



# **NATIONAL COCOA ACTION PLAN FOR SUSTAINABLE DEVELOPMENT**



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## ***Fulfilling the potential of Dominican cocoa***

*Remarks by the Chairman of the National Cocoa Commission*

Mr. Ángel Estévez Boudier

Ministro de Agricultura

Dominican Republic produces some of the world's best cocoa. We are the largest exporter of certified organic cocoa in the world. Forty thousand Dominican farmer families depend on cocoa for their livelihood, plus many more in processing, transport and export. Cocoa is an important generator of foreign income in the country's economy. In the 2014/15 cocoa year, the country exported dry cocoa beans worth about USD261.5 million, experiencing a 19.4% increase in cocoa exports compared to 2013/24.

The opportunities for Dominican Republic on international cocoa markets are enormous. Global growth in demand for cocoa and shortage of supply indicate that good prices will be obtained in the coming years. In addition, fine-flavor cocoa produce in the country is highly coveted by manufacturers of fine chocolate. Fine-flavor cocoa follows premium-priced specialty coffee, cigars and fine wine as luxury markets products, predicting that our cocoa will increase its sales value in the future.

Together with the increase in international demand for the Dominican cocoa, our cocoa producing communities have many challenges ahead of great importance. The productivity of most small farms can grow by more than 200%, which would generate an important increase of income would help to rise the quality of life of producers and other stakeholders involved in the chain.

Cocoa has great potential to be achieve. The exploitation of this potential will make the cocoa farming be a means of generating value more profitable even, which together with public policies that seek to improve the

services that access the most vulnerable sectors of society, contribute to improve the quality of life in cocoa communities and contribute to strength generational replacement and reduce displacement from rural to urban areas, making more attractive growing cocoa for the children of farmers so that they can define their life projects in their communities .

I am proud that the National Cocoa Commission presents this National Cocoa Action Plan for Sustainable Development. For the first time in the country it has built a plan involving the different stakeholders of the cocoa value chain (competent authorities, cocoa producers, processors, exporters, universities and academies, and institutions to support the sector) and this is overcome great limiting the past to exploit the productive potential of the sector. The commitment and shared vision shows that we are ready to create the change our sector needs. We are at a turning point where conditions are given, no more diagnoses, but to work together, prepare and make things happen. So get to work.

## ***Cocoa as a driver of sustainable development***

*Remarks by the Resident Representative of the United Nations for the Development Programmed in Dominican Republic.*

### **Mr. Lorenzo Jiménez de Luis**

Resident Coordinator of the United Nations System

Agroforestry system, including cocoa, forms habitats or biological corridors with a great value for biodiversity. They store large amounts of carbon compared to any other agriculture production, and they are resilient to climate change-induced weather events. Most of the potable water that the cities depend upon is generated in the highlands, where coffee and cocoa farms secure the resource.

Economically and socially, cocoa is the backbone of hundreds of rural communities. However, in these scarce sources of revenue and generating capacity livelihood communities. At the same time, the cocoa communities exhibit strong pockets of poverty.

Many farms suffer from years of abandon and farm income is so low farmer families are unable to escape poverty. Young people, who fail to find employment and opportunity or attract them to continue the productive work of their elders, are the most affected by this reality. The result is that young generations migrate to the cities creating a ring of despair around our urban centers.

Cocoa can be an engine for change to eliminate poverty in cocoa communities. It can promote human development for families to have a better quality life, free poverty, and where women and youths are empowered and play leading roles in the wellbeing of their communities. But to achieve this changes, the Dominican cocoa sector needs transformation.

To create change the sector must urgently invest, not only in in farm production capacity as well as in communities. Government plays an important role and must assume the leadership; but Government cannot do

everything alone. The private sector has a responsibility to promote sustainability through their supply chains. Research institutions and non-governmental institutions also have much to contribute. It is the joint action of public and private institutions with eyes in one direction: the wellbeing of communities, preservation of the environment, and the quality of life of people.

The National Cocoa Commission is the ideal place to gather the efforts of all Dominican Republic's cocoa stakeholders, and to organize coordinated actions. By working together we will be contributing to trigger a paradigm of sustainable human development in the Dominican Republic, helping to achieve sustainable development goals, particularly those related to poverty, sustainable production and consumption, and climate change, among others, in the long run.

The United Nation's Development Programme – the development partner of the government of the Dominican Republic – is increasingly working with agricultural sector and supply-chains worldwide to create a positive development processes. UNDP is delighted to support this process, which we believe can bring important results for the cocoa sector and for the country.





## ***Introduction to the National Cocoa Action Plan for the Sustainable Development***

The aim of the National Cocoa Action Plan for the Sustainable Development is to transform the Dominican cocoa sector to ensure its continued growth, its environmental sustainability and the social wellbeing of its cocoa growers and their communities.

The Plan will ensure the competitiveness of the sector in the long term and create attractive livelihood options for future generations of Dominican cocoa farmers. It is the result of a joint effort by a wide range of stakeholders in the Dominican cocoa industry, in government, in civil society and in academic research.

The plan defines action that will be carried out in the span of a decade, to fundamentally change the Dominican cocoa sector. It will serve as a framework for public and private investment, and guidance for all involved stakeholders. By working from the same plan the country can harvest the synergies of collaboration, and each stakeholder will obtain returns on their investments that far supersedes their individual efforts

The National Cocoa Commission, through the National Cocoa Platform, has led the process. The Commission, which itself is a multi-stakeholder body, recognizes that the multitude of challenges that confront the sector and that problems can only be solved in collaboration, through a shared vision and joint action.

The National Cocoa Platform is a tool of democratic and participatory dialogue of the National Cocoa Commission, facilitated by UNDP and endorsed by the government of the Dominican Republic.

