



**USAID** | **COLOMBIA**

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## THE CACAO EFFECT

Work Plan 2019  
YEAR 1 (February 2019 – September 2019)

AGREEMENT: 72051419CA00005

# **Work Plan 2019**

## **February 2019 – September 2019**

### **English Version**

**Agreement No: 72051419CA00005**

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Prepared by the United States Agency for International Development USAID  
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Implemented by: Luker Foundation

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## QUOTED ACRONYMS

TCE	“The Cacao Effect”
USAID	United States Agency for International Development
PTP	Productive Transformation Program of the Ministry of Agriculture
EMA	Environmental Management Approach
ICCO	International Cacao Organization
GDA	Global Development Alliances
FSC	Saldarriaga Concha Foundation
AOR	Agreement Official Representative
PMA	Producers to Markets Alliance
AMELP	Activity Monitoring, Evaluation and Learning Plan.

## EXECUTIVE SUMMARY

















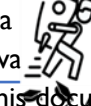











The Cacao Effect is a Cooperation Agreement supported by USAID (United States Agency for International Development), and Luker Chocolate, Luker Foundation, Enel -Emgesa, FSC Saldarriaga Concha Foundation and EAFIT University, participate in the alliance.

TCE activities aim to "strengthen the cacao value chain, contributing to better living conditions for producers and their communities, in municipalities of three subregions: Urabá, Lower Cauca and Central-Southern Huila, as a base for the construction of a long lasting peace." The cacao value chain will be strengthened through: (a) The establishment of two anchor farms and intervention on the farms of small scale cacao farmers, through new crop sowing or rehabilitation to increase their productivity; (b) Improvement of the technical, commercial and administrative skills of cacao producer associations; and (c) The improvement of the skills of the populations living close to the anchor farm in Necoclí.

The agreement is to be executed in a period of 5 years and it has a total investment of USD \$35,103,407 and a USAID investment of USD \$6,260,000.

In its first Annual Plan, TCE complies with the commitments set out in Cooperation Agreement number 72051419CA00005 signed with USAID, keeping in mind the surroundings with their limitations and their potential.

Below are the goals set for the first year compared to the general goals of the agreement, the AMELP indicators are not included in this Plan, whose performance will be evaluated through the quarterly reports. The AMELP will be approved in May 2019 and will be used for the next Annual Implementation Plan.

META SEPT 2019		META ENERO 2024	
GOAL SEPT 2019		GOAL JAN 2024	
141 hectáreas con sombrero transitorio. 141 hectares with temporary shade		470 hectáreas sembradas en cacao 470 hectares planted with cacao	
50 hectáreas rehabilitadas 50 rehabilitated hectares		870 hectáreas 870 hectares	
100% de los productores seleccionados para siembra y/o la rehabilitación formados. 100% of producers selected for sowing and /or rehabilitation trained		100% formados 100% trained	
100% de la producción de cultivos de cacao en las fincas monitoreada. 100% of the production of anchor farms monitored.		100% monitoreada 100% monitored	
100% de los EMA socializados con cada productor. 100% of the EMA socialized with each producer		100% monitoreados 100% monitored	
17 asociaciones con diagnóstico organizacional 17 associations with organizational diagnosis		17 asociaciones fortalecidas 17 strengthened associations	
50 iniciativas de emprendimiento identificadas. 50 entrepreneurship initiatives identified		20 emprendimientos apoyados 20 supported entrepreneurship initiatives	
150 personas capacitadas en emprendimiento con enfoque de género. 150 people trained in entrepreneurship with GAD approach.		500 personas formadas 500 people trained	
25 jóvenes en programas de formación laboral. 25 young people in job training programs.		250 jóvenes 250 young people	
60 adultos cursando educación formal. 60 adults enrolled in formal education.		100 adultos beneficiados 100 adults benefitted	
25 profesores y 154 niños reciben capacitación académica. 25 teachers and 154 children receive academic training.		27 profesores y 154 niños 27 teachers and 154 children.	
600 niños y jóvenes reciben programas de competencias socioemocionales. 600 children and young people enrolled in programs of socio-emotional skills.		600 niños y jóvenes 600 children and young people.	
90 mujeres capacitadas en emprendimiento (60%) 90 women trained in entrepreneurship (60%)		300 mujeres (60%) 300 women (60%)	
25 jóvenes en programas de formación laboral. 25 young people in job training programs.		250 jóvenes 250 young people.	

