

November 2015



**Mid-term Evaluation Report of the
Cocoa Development Project
SLE 1018 / Europe Aid/133547/M/ACT/SL**

on behalf of Welthungerhilfe

Andrea Queiroz de Souza

Thomas Chyppee Palmer



For a world without hunger



I SUMMARY

1 BRIEF DESCRIPTION OF THE PROJECT AND FRAMEWORK CONDITIONS

The Cocoa Development Project (CDP) in the districts of Kenema, Kailahun and Kono in the Eastern Region of Sierra Leone (SLE 1018-13) aims to improve the efficiency and effectiveness of the cocoa value chain. It is part of the Agriculture for Development Project funded by the European Commission (EC).

CDP is the successor to two previous Welthungerhilfe projects in the cocoa sector; in total Welthungerhilfe has been supporting the sector since 2007. After the approval of a no-cost extension for the current project of one year, the implementation period is now 40 months, from July 2013 to October 2016. With a total budget of 6,999,034 €, the project is implemented by Welthungerhilfe in cooperation with FairMatch Support, an organisation specialised in supporting the development of sustainable supply chains.

The improvement of the cocoa value chain is to be achieved through four results: (1) Farmers increase the area of cocoa through new plantations and increase yield on old plantations through rehabilitation; (2) cocoa quality on farm and trader levels is improved with active involvement of youth/women; (3) the marketing of cocoa (and farmers' income) is improved through certification of production; and (4) a decentralised effective and efficient management system is established.

The project's main target group comprises 30,000 smallholder cocoa farmers in the Eastern Region. Another target group is the private sector with the traders buying and exporting the cocoa. The third target group is the Government of Sierra Leone (GoSL) as an important stakeholder in extension and policy/regulatory framework design. In order to reach this high number of farmers, CDP works through implementing partners (IPs), mainly traders, national non-governmental organisations (NGOs) and farmer-based organisations (FBOs).

The world cocoa market has been very dynamic in recent years, with increasing demand, production and prices. There is a sharply increasing world market demand for certified cocoa, as many international buyers and major manufacturers have committed to sourcing only certified cocoa beans by 2020. Sierra Leone (SL) is a small producer in the region, with currently about 12,700 MT (metric tonnes) of annual exports. Ivory Coast, in comparison, exported 1,449,000 MT in 2012/2013. Cocoa exports dropped during the civil war and are at present regaining importance. Cocoa production in SL is characterised by smallholder production based on a low-input, low-output basis; productivity in the sector is low. In the past years, SL has had problems to produce high quality cocoa, as farmers did not process the beans properly, having no price incentives for quality production.

2 RELEVANCE

The relevance of CDP regarding the objectives of the target groups, Welthungerhilfe and its partners is high. The cocoa farmers' core concern is to secure their livelihoods through agricultural production. Cocoa production is a major part of the farming systems in the region and provides a major source of cash income to the households. Producing more and better quality will contribute to poverty reduction in the rural areas of the Eastern Region. The Government of SL and the funding partner EC prioritise the support to tree crop production in their respective policies and planning documents.

3 EFFECTIVENESS

Overall, the project objective of improved efficiency and effectiveness is being achieved, even though not all of the expected benefits will materialise by the end of the project as they are long term, e.g. newly planted cocoa seedling will take 4–5 years to produce.

There is evidence for increased production through rehabilitation. Increasingly, farmers apply good management practices in their cocoa farms, including underbrushing, pruning, shade management and phytosanitarian measures. Farmers testified improved yields from the first year of application. Projections of results until the end of the project indicate that rehabilitation measures can add an additional 1,875 MT to current production. This equals an increase of 18% of total cocoa exports. Even higher increases can be expected when the seedlings produced and planted under CDP will start producing. By 2022, the newly planted seedling could contribute 2,960 MT to current production, an increase of 28.6% compared to the baseline value.