### **BOX 1. The National Cocoa Commission**

The National Cocoa Commission is a public-private entity charged with the formulation of Dominican Republic's cocoa policy, as well as specific action to strengthen cocoa production through renovation of cocoa farms, improvement of product quality and production of improved planting material, among others. The Minister of Agriculture chairs the Commission, and its membership includes Ministry of Foreign Affairs, seven of the leading cocoa processing and exporting companies, individuals and associations representing producers, as well as the Cocoa Department of the Ministry of Agriculture.



## ***Constructing a shared vision for the Dominican cocoa sector: National Cocoa Platform and Action Plan***

The National Cocoa Platform – which belongs to the Dominican Republic’s National Cocoa Commission – is a space to generate dialogue and organize collaboration between stakeholders in the Dominican cocoa sector. The Platform uses methodologies developed by UNDP’s Green Commodities Programme, which works globally to promote sustainability in agro-commodity sectors. The Platform builds on advances generated through process like the “Alianza por el Cacao”, which worked from 2007 to organize actors to address challenges in these sectors.

In late 2013 the Platform convened stakeholders to a series of dialogue meetings. Participants included, producers and ‘comercializadores’, government institutions working with cocoa, research centers, civil society, international buyers and aid agencies. The underlying logic of the dialogue is that no single sector by themselves can address all the challenges that confront the sector, and that modernization of the sector requires an effective enabling environment to catalyze change. The National Cocoa Platform has the aim through dialogue and compromise to create a consensus among stakeholders on problems and their corresponding solutions.

Based on the initial dialogue meetings the Platform formed technical working groups to study problems and propose solutions. The technical working groups met regularly during 2014 and produced a rich analysis of the complexities of the sector, summarized below. Based on this analysis the technical working groups proposed bold and far-reaching solutions. The action proposed forms the basis of this plan.

## ***Challenges at a glance***

The dialogue process in the technical working groups of the National Cocoa Platform identified four main problem areas, each of which has a number of causes and effects: unprofitable farms, isolation and lack of opportunity in farming, weak institutional capacity to support sustainable cocoa farming, and unfavorable environment for change.

<b><i>Unprofitable farms</i></b>	<b><i>Isolation and lack of opportunity in farming communities</i></b>
<p><b>Immediate causes:</b> Most farmers don't manage their farms effectively (too old and too few trees, low genetic quality of trees, lack of fertilization, lack of regular pruning, lack of pest control, absence of soil and shade management).</p>	<p><b>Immediate Causes:</b> In the cocoa growing communities there is little motivation to stay in them. The population does not have easy access to training to find alternative incomes that will improve their quality life. Public services are often missing or have low quality, including road infrastructure, healthcare, education, potable water supply, electricity, vocational training, sports and leisure options for youth.</p>
<p><b>Root causes:</b> Farmers lack knowledge of effective farm management and good production practice. Neither have funding for investments in plants and productive technologies. Often farmers have limited access to high-quality farming inputs.</p>	<p><b>Root causes:</b> Over many years public investment in rural communities has been insufficient; existing services do not live up to decent quality standards. Communities particularly lack of programs to engage youth and women.</p>
<p><b>Effects:</b> There is widespread poverty among farmers. Many farms are partially abandoned, as people look for work elsewhere to supplement income. Young generations of farmers do not want to take up farming and the farming population becomes older and older, threatening the very future of Dominican cocoa farming.</p>	<p><b>Effects:</b> There is a sense of isolation and abandonment in rural communities, and an overall low quality of life. Young generations are leaving farming communities due to a lack of opportunity and because poor farmer livelihood is unattractive compared to competing urban lifestyles.</p>

### ***Weak institutional capacity to support sustainable cocoa farming***

**Immediate Causes:** While institutions like the National Cocoa Commission, Dominican Institute of Agricultural and Forestry Research (IDIAF), and the Cocoa Department of the Ministry of Agriculture have technical cocoa expertise they lack institutional capacity to drive a sector-wide change to sustainable production practices. Nor sufficient and adequate physical infrastructure in which to perform the work and training for validation, transfer and adoption of technologies and good agricultural practices.

Above all, has limited human resources and infrastructure to back a massive farmer support program. In addition, Dominican financial institutions lack credit products for farm investments.

**Root causes:** DR lacks of a solid and long-term public commitment to fund and support cocoa institutions and to develop a solid support structure for its cocoa farmers. Financial institutions have a real or imagined perception of risk of lending to farmers.

**Effects:** Lack of systemic capacity blocks the development and delivery of effective technical solutions to the cocoa sector, including pest management, fertilization, certified genetic planting material, guidance materials, farmer trainer capacity and more. Lack of capacity

### ***Unfavorable environment for change***

**Immediate causes:** Policies and legislation does not support investment and change to sustainable production within the cocoa sector. Lack of land use planning and land titling limits long-term commitment and investment in farmland. Farmers and cocoa companies have limited incentives or capacity to implement sustainable production models.

**Root causes:** There is no coherent national vision for cocoa and awareness of DR's cocoa potential. Unlike other economic sectors (like tourism or free zones), which have coherent enabling policy frameworks and legislation, cocoa policymaking result remains fragmented. Effective public planning and investment in the cocoa sector and cocoa communities is missing. The institutional capacity to lead in cocoa transformation is weak.

**Effects:** A weak enabling environment for change inhibits growth and improvements in the cocoa sector. Moreover, it allows stagnation, cocoa replacement by other crops, surface concentration of production in a few hands and, ultimately, increased migration of small cocoa farmers and their families to the cities. The absence of a unifying vision and concerted effort to develop the sector means Dominican Republic fail in achieving many socio-economic benefits from cocoa production, such as poverty alleviation, rural development, and job creation in rural areas as well as export revenue. The ultimate threat over time could be the loss of viability of cocoa production as an economic activity and way of life for the small farmers.