These low-income levels are the result of aging crops, the low education level of the producers (three years on average), which means that there has been little adoption of technology and low agricultural productivity. The problem is exacerbated by the few viable options for agricultural and economic diversification in the territories. However, there is an opportunity for these farmers to

expand their production and incomes in response to the high demand, both from the Colombian industry and from the international market, of "Fine Flavor Cacao"; moving towards the possibility of helping small-scale cacao farmers benefit from the scale economy of business farms (Anchor Farms) and significantly improve their living conditions and those of their families. TCE seeks to promote the inclusion of women, young people and the vulnerable population in general.

### 3. AGREEMENT STRUCTURE

TCE is part of USAID's Global Development Alliance - GDA program, where the private sector is involved as a generator of competitiveness. As this is an innovative tool in Colombia, the formulation of this project was supported by USAID in a co-creation process that allowed generating a concerted, orderly, participatory and creative proposal. This is how the allies of the agreement came together with different contributions in the cacao value chain. The proposal participated with more than 80 projects presented and was selected among the eight (8) that were signed.

In TCE, USAID brings technical knowledge and experience in the development of projects and finances activities related to the small-scale producers, their associations and the community around them. Luker Chocolate brings experience in the agricultural area and investments in the Factory focused on exporting. The Luker Foundation is in charge of the implementation and invests in the community of Necoclí. Enel-Emgesa provides the land for the anchor farm in Huila and technical support in the resettlements. EAFIT carries out the organizational strengthening component of the cacao associations and the FSC joins the Universidad del Norte in the implementation of the ReHaser program that improves the socio-emotional conditions of the community.

The following diagram shows the allocation of USAID resources in the strengthening of the cacao value chain through TCE; since the agreement manages to impact all the links of the chain, with a focused investment of USAID in those that become a basic good or a common good.

