

Asset Fact Sheet

Certification: A Path to Enhanced Environmental Conservation and Increased Income for Smallholder Cocoa Farmers, Uganda 2024

Title of the Project: The Dynamic Markets for Farmers project

Implemented by: Swisscontact Uganda

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CONTEXT

Uganda has over the past few years experienced the impact of climate change manifesting in the form of prolonged and irregular floods, drought, and rising temperatures. This is partly attributed to deforestation where land is converted for agriculture, settlement, and urbanization. Agriculture is the largest employer, employing over 70% of the country's population. Cocoa ranks as the fourth largest foreign exchange earner in the country after coffee, tea, and fish. However, the cocoa industry in Uganda faces multiple challenges among others, low farmer incomes, inadequate market information, child labor as well as unsustainable cocoa production practices that are detrimental to the environment. Certification protocol as a practice is being co-opted in cocoa production to ensure that farmers and processors in the value chain follow appropriate environmental, social, and economic conditions while leveraging traceability systems. This practice ensures that cocoa production meets stringent sustainability and ethical standards. To ensure transparency, and build trust throughout the supply chain, robust traceability systems are implemented alongside certification.



Farmer Pausing with a Cocoa Pod.

DEVELOPMENT CHALLENGES

By promoting sustainable cocoa production practices, the project is contributing towards achievement of SDG 8, 12, 15 and 17 which include Decent work and economic growth, Responsible consumption and production, Life on land, and Partnerships for the goals.



SUMMARY

With the rapidly changing climate coupled with unsustainable cocoa production practices in Uganda, smallholder farmers have experienced reducing quantity and quality of cocoa per unit tree. As a result, smallholder farmers in Uganda face low incomes and lack of certification opportunities, limiting their access to premium markets.

The current practice of planting more cocoa that results in deforestation and excessive use of agrochemicals have further contributed to the environmental degradation and poor soil health.

Swisscontact, through the project “Dynamic Markets for Farmers” facilitated the certification of smallholder cocoa farmers that met the international recognised standards through working directly with the private sector. This process ensured that the smallholder farmers meet the stringent sustainability and ethical standards that enabled them earn a living income.



2,566 Beekeeping Farmers (43% Female)

607 Metric Tonnes of Honey Production
Facilitated



14,079 Cocoa Farmers (30% Female)

10,375 Metric Tonnes of Conventional
and Certified Cocoa.

UNIQUENESS OF CERTIFICATION

Since decades, the cocoa farmers are increasingly finding it difficult to increase cocoa productivity per tree in Uganda which over time has kept them earning low incomes. Furthermore, the country has over the years not been able to streamline sustainable cocoa production practices thus smallholder cocoa farmers are left at the mercy of traders that exploit them while they access the market. Certification improves the financial returns from agriculture and cocoa production while simultaneously promoting environmental and social responsibility. Furthermore, certification offers a unique solution to Ugandans smallholder farmers by connecting them to premium markets. This enables them to earn a living income. Also, it promotes sustainable production that benefits both the environment and farmers' livelihood, empowering farmers by providing them with greater control over the production and marketing decision. Lastly, it stimulates rural development by creating jobs along the whole supply chain while ensuring child labour is curtailed which has been the common challenge around cocoa producing countries. This helps Uganda gain recognition as a reliable and sustainable cocoa producer.

POTENTIAL FOR REPLICATION

Certification can be replicated in countries or projects that focuses on export promotion of commodities (like cocoa/coffee etc.) to markets that are cautious of the environmental, social and ethical conditions under which the exported commodities are produced. Another key pre-requisite for replication of this intervention is the willingness of the importers to fairly compensate the efforts of the farmers and business companies involved.

PARTNERS

The project's partners in certification are large-scale cocoa exporters and certification companies. Cocoa exporting partners include ICAM Chocolate, Latitude Chocolate, and African Trade Winds with Fair-Trade Africa being the certification company involved.

TARGET GROUPS

The target groups are smallholder cocoa farmers and Small and Medium Sized Enterprises (SMEs) in Uganda engaged in sustainable cocoa production.