## ***Response***

As a response to the challenges, this Plan proposes a set of four objectives to be pursued by the actors in the Platform:

1. Dominican cocoa farms are well managed and profitable;
2. Quality of life is improved in cocoa communities;
3. Systemic capacity supports transformation of DR's cocoa sector;
4. Enabling Environment and Public Policy support transformation of DR's cocoa sector.



***Objective 1: Dominican cocoa farms are well managed and profitable***

Dominican cocoa farmers suffer from unacceptably low yields – averaging 361.4 kilograms of dried cocoa beans per hectare – and sometimes also inferior product quality.

This results from ineffective production and harvest practices on farms. Many farmers do not invest in their farms or manage them actively for optimal production; instead, they are passive cocoa harvesters mostly visiting their plantation to collect whatever the trees may yield. Low farmer income and farm profitability keep many in poverty.

While productivity is low, relatively simple changes in production practices can improve product quality and significantly increase yields. While over 2500 kilograms per hectare is possible in optimal conditions, most farmers can achieve 1000 – 1500 kilograms per hectare. This can make cocoa farming a profitable and attractive activity for current and future generations of farmers.

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***OBJECTIVE 1***

***To help farmers become better farmers, by building their capacity to use better production practices and by facilitating needed investment in farm productivity and infrastructure.***

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It also aims to ensure that the right kinds of inputs are available, from high-quality genetic planting materials to fertilizers and pest management products.

Increased farmer income, together with training in better farm management, will improve the profitability of farms and enable more families to earn a livelihood and free themselves from deep poverty.

Improved farm profitability will help convince young generations of farmers that there's a satisfying future in cocoa production, and will help stop the exodus of youth to urban centers.

**Result 1.1: Dominican cocoa farmers access technical support services and farmer finance**

Private cocoa companies, producers associations and public institutions will establish a national system to support cocoa farmers and build their capacity to implement good production practices on their farms.

**Problem summary**

Most farmers lack knowledge of state-of-the-art practices for growing, harvesting and processing cocoa. They also lack funding for necessary farm investment.

There is currently no comprehensive system to support farmers and build their capacity to use better practices.

It is no mystery what changes need to occur to improve cocoa production. A relatively simple package of practices will quickly and significantly improve farms. Farms with old and unproductive cocoa trees should rehabilitate by pruning trees heavily to reinvigorate them or replace old trees with new and improved varieties.

Many should increase tree density in plantations. Management practices should be improved by using correct fertilization, shade and soil management and disease control.

Finally, farmers can improve product quality through better harvesting and processing practices. While it is clear what needs to be done on farms, the challenge is to reach almost thirty thousand impoverished and often elderly farmers in remote areas and help them implement the change.

**End situation**

After six years, all Dominican cocoa producers have access to comprehensive technical support to help them implement better practices.

Most farmers, who participate in organized commercial supply chains, will receive support through their buyer/processor.

Farmers who sell through informal networks of middlemen or unaffiliated small producer associations will receive support through the Ministry of Agriculture.

The farmer support system will be based on a standardized curriculum of recommended production practices (see Result 3.1), and primarily use the Farmer Field School methodology.

In addition, the farmer support will be accompanied by farmer credit and ensure investments are implemented correctly (see Result 3.2).



**Result 1.1: Dominican cocoa farmers access technical support services and farmer finance**

**Actions and responsibilities**

- The National Cocoa Commission leads the planning, implementation and monitoring of a national farmer support program in close collaboration with buyers/processors, IDIAF and the Cocoa Department of the Ministry of Agriculture.
- Buyers/processors establish farmer support capacity with a permanent team of trainers and logistical capacity to deliver technical support to farmers within their own supply chain. Over a five-year period each buyer/processor commits to deliver farmer support to the producers within their supply chains.
- Dept. de Cacao establishes permanent trainer and logistical capacity to deliver support to farmers who sell through informal networks of middlemen or unaffiliated small producer association. Over a 10-year period they commit to deliver farmer support to these producers.
- Buyers/processors and Dept. de Cacao collaborate with financial institutions to deliver farmer credit to accompany technical support to farmers.
- IDIAF provides technical expertise in the design and implementation of the national farmer support program. It will oversee the training of trainers to ensure necessary quality is met, and issue licenses to approved trainers.

**Timeframe**

The farmer support program will start after one year, when a curriculum and training materials have been elaborated, a corps of trainers formed, and once genetic planting material is readily available.

Reaching all Dominican farmers will take an estimated five years, assisting 8,000 new farmers every year.

**Result 1.2: Farming inputs and improved genetic planting material are distributed to farmers**

**Problem summary**

Farm inputs are often not available in the qualities, quantities or at the time when they are needed.

Farmers regularly use seedlings of unknown genetic quality, which can result in low-yielding cocoa trees or inferior cocoa quality.

Many organic as well as conventional farmers, under-fertilize their cocoa trees or don't fertilize at all, and lack of prevention and treatment means pests and diseases destroy a large part of crops.

Lack of appropriate inputs is a major factor in DR's very low cocoa productivity.

Farmers' lack of awareness of good production practice is part of the problem, but the appropriate inputs are often simply not available, because of a lack of effective distribution mechanism or because farmers cannot afford the inputs.

**End situation**

High-quality cocoa farm inputs are available for farmers to use and apply at the right times during the year.

This includes planting material certified by IDIAF that guarantees high-yielding cocoa trees, and fertilizers and pest-management products for both organic and conventional agriculture.

The training and farmer support program will guide the application of the right inputs.

The inputs will be available through localized outlets, including tree nurseries, outlets run by farmer organizations, or commercial agro-supplies vendors.