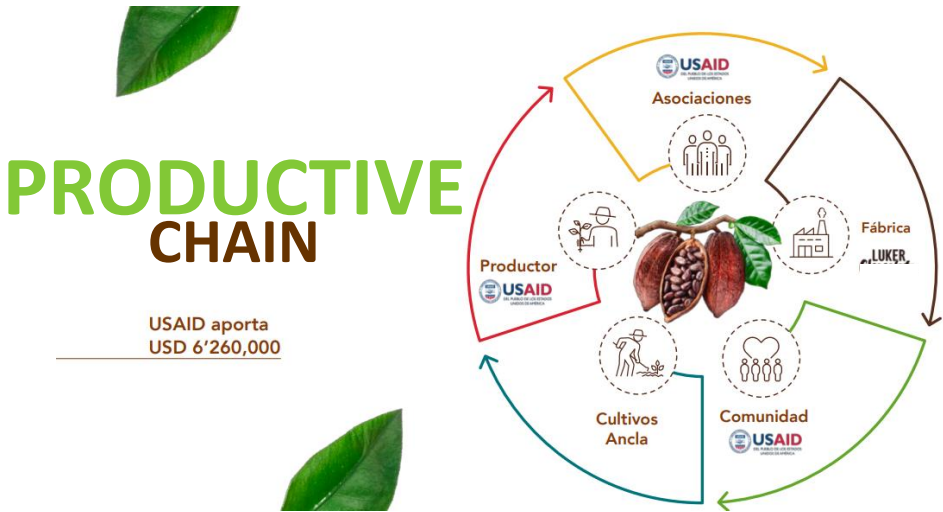




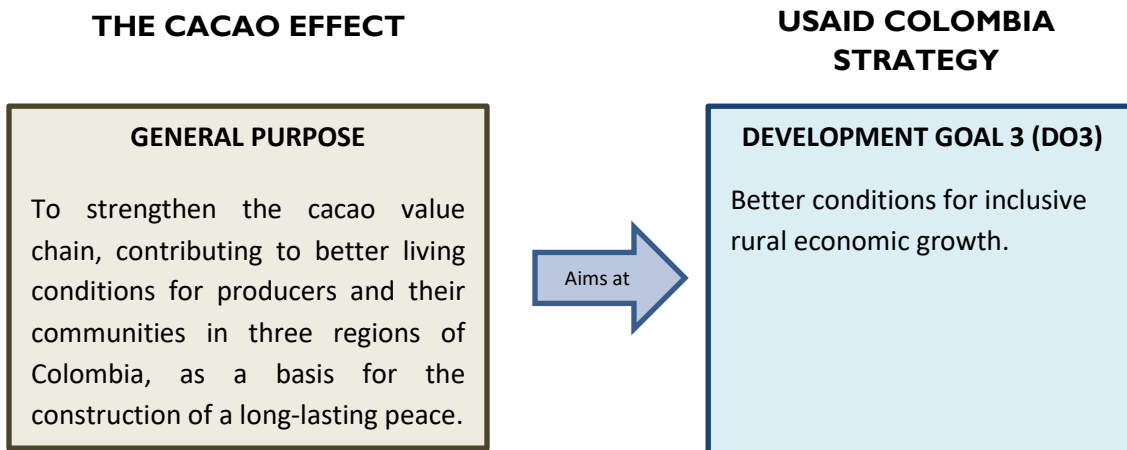
Image 1. USAID Resources Allocation

For the Luker Foundation the agreement fits perfectly in its interest to bring the positive results obtained in Manizales to other communities in Colombia and the principles of interventions on the anchor farm at Necoclí. For Luker Chocolate, TCE is the largest materialization achieved so far of "The Chocolate Dream". For Enel-Emgesa, it is a step towards sustainability for the Huila producers that the company has resettled due to the flooding of the Quimbo Reservoir, which is operating. For the Saldarriaga Concha Foundation, it is an opportunity to bring resilience skills to more communities affected by violence in Colombia and for EAFIT it is an opportunity for intervention in other Colombian regions. Therefore, the agreement begins with the total commitment of all the allies fighting for the same purpose: "to strengthen the cacao value chain, contributing to better living conditions for producers and their communities, in municipalities of three subregions: Urabá, Lower Cauca and Central-Southern Huila, as a base for the construction of a long-lasting peace".

To achieve this great purpose, the cacao value chain is strengthened through: (a) The establishment of two anchor farms and interventions on the farms of small-scale cacao producers, through new sowings or crop rehabilitation to increase their productivity; (b) Improvement of the technical, commercial and administrative skills of cacao producer associations; and (c) The improvement of skills in the population living close to the anchor farm in Necoclí.

### 3.1 RELATIONSHIP WITH THE STRATEGIC OBJECTIVES OF USAID FOR COLOMBIA

TCE contributes to the third objective of the USAID/Colombia Country Development Cooperation Strategy of "Improving the conditions for inclusive rural economic growth" (DO3):



Within the sectoral strategies, USAID<sup>1</sup> promotes the cacao sector in Colombia, directing its efforts to strengthen the different parts of the value chain in order to generate competitiveness and sustainability for the sector in the selected regions, improving the living conditions of the community by applying holistic strategies that involve different components, mostly supported through the TCE agreement.

### **3.2. STRATEGIC APPROACH OF THE AGREEMENT**

The ICCO, International Cocoa Organization, sees the future of the sector in sustainable production in which prosperous farmers and communities are sought. Fine flavor and aroma cacao is the best option for a country that does not compete in costs, but in quality. Producers in Colombia need productivity and quality, taking advantage of existing genetics and the need to generate at least a minimum wage income for average Colombian producers who barely have 2.9 hectares of cacao.

Rural Extension Support services are the Achilles heel of the agricultural innovation system in Colombia (OECD, 2015, p 272), these services are temporary, disjointed and disconnected from the industry, the academy and the producer. In a strategic manner, this agreement will implement an extension service that accompanies the producer in the medium-term (4.5 years). This is how TCE bases its strategy on training producers so that they are the generators of agricultural development; the training is given to groups and individually as well, with a rural extensionist support that is privileged articulated with the industry compared to the traditional mechanisms that generate dependence on cooperation, because the industry doesn't have the capacity to service the approximately 52 thousand producers that are spread in 23 departments (provinces) of Colombia that produce cacao. For this reason, producers depend on agreements that provide technical assistance focused on the transfer of knowledge because of their short term. TCE aims to provide a rural extensionist support as defined by FAO, with educational procedures that help the rural population to improve agricultural methods and techniques, increase productivity and income, improve their living standards and raise educational standards and social aspects of rural life, taking into account the individual as a basis for development, because for TCE the change is made with people enhancing their skills and competences.

