor related issues. In the 2020-21 season, 6,977 farmers have been sensitized on child labor as part of the CLMRS individual household visits.

IMPROVED PRODUCTION

Since 2020-21 season the Program has moved away from conducting farmer training in Farmer Field School groups. Instead the Program is focusing on individual farmer coaching. A farmer is considered to be successfully coached if he/she has been visited for an initial farm inspection followed by 3 follow up visits. The coaching modules include pre- and post-harvest techniques, integrated pest management to improve yield and quality, and health and safety.



For Crop Year 2020-21, a total of 5,273 farmers have been or are currently undergoing coaching. Since we started individual farmer coaching in crop year 2017-18, 4,610 farmers have been successfully coached.

An evaluation of the 66 demonstration plots, which had been maintained to show the benefits of good application of farming techniques, has led to the conclusion that the desired outcome of increased GAP application was not reached. Instead, we will commence working with focused pruning teams with the intention to boost pruning techniques throughout our farming network to increase yields.

Since the 2018-19 season the program has hired agronomists to be based in each coop. In 2020-21, 22 agronomists are engaged at the cooperative level and trained in cocoa agronomy. The agronomists oversee the Community Service Groups which are made up of individuals from the community ages 20 to 35 years old. In total there are 220 individuals who have been trained and equipped by the Program with a focus on providing pruning services to willing Program farmers. Since 2018-19, approximately 1,566ha of cocoa farms were pruned. The Community Service Groups also help plant shade trees for the Program and provide scarce professional labor to farmers.



After establishing 200 composting pits, we learned that the locally available organic matter is insufficient in quantity to maximize the use of compost pits. In response, we are now promoting alternative soil fertility measures to boost organic matter in the soil.

During 2021-21 season, 49 Lead Farmers/Farmer Trainers were trained to improve their agronomic knowledge and facilitation skills.

Since inception, 70 solar dryers have been constructed to ensure homogeneous efficient drying of the cocoa beans.

FINANCING

To ensure the success of the Program it is essential to provide constant financial liquidity to cooperatives for the purpose of purchasing cocoa beans as well as the acquisition and maintenance of evacuation vehicles, trucks, motorcycles, laptops, and other essential equipment necessary to properly manage the cooperatives.



Since inception, the Program has provided over US \$146 million, which includes US \$33.3 million in 2020-21, of interest-free loans to the cooperatives at the beginning of each season.