Linkage to farmer credit schemes or other kinds of credit mechanisms will ensure farmers can get the inputs when they are needed.

**Result 1.2: Farming inputs and improved genetic planting material are distributed to farmers**

**Actions and responsibilities**

- IDIAF distributes genetic planting material based on latest research and development of improved varieties and develops a system to ensure that cocoa nurseries only use authorized plant material.
- Private and official cocoa nurseries throughout the cocoa growing areas receive certified cocoa planting material from Cacao Department, National Cocoa Commission or IDIAF and reproduce certified seedlings to farmers on a commercial basis.
- With technical guidance from IDIAF, local agro-supplies businesses and farmer organizations set up production of fertilizer and pest management products locally, and develop locally distribution networks.
- Farmer support providers (buyers/processors and Dept. of Cocoa) coordinate input delivery to accompany farmer training and collaborate to develop farmer credit schemes to facilitate access to inputs.

**Timeframe**

Planting materials, fertilizer and pest-management products need to be ready for distribution at the end of the first year of the action plan, coinciding with the start-up of the farmer support program.



## ***Objective 2: Quality of life is improved in cocoa communities***

Life in many Dominican cocoa communities lacks many of the conveniences and qualities found elsewhere. Public services are either absent or of low quality, including potable water, electricity, health services, education and recreational facilities. Poor road infrastructure contributes to a feeling of marginalization and isolation, just as it limits access to farm inputs and complicates delivery of cocoa to buyers.

The lifestyle of a struggling cocoa farmer has limited appeal to youth and there are few alternative livelihood options in economically depressed communities. Altogether, poverty, poor services, isolation and lack of opportunity lead farmers' sons and daughters to seek their fortune elsewhere. The exodus of the young has driven the average age of the farmer population to above 60. Lack of succession puts the entire future of Dominican cocoa farming at risk: if no one wants to farm, the sector will have no future.

Finding solutions for the sector will therefore have to look both at farming itself as well as at the broader challenges: quality of life in farming communities needs to improve.

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### ***OBJECTIVE 2***

***To hence to improve quality of life in cocoa communities, by improving the quality of existing services and establishing new ones through increased investment.***

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This will happen as a joint effort, in public-private partnerships between the Dominican state, local governments, cocoa growers' associations and private cocoa companies. In addition, it aims to improve opportunities by creating new livelihood options for locals through vocational training and support to small business upstarts including service provision to the cocoa sector as well as employment opportunities outside farming.

**Result 2.1: Cocoa community members have better access to basic services**

**Problem summary**

Public services that are taken for granted elsewhere are often absent in cocoa communities, or they are of poor quality.

Problems include lack of electrification and safe, potable water; difficult access to healthcare and quality education services; poor rural roads intensifying isolation, and lack of recreational facilities for youth.

Together, deficient or absence of services lowers quality of life and makes cocoa growing communities pockets of backwardness and underdevelopment.

This remains a major factor in the migration of younger generations towards urban centers, which, in turn, lead to other social problems and pressures in the Dominican society.

The underlying reason for the problems is a lack of investment and prioritization of rural and community development on behalf of public institutions, including acceptance of sub-standard existing services that fail to live up to acceptable quality standards.

**End situation**

The provision of improved services for cocoa communities is a long-term proposition because of the nature and cost of the public investment.

The services in cocoa communities will gradually improve over a decade of work to implement community-specific plans.

Completion of infrastructure including rural electrification, potable water supply and road infrastructure will be prioritized and accelerated by the state agencies in charge.

Over a five-year period the quality and local availability of social services, healthcare, education and recreational facilities for youth will be considerably improved compared to an initial evaluation of their quality.

The improvements will be driven by national public agencies and local governments supported by a concerted effort by the National Cocoa Commission, producer associations and cocoa companies.

**Result 2.1: Cocoa community members have better access to basic services**

<b>Actions and responsibilities</b>	<b>Timeframe</b>
<ul style="list-style-type: none"><li>• The National Cocoa Commission will lead an evaluation and needs assessment of the services in cocoa communities, in collaboration with Dominican state agencies, local governments, producer associations and community leaders. The joint assessment will lead to community-specific plans for strengthening of infrastructure and services.</li><li>• Each Dominican state agency responsible for delivering services commit to improve quality of existing services, accelerate the delivery of already planned services, or define new services where needed.</li><li>• The Dominican state agencies will engage with local municipalities, growers associations and cocoa companies to establish innovative public-private partnerships to deliver services to cocoa communities. The National Cocoa Commission will facilitate partnerships and monitor progress in implantation of the community plans.</li></ul>	<p>Evaluations and needs assessments will be completed during the first year of the National Action Plan.</p> <p>Definition of long-term community-specific plans will be completed before the end of the second year, including firm commitments of all involved agencies and stakeholders.</p> <p>The implementation of the community-specific plans will be completed over the span of a decade.</p>





<b>Result 2.2: Producer associations provide better services to their members and to communities</b>	
<p><b>Problem summary</b></p> <p>Many organizations do not deliver on their potential due mainly to weak organization and management as well as low administrative capacity.</p> <p>For this reason, they are not taking the opportunity to provide a range of services to their members and to surrounding farmer communities and thereby play a central role in supporting development process.</p> <p>But many organizations do not deliver on their potential,</p>	<p><b>End situation</b></p> <p>Producer associations provide their members with a range of services, thereby supporting farm and community development.</p> <p>Associations will support farmers on a range of topics, including procurement of farm inputs, organization of technical assistance, provision of technical agronomic services, access to finance and commercialization of cocoa.</p> <p>In addition, producer associations will take on a larger role in community planning and development, including vocational training and opportunities for service providers.</p> <p>The opportunities in each community will be identified in the community-specific plans (see Result 2.1).</p>
<p><b>Actions and Responsibilities</b></p> <ul style="list-style-type: none"> <li>• The National Cocoa Commission, universities and academies, technical institutes, and other training centers and INFOTEP establish a program to strengthen farmer organizations' managerial, organizational, technical and administrative capacities. Farmer and community needs will be identified in community-specific plans.</li> <li>• The National Cocoa Commission facilitate improved access to cocoa market information</li> <li>• Producer associations offer a range of support services to farmers and communities. This includes local production of farm inputs.</li> </ul>	<p><b>Timeframe</b></p> <p>Needs and opportunities for producer associations are identified during the first year.</p> <p>After three years farmer organizations have been strengthened.</p> <p>After five years farmer organizations provide a range of support services to farmers and communities.</p>