There are significant improvements in cocoa quality, measured by the average defects of cocoa beans. From 2013/1014 to 2014/2015, average defects have reduced from 8.1 to 5.1%. CDP contributed to this change mainly through trainings on proper cocoa processing methods. However, several other external factors contributed to improving cocoa quality – e.g. traders started paying higher prices for better quality – so it is impossible to measure the extent to which the project contributed to the stated change. The acceptance and adoption rates of innovative processing devices continue to be low.

Improved marketing through certification is progressing well. At present, 13,000 farmers and the respective traders have been certified and 12,000 farmers are in the process of certification.

Furthermore, CDP is very active in promoting coordination and cooperation among the stakeholders in the cocoa sector. While still in the process of establishing a sound monitoring system, harmonisation of supervision and monitoring activities among the different stakeholders is low.

The project has managed to upscale activities and to date has reached 20,000 of the 30,000 targeted farmers. Most major activities are on track, even though the Ebola outbreak in 2014 delayed many interventions. All stakeholders appreciate the overall exceptionally high quality of project execution. A major challenge for project execution is the supervision of the numerous IPs, as their performance is not satisfactory in all cases.

4 EFFICIENCY

With a project budget of almost €7million, 30,000 farm households in three districts are expected to benefit from project interventions. This equals an average of €233 per beneficiary household for the project period and about €78/household/year. This corresponds to Welthungerhilfe averages in rural development and food security projects in Africa. It is less than one third of expenditures/ family/year compared to the first cocoa support project from 2007–09, which reflects the economies of scale increasing the efficiency of the interventions.

Based on the predicted results by the end of the project, the evaluation team roughly estimated the cost/benefit ratio. The results of the rehabilitation activities alone will render an additional revenue of €10.32 million until the end of the project, compared to the costs of about €7 million. By 2022, the outplanting activities should have rendered an additional €14.29 million. In total, the cost/benefit ratio of the project is very good.

5 OUTCOMES AND IMPACTS

For the individual farm households, the main outcome will be increased income through more production, better prices for improved quality and an additional premium for certified cocoa. Only the good management practice at farm household level can lead to a 20% increased income from cocoa.

In addition to economic benefits, the trader-farmer relationship is strengthened, as traders under the certification schemes develop completely different interaction structures with the farmers. The certification of farmers and traders will secure their access to markets that increasingly focus on certified products. Implementing partners, such as traders, local NGOs and FBOs and government structures are strengthened and enabled to act more effectively. Tree crop agroforestry systems are ecologically sustainable production systems, preserving soil fertility and preventing soil erosion.

6 SUSTAINABILITY

It is too early to assess sustainability, therefore it was analysed under the aspect of its potential. Sustainability of good farm management practices will depend on adoption rates. These in turn depend on awareness of perceived benefits and on labour availability. The larger traders' certification activities are assumed to be sustainable, as certification costs will be covered from profits. Local NGOs, which are mainly technical assistance delivery organisations, will likely continue to depend on international development partners, as at present farmers and traders do not seem prepared to pay for the type of services provided. FBOs' sustainability is the most doubtful, as these lack funds and management skills and a clear strategy including mission and vision.

7 MAJOR RECOMMENDATIONS

To project management

- Increase supervision of implementing partners and reconsider engagement with current IPs based on an evaluation of partner performance.

For a (potential) successor project

- Develop more specific support strategies for the different stakeholder groups.
- Strongly focus on promoting linkages and synergies between traders and FBOs.

To Welthungerhilfe country office / head office

- Make sure funds are provided to bridge the expected funding gap between the 10th and the 11th European Development Fund.

8 GENERAL CONCLUSIONS AND "LESSONS LEARNT"

- The long-term support to the cocoa value chain is an impressive success story and underlines the importance of long-term strategic engagement. Welthungerhilfe should pursue a long-term strategy when getting involved in value chain development.
- The project approach could be replicated in other countries (e.g. Liberia, Congo) and for other value chains. Of course, it needs to be adapted to the respective national contexts.
- The project has introduced innovative elements to the SL cocoa sector (e.g. certification, a web-based tracing and mapping system, block farming), which have the potential to decisively influence the sector in the future, if they prove to be successful.