### **3.3. ASSUMPTIONS AND RISKS**

In this year of intervention, the agreement has some intrinsic risks because it is the beginning of the implementation, the stage of understanding and when the beneficiary population is chosen. To minimize the risks, the intervention experiences of Luker Chocolate were taken in

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<sup>1</sup> USAID Cacao Strategy

the planning, including the most recent where in conjunction with the PTP, 329 hectares were rehabilitated in Tumaco.

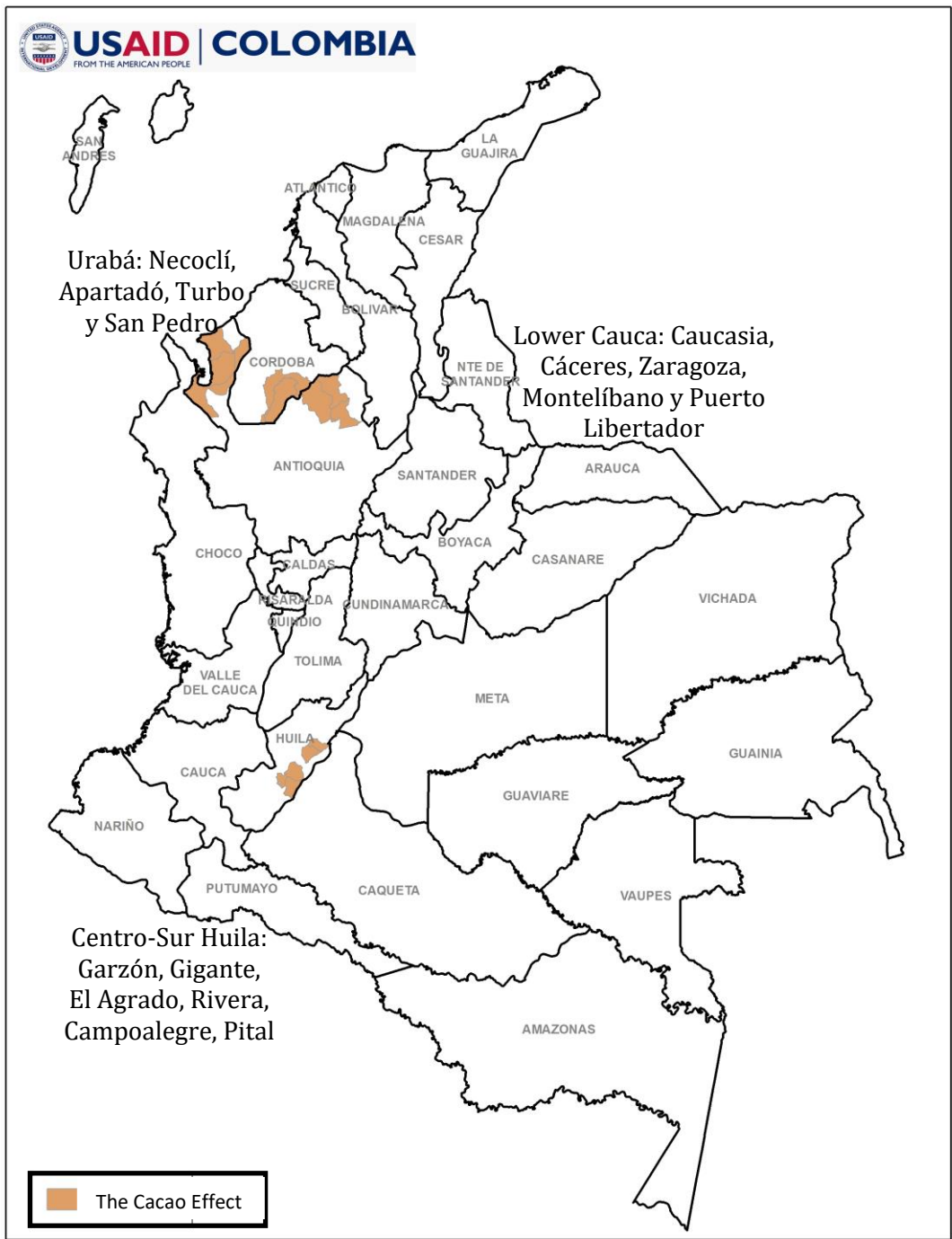
On the other hand, there are also security risks due to the conflict situation between illegal armed groups in the Lower Cauca area. To minimize these risks the PMA experience will be taken, a program that is currently being implemented with USAID in the same area.