**Result 2.3: Youth and women in cocoa communities have better livelihood options**

**Problem summary**

While limited livelihood options in cocoa communities affect everyone, women and youths are the most disempowered.

While farming is traditionally male-dominated, there are few alternative occupations for women outside their homes.

Young generations of farmer families, who find little opportunity for education or vocational training, and few prospects for promising jobs, find little motivation in farming communities.

When looking to develop the Dominican cocoa industry it is not sufficient to look exclusively at farming itself because not everyone can be a farmer.

To have thriving communities, where people will want to live and where young generations can find opportunity and envision promising futures, communities need to offer a range of livelihood options.

**End situation**

Cocoa community members, particularly women and youths, will have access to better educational and business opportunities that increase their livelihood options.

The opportunities include vocational training in key functions related to cocoa production and agronomy, such as pruning, grafting, pest management or fertilization.

Such functions are absolutely central in a sector where many farmers are old and need help to bring farms back to productivity.

Other opportunities are outside cocoa, such as formation as carpenters, mechanics, hairdressers, tourism operators, cooks etc.

Local municipalities and producer associations facilitate small business development comprised of youth and women.

Opportunities include cocoa nurseries, organic fertilizer production, cocoa agronomy services, and workshops and other businesses outside agriculture.

Other options involve scholarships to academic studies in areas that are useful for communities, including healthcare or agronomy engineering in or outside the country.

**Result 2.3: Youth and women in cocoa communities have better livelihood options**

<b>Actions and Responsibilities</b>	<b>Timeframe</b>
<ul style="list-style-type: none"><li>• The National Cocoa Commission, INFOTEP, municipalities and producer associations develop and implement a program of: Technical vocational training for a variety of professional functions, primarily aimed at women and youth; small business development, and Improved access to existing training opportunities</li><li>• The National Cocoa Commission and INFOTEP collaborate with cocoa companies and lending institutions to provide a subsidy/credit program to fund participation in training and business start-up.</li></ul>	<p>Needs and opportunities in vocational training and small business opportunities are identified during the first year.</p> <p>Training programs are operational by the second year of the plan.</p> <p>After five years women and youth in all communities have improved access to vocational and business development training programs</p>



### ***Objective 3: Systemic capacity supports transformation of DR's cocoa sector***

Carrying out the ambitious modernization proposed in this plan requires strong capacities and systems at all levels in the cocoa sector. While the Dominican cocoa institutions have a good base to build on, the Plan requires a capacity upgrade to handle the significant challenges that confront the sector.

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#### ***OBJECTIVE 3***

***To create the systemic capacity for a sector-wide transformation.***

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Creating change at farm and community level requires significantly enhanced farmer support capacity, both in terms of formation of trainers and extensions agents, as well as development of a strong and coherent curriculum. To increase competitiveness with other advanced cocoa growing countries Dominican Republic needs to invest in cutting-edge scientific research, validation, transfer and adoption of capacity to support genetic plant research, plant breeding, disease control techniques and support continuously improved growing practices.

However, creating thorough change on Dominican cocoa farms is not only a question about technical knowledge and training, but also about investments in farm productivity and improved farm operations, but the country lacks a system that can effectively channel credit to farmers for needed improvements.

Finally, implementation of the National Action Plan itself requires an effective system to coordinate and track action on behalf of many different institutions and stakeholders, to monitor and communicate results to everyone involved, and to organize corrective action where needed.

**Result 3.1: Training systems and training delivery capacity are developed**

**Problem summary**

At the heart of the National Cocoa Plan is to create sweeping change on farms and in cocoa communities, through the means of training in farming practices, by strengthening of producer associations as well as vocational training for cocoa community members, particularly youths and women.

In most cases training systems are either absent or of insufficient quality to deliver the desired results; or, where high-quality training programs already exist, they may not have a comprehensive focus or lack the capacity to deliver training at the necessary scale. The problem is both one of contents as well as delivery capacity.

There is a need to develop the training systems necessary for success, including the formation of trainers and extensions agents prepared to uniform standards and willing and able to perform their work under difficult circumstances.

Training programs need to develop comprehensive curriculums with corresponding methodologies and quality training materials easy to understand for people with low reading ability and comprehension.

**End situation**

A cadre of quality trainers and extensions agents has been formed who can deliver effective training and support services to farmers, communities and producer associations.

The trainers are formed in accordance with agreed quality standards as approved by institutions such as National Cocoa Commission, National Institute of Technical and Vocational Training INFOTEP, and others.

Specialized curriculums have been developed for cocoa farmer training and technical support, for strengthening of producer associations, for small business development and for vocational training in a range of topics.

The curriculums build as much as possible on existing programs, but are strengthened and adapted to the needs of farmers and community members.

The training programs also have effective methodologies – including farmer field school methodology – and training materials.