IMPACT

1. Business Case Market-Led Partnership

The Dynamic Markets for Farmers project used a facilitative market-led approach to successfully pilot and later scale out certification of smallholder cocoa farmers. The project supported certification of smallholder farmers and corresponding companies that had interest in ensuring that they met the internationally acceptable standards. This assured cocoa producers of the premium markets and a living income differential as an incentive for farmers to adopt more sustainable practices that benefit both their livelihoods and the environment. As a result, 3,943 cocoa farmers were certified in 2021 and 2022 of whom 1,252 women, and have been able to produce and supply 4,955 MT of certified cocoa valued at CHF 11,336,495 to the market.

2. Capacity Building in Certification Protocol

With support from the project, the cocoa companies were trained on the certification protocol by the certification bodies and later they registered and trained farmers on sustainable cocoa production based on the guidelines provided by the certification bodies that were aligned with the requirements of the end market. This knowledge transfer from the certification bodies to the cocoa companies and later to the cocoa producers empowered both the cocoa companies and cocoa farmers to take control of the production and marketing decisions which is very crucial for sustainability of the cocoa business in Uganda. This resulted in a 94 kg increase in productivity and a CHF 163 income increase from cocoa production.

3. Traceability System

The Dynamic Markets for Farmers encouraged certified cocoa companies to develop a digital traceability system that ensures that all the farmers, registered, trained and inspected, can be tracked. This builds trust from the end-market providers and consumers of the sustainable production practices ensured by the farmers thus attracting premium prices.

4. Internal and External Inspection of Cocoa Producers

Upon registration and undergoing certification protocol, the project facilitated inspection of cocoa farmers by the company following specified criteria to ensure that there is compliance to the standards, this was necessary to start producing cocoa according to the guidelines and consequently supply the aggregating company. The lower local government through demonstrations.

5. Signing of Contracts between Cocoa Companies and Smallholder Farmers

In order to ensure that the farmers adhered to the stringent environmental and ethical cocoa production standards, the cocoa farmers signed an agreement with cocoa companies consenting to produce their cocoa based on the certification guidelines/protocol. This strengthened the relationship between the producers and market providers while making market providers accountable to the agreed upon prices and premium. 6,603 cocoa farmers (2,096 women) were certified.

6. Linkages with Quality Inputs

The district through the collaboration identified private sector actors promoting quality inputs most especially seeds and organic fertilizers that were later linked to the smallholder farmers. This was done without any project investment but through realizing the value of the 2-acre generative agriculture model to the smallholder farmers.

7. Continuous Inspections and Audits

With support from the project, the Cocoa aggregating companies developed and operationalised mechanisms for continuous inspections and audits with the project support.

ACHIEVEMENTS

The project has been able to certify 6,603 farmers (2,096 women) between 2021 and 2024. These farmers have each experienced a 94 kg increase in productivity and a CHF 163 income increase from cocoa production. 3,943 farmers certified in 2021 and 2022 of whom 1252 women, have been able to produce 4,955 MT of certified cocoa valued at CHF 11,336,495.



6,603

Total Farmers Certified between 2021 and 2024.



2,096

Women Certified between 2021 and 2024



CHF 163

Income Increase from Cocoa Production.



Cocoa being Prepared for Export at ICAM Uganda Ltd Factory in Hoima

CHALLENGES

1. The equitable distribution of incomes at household level has not yet been achieved with men having an upper hand on the decision making regarding the incomes earned from certified cocoa. As such, the companies are constantly sensitizing the farmers to share the proceeds at the household level equitably.
2. Land disputes have led to the sanctioning of farmers who had previously been registered since the land used to produce certified cocoa should be free of land wrangles. This can be mitigated through increased due diligence on land ownership before onboarding them for certification programs.

LESSON LEARNT

Farmers have reservations about sharing geo-coordinates of their gardens since there is constant land grabbing in the country. As such companies intending to certify farmers should carry out extensive sensitization drives to demystify the negative notions farmers might have towards certification.

POSITIVE OUTCOMES

1. Routine monitoring and audits have fostered compliance among farmers. As such, farmers' productivity of certified cocoa is higher than that of conventional cocoa since they constantly receive extension services during the inspections and audits.
2. Sensitization of farmers through drives and opinion leaders has provided clarity and debunked any myths that the farmers had on certification.
3. The Living Income Differential (LID), also known as "premium" offered to the farmers has fostered farmers' compliance with the certification requirements.