In the AMELP there is an analysis of all the risks of the agreement, in this space only the main risks specific to this first phase are analyzed:

<b>RISK</b>	<b>MITIGATION</b>
Select sanctioned producers to receive assistance from USAID (For example: ex-combatants, coca growers, etc.)	<ol style="list-style-type: none"> <li>1. Check during visits to farms that there are no illicit crops and inquire about the economic activities of the family.</li> <li>2. Verify within the eligibility process that the beneficiary producer is not on the sanctioned lists of the Colombian or American government.</li> </ol>
Select producers who initially have all the will and subsequently do not cooperate.	<ol style="list-style-type: none"> <li>1. Carry out the training before planting or rehabilitation in the farms, in order to corroborate the commitment of the producers.</li> </ol>
Select producers that don't have the counterpart, including those who: <ol style="list-style-type: none"> <li>a. Don't get any of the alternative loans created for farmers in the financial institutions,</li> <li>b. Are not susceptible to credit or don't apply for them.</li> </ol>	<ol style="list-style-type: none"> <li>1. Find economic solutions for investment risks, so that the producer doesn't commit to payments that exceed their capacity to pay.</li> <li>2. Find different credit options for producers. TCE will be in charge of looking for credit providers with payment benefits for producers.</li> </ol>
Insecurity, Public order, transporters and civil society strikes.	<ol style="list-style-type: none"> <li>1. Be prudent at all times, the safety of the whole team is a priority for the Luker Foundation.</li> <li>2. Have accurate information about the area before traveling.</li> </ol>
Climatic conditions, sowing of the transitory shade and rehabilitation may be delayed due to rain or drought.	<ol style="list-style-type: none"> <li>1. Prioritize producers who have irrigation or who have water sources to implement irrigation.</li> <li>2. Monitor forecasts to take preventive and corrective measures.</li> </ol>
Price of cacao, producers' motivation can get weak because of a reduction in the price of cacao.	<ol style="list-style-type: none"> <li>1. Inform producers about the methodology of price formation and the great dependence on the stock market.</li> </ol>

### 3.4. GEOGRAPHIC COVERAGE

The activity will be implemented in the sub-regions of Lower Cauca, Antioquia’s Uraba region and Central-Southern Huila. These sub-regions are characterized by high multidimensional poverty, violence and low crop productivity. The program will focus on 15 municipalities that are part of the USAID target areas. Due to their history in the armed conflict in Colombia, ten of them have also been prioritized by the "Ministry of Post-Conflict, Human Rights and Security".



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crops, the Urabá region is a transit territory for coca and illegal substances, that need an corridor to the sea in order to be exported, and Huila works as a containment to avoid the connection between some of the departments (provinces) with more density of coca plantations: Putumayo, Caquetá and Cauca.

The focus on the territories is made with the prioritization of the associations that have had a commercial relationship with Luker, the initial list includes the following associations invited to participate in the agreement. This list doesn't limit the number, more associations can be included later, some of them can leave if they don't have producers interested in the agreement or some producers can apply individually with the support of the association, without being associated. TCE doesn't oblige the producer to belong to an association, it's enough for there to be a commercial relationship between the producer and the association and a support from the association to the producer. The agreement doesn't promote the payment of the enrollment to the association, but promotes associativity through organizational strengthening:

**Table I. List of prioritized associations.**

<b>DEPARTMENT OF HUILA</b>	<b>MUNICIPALITY</b>
Asociación de Productores Agropecuarios del Municipio del Agrado – ASOPROAGRADO	El Agrado
Asociación de Pequeños Productores de Cacao de Campoalegre – ASOPECA	Campoalegre
Cooperativa de Caficultores del Centro del Huila – COOCENTRAL	Garzón – Tarqui
Asociación de Productores y Comercializadores de Cacao del Municipio de Gigante – ASOCAGIGANTE	Gigante
Asociación de productores de Cacao de Potrerillos – ASOPOTRERILLOS	Gigante
Asociación de Productores de cacao del Municipio de Rivera- ASOPROCAR	Rivera
Asociación Ambiental Integral Cacaotera de Rivera – AMBICAR	Rivera
Asociación de Productores da Cacao del Pital - ASOCACAO EL PITAL	Pital
<b>LOWER CAUCA – DEPARTMENTS OF ANTIOQUIA AND CORDOBA</b>	<b>MUNICIPALITY</b>
Asociación Fondo Agropecuario de Puerto Libertador – AFAPUL	Puerto Libertador – Cordoba