**Result 3.1: Training systems and training delivery capacity are developed**

**Actions and Responsibilities**

- The National Cocoa Commission, in collaboration with IDIAF, Cocoa Department of the Ministry of Agriculture and cocoa companies leads the development of curriculums, methodologies and training materials necessary to train and support farmers, as well as to form the trainers and extension agents.
- The National Cocoa Commission and IDIAF form a team of trainers and extension agents to deliver farmer support. The National Cocoa Commission issues certificates to qualified trainers.
- The National Cocoa Commission, in collaboration with the Ministers of Higher Education and of Science and Technology, INFOTEP, professional schools and academic institutions, develops curriculums, methodologies and training materials for vocational training and institutional capacity building.
- INFOTEP and professional schools form trainers for vocational training and institutional capacity building.

**Timeframe**

A comprehensive training system is established and operating after the first year.

The system comprises of well-formed trainers, curriculums, methodologies and training materials, as well as delivery strategies for all the country's cocoa communities.

**Result 3.2: Credit system provides long-term investment funding for farm improvements**

<p><b>Problem summary</b></p> <p>Most farmers have the potential to significantly increase cocoa yields and quality and thereby escape deep poverty. Through the training and technical support proposed in the National Action Plan the farmers can acquire the knowledge they need to make the change.</p> <p>Even so, some changes cost money to implement, particularly farm renovation, fertilization and pest management. Many farmers do not have the means to undertake these investments, and most often they are not eligible for credit.</p> <p>Lack of farmer credit exists for several reasons: because cocoa production tends to be unprofitable, because producer associations are too weak to manage group loans for distribution to their members, and because financial institutions are reluctant to lend without collateral. Finance institutions also lack the specialized expertise to evaluate risk and the network to reach farmers.</p>	<p><b>End situation</b></p> <p>A farmer finance system is established which channels credit to farmers to pay for the investments recommended in the national farmer support program. The credit program works as described in the box 1.</p> <p>The credit program can potentially also fund small business start-ups that are part of Result 2.3.</p> <p>Financial institutions reduce risk because credit is associated with an efficient program to support production, which increases the possibilities of producers to repay loans. These institutions can take as guarantee future harvests of producers and buyers guarantee repayment with cocoa beans receiving</p>
<p><b>Actions and Responsibilities</b></p> <ul style="list-style-type: none"> <li>• The National Cocoa Commission, select banking institutions (to be determine according to the interest and ability to work with small rural producers) and cocoa buyers/processors design and establish the farmer finance system.</li> <li>• Cocoa buyers/processors will distribute loans to farmers in conjunction with their farmer support activities, and will collect loan repayment from cocoa beans received.</li> <li>• Banking institutions specialize a fund to finance the of cocoa production’s activities.</li> <li>• The National Commission for Cacao, cocoa buyers and UNDP work together to specialize funds in financial institutions established in the Dominican Republic, to attract fresh funds from international donors or other sources.</li> </ul>	<p><b>Timeframe</b></p> <p>After the first year the farmer finance system is operating, alongside the farmer-training program.</p> <p>After five years of operation the program will have extended credit to more than half of Dominican Republic’s cocoa farmers.</p>



## **BOX 2: DOMINICAN REPUBLIC FARMER FINANCE SYSTEM.**

### **How does it work?**

Finance institutions channel credit to cocoa buyers/processors and producers association who show interest and that have financing mechanism, who then disburse standardized loans to farmers to accompany farmer support activities established in the farm action plan. The farmer-training program implemented by the buyers/processors (see Result 1.1), ensures that the credit is spent as intended or farmers will be excluded from the program. Also, as much as possible of the loan will be disbursed in-kind, as cocoa plantlets, fertilizers or e.g. pruning services offered by small-business start-ups.

Farmers who receive credit are listed in a common registry, and buyers/processors deduct loan repayments from the value of cocoa delivered by the farmer. The buyers/processors pay back the finance institution and disburse the difference to the farmer. All buyers/processors agree to check the registry and deduct due payments from farmers, so farmers cannot escape payment by selling their cocoa to another buyer/processor. This system is workable because of the limited number of Dominican cocoa buyers/processors, and because these credit system brings a pre-competitive benefit to everyone.

The finance institutions will reduce risk because credit is linked to an effective farmer support program, thereby increasing the chance farmers will be able to repay loans. Lenders will effectively take collateral in farmers' future harvests, with buyers/processors guaranteeing repayment from the cocoa beans they receive.





**Result 3.3: Research and validation scientific, and transfer and adoption technological in cocoa is strengthened**

<p><b>Problem summary</b></p> <p>Modern and effective cocoa farming builds on science and technical innovation. As other leading cocoa producing nations, Dominican Republic needs scientific research in plant genetics to improve cocoa varieties in terms of cocoa flavor, tree yields and sexual compatibility. It needs the technical capacity for propagation and distribution of authorized hybrid seeds to nurseries, so farmers can plant cocoa trees with the best genetic traits.</p> <p>It needs continued development of effective pest management techniques aimed particularly at the problems confronting Dominican farmers and prevent the introduction of others. It also needs research and development of improved growing techniques for Dominican Republic’s geophysical environment. And it needs development of effective strategies for climate change mitigation for the Dominican cocoa sector.</p> <p>While Dominican Republic counts excellent scientists, there is very little ongoing scientific research in cocoa. In addition, of the nation’s 11 universities with agricultural programs, only one offers subjects on cocoa growing.</p> <p>To support a growing cocoa industry, and take advantage of the opportunities on future cocoa markets the country must put significant efforts into cocoa science and technical innovation.</p>	<p><b>End situation</b></p> <p>Scientific institutions, particularly IDIAF and agricultural research centers on universities, follow a plan for long-term development of cocoa research capacity and technical innovation. The plan will make Dominican Republic a leader in fine-flavor cocoa development, including genetics, plant propagation, pest and disease prevention and control and improved growing techniques. Research results are effectively disseminated and applied through the farmer support program.</p> <p>An effective plant propagation program produces certified seeds of improved hybrids and vegetative material for grafts that are distributed to nurseries for mandatory use.</p> <p>Several universities with agronomy programs have adopted specialized cocoa coursework for agronomy students.</p>
<p><b>Actions and Responsibilities</b></p> <ul style="list-style-type: none"> <li>• IDIAF, the National Cocoa Commission and the Cocoa Department of the Ministry of Agriculture, in collaboration with university research centers and other stakeholders, define and implement a plan for cocoa research and technical innovation.</li> <li>• IDIAF leads plant propagation and distribution of certified seeks to nurseries</li> </ul>	<p><b>Timeframe</b></p> <p>After one year agriculture research universities start to offer specialized courses on cocoa for future agronomists.</p> <p>After two years IDIAF distributes certified seeds to nurseries.</p> <p>After five years permanent research capacity has been established in IDIAF and at universities.</p>

**Result 3.4: Effective system to track implementation of the Action Plan, and to measure the impacts of the change in DR's cocoa sector**

<p><b>Problem summary</b></p> <p>Implementation of the National Cocoa Action Plan is a huge and complicated undertaking because it involves a great number of stakeholders who each have a role to play, and each need to produce results and often fund their own action.</p> <p>Of all the action in the Action Plan, the Dominican government will mandate some and others will be will be voluntary, which it will incentivized and encouraged.</p> <p>To ensure each stakeholder lives up to their commitment, the National Cocoa Platform will need an effective system to track the many activities, and to continuously animate stakeholders in their endeavors.</p>	<p><b>End situation</b></p> <p>The National Cocoa Commission's Technical Platform Coordinator will facilitate joint stakeholder actions by forging partnerships, agreements and public declarations of commitment; by facilitating continued dialogue and mutual responsibility by all stakeholders, and by helping ensure donor funding through projects and coordinate efforts by aid agencies.</p> <p>The Technical Platform Coordinator will monitor the progress in implementation of the Action Plan and identify need for adjustment in Action Plan strategy.</p> <p>The Technical Coordinator will ensure public awareness of progress and achievements by communicating with the national press, and by distributing sound and neutral information of the cocoa sector.</p>
<p><b>Actions and Responsibilities</b></p> <ul style="list-style-type: none"> <li>• The National Cocoa Commission's Technical Platform Coordinator will elaborate a tracking tool and record stakeholder commitments from the point of formalization of the National Action Plan.</li> <li>• The National Cocoa Commission's Technical Platform Coordinator will regularly communicate progress on the implementation of the National Cocoa Action Plan to stakeholders and to the wider interested public.</li> <li>• The National Cocoa Commission will ensure significant press coverage of the efforts and achievements of the cocoa sector stakeholders.</li> </ul>	<p><b>Timeframe</b></p> <p>The record of stakeholders' commitment to action will be recorded from the moment of formalization of the Action Plan, alongside a tracking tool that allows monitoring of its implementation.</p> <p>The monitoring of the Action Plan will continue for at least a decade.</p>

#### ***Objective 4: Enabling Environment and Public Policy support transformation of DR's cocoa sector***

Governments create the governance frameworks that set the conditions for private sector activity. Through legislation, regulation, policies and incentives they can influence the overall environment that either allows stagnation or enables change.

In Dominican Republic, the existing policies and regulation that govern the cocoa sector have not been able to facilitate modernization of the sector. The government can, however, promote change in many different ways. It can create a positive commercial investment climate for cocoa; provide credit schemes for both cocoa companies and for producers; it can provide subsidies for certain type of investments that are difficult to generate commercially, such as investments in renovation of small and unproductive cocoa farms. The government can also establish incentives that regulate the behavior of actors in the cocoa sector through tax incentives or through fees or payments to reward certain behavior. It can formalize policies through legislation particularly aimed at the cocoa sector, and it can enhance the work of its own institutions by strengthening and harmonizing public planning processes.

In recent years the government of Dominican Republic has put in place special development frameworks for specific economic sectors such as tourism, free-trade zones, and for several agricultural subsectors that are deemed of strategic importance, including rice, dairy, and other crops that integrate the basic food basket and called "sensitives products". It has also promoted private sector investment in impoverished border zones by providing a variety of incentives to companies establish there. The government could and should do a similar thing for its cocoa sector. Through this plan it will have a comprehensive framework for action, produced by the stakeholders that are willing to do their part to achieve solutions.

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#### ***OBJECTIVE 4***

***To support the government in the process to create an effective enabling environment for change in the Dominican cocoa sector.***

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<b>Result 4.1: Legislation and policies operating to strengthen cocoa sector</b>	
<p><b>Problem summary</b></p> <p>Like many other cocoa producing countries, Dominican Republic does not have one comprehensive set of legislation and policies for development of its cocoa sector.</p> <p>Rather, the sector is governed by many different sets of regulation on agriculture, land use, environmental protection, rural development and others.</p> <p>Sometimes policies and legislation is overlapping or conflicting. And in conjunction the legal and policy framework has shown inability to meet the very special needs of the cocoa sector.</p> <p>To optimize the enabling environment for change of the cocoa sector, the laws, regulation and policies that govern it should be revised and updated.</p>	<p><b>End situation</b></p> <p>Dominican Republic has a policy and legislative framework that actively and comprehensively supports modernization of the cocoa sector.</p> <p>This may be through the introduction of a special law to govern the sector, or a set of bold and ambitious policies to promote the necessary transition.</p>
<p><b>Actions and Responsibilities</b></p> <ul style="list-style-type: none"> <li>• The National Cocoa Commission and the Ministry of Agriculture lead a review of the legislative and policy environment that governs cocoa to identify needs for streamlining, modification and strengthening.</li> <li>• The National Cocoa Commission and the Ministry of Agriculture in dialogue with other stakeholders, propose revised legislation and policies to strengthen the Dominican cocoa sector, including by supporting the changes proposed in this National Action Plan</li> </ul>	<p><b>Timeframe</b></p> <p>The review of legislative and policy environment has been completed by the second year of the plan.</p> <p>Revised policies and legislation has been proposed by the third year of the plan.</p>

**Result 4.2: Incentive schemes and fiscal instruments promote investment in DR's cocoa sector**

**Problem summary**

One of the key problems of the Dominican cocoa sector is years of underinvestment, particularly at the farm level.

To catalyze investment and encourage change in behavior, in organizations as well as in individuals, Dominican Republic needs to incentivize them.

Fiscal incentives could provide incentives for cocoa companies to invest more heavily in the sector, particularly for supporting farmers in changing production practices and upgrade productive infrastructure; or provide incentives to increase involvement in companies' own supply chains, such as delivery of farm inputs as a part of a contractual arrangement.

Fiscal incentives can work for companies and larger producers who pay tax, but most small producers do not pay significant taxes.

However, there are other incentives that can be focused directly at farmers, such as for their efforts to protect natural resources.

For example, protection of basins high and medium that capture and store water resources destined for urban consumption has a real economic value for water consumers downstream, and therefore should result in a payment to keep catchment landscapes with tree cover, such as sustainable agro-forestry. Income from such payment-for-environmental-services (PES) schemes can either flow to farmers to improve farm economy, or they can be destined to pay for the cost of farmer support programs, or used to back up loans to farmers for needed infrastructure investment.

**End situation**

The Dominican cocoa sector has a strong system of fiscal incentives that reward investment and support to farmers and throughout the supply-chain.

The incentive system aims to boost private-sector involvement in the modernization of the cocoa sector.

Other incentive systems aim to reward proactive and sustainable behavior by farmers, including for their stewardship of natural resources such as keeping landscapes in agroforestry for the benefit of water catchment, biodiversity protection and to ensure the landscapes' resilience to extreme climate events.



**Result 4.2: Incentive schemes and fiscal instruments promote investment in DR's cocoa sector**

**Actions and Responsibilities**

- The National Cocoa Commission and ministries of Agriculture and Finance identify opportunities for fiscal incentives for actors in the cocoa sector
- The National Cocoa Commission and agencies responsible for natural resources management, including Ministry of Environment, the Dominican Institute of Water Resources INDRHI, among others, identify PES schemes that can incentivize farmers to implement better practices.

**Timeframe**

Opportunities for incentive schemes are identified during the first year of implementation of the National Cocoa Action Plan for Sustainable Development.

Fiscal incentives and PES systems are operating after two years of implementing the Plan.



**Result 4.3: Cocoa reform in synergy with public planning**

<p><b>Problem summary</b></p> <p>Cocoa production touches on a great number of aspects of public planning, such as landscape level land-use planning, anti-poverty and rural development planning, job development, climate change adaptation and mitigation of vulnerability, food security, water resources management, biodiversity conservation, and exports promotion, just to mention some.</p> <p>More often than not, these planning processes are carried out in isolation from each other, and by different agencies.</p> <p>The National Cocoa Action Plan for Sustainable Development’s actions can have a positive effect on many planning areas even if they were not themselves the main objective of the plan.</p> <p>Conversely, if the challenges and needs of the cocoa sector were properly understood and reflected in these planning processes they could significantly help advance cocoa sustainability.</p> <p>Efforts to enhance landscape-level land-use planning, for example, could not only help protect biodiversity but also help cocoa farmers obtain land titling, which is a major barrier for farmers to get access to credit. Job creation and anti-poverty efforts could bring major synergies to the National Cocoa Action Plan’s objectives to improve livelihoods and community wellbeing.</p>	<p><b>End situation</b></p> <p>The needs and challenges of cocoa farmers in general, and the National Cocoa Action Plan specifically, are reflected in public planning processes, to harvest synergies and avoid duplicity of effort.</p> <p>The cocoa sector and all the responsible agencies that are in charge of public policy and planning are better off through collaboration.</p> <p>The National Cocoa Action Plan for Sustainable Development works as a major driver of coherent planning processes in cocoa growing communities and –regions.</p>
<p><b>Actions and Responsibilities</b></p> <ul style="list-style-type: none"> <li>• The National Cocoa Commission and the Ministry of Agriculture convene all public agencies as well as relevant civil society actors that work on planning and implementation of issues that touch the cocoa sector geographically, thematically or commercially. The agencies will then identify joint planning and coordination mechanisms to achieve synergic interaction.</li> </ul>	<p><b>Timeframe</b></p> <p>Dialogue between public agencies and civil society will occur during the second year of implementation of the National Cocoa Action Plan. Agencies use joint planning processes and coordination efforts from the third year.</p>



## ***The way forward***

The present version of the National Cocoa Action Plan for Sustainable Development is a result of an extensive dialogue process between cocoa sector stakeholders, and the technical proposals of the National Cocoa Platform's technical working groups. The Plan is presented to a wider audience for feedback and further development.

The National Cocoa Commission will engage the actors mentioned under each activity, to ensure their firm commitment and to develop more specific plans for their implementation. This includes a baseline analysis, budgets and identification of human resource needs. Each activity will have a responsible coordinating agency that leads the collaborative work and reports on progress.

The Technical Coordination of the National Cocoa Platform – part of the National Cocoa Commission, will help elaborate progress and impact indicators, and will monitor progress in the implementation of the plan. It will also communicate results to the involved stakeholders and the broader public.

Once the National Cocoa Commission and the government of Dominican Republic have formally approved the National Cocoa Action Plan for Sustainable Development, the Technical Coordination will prepare a work plan for the first year of implementation of the Plan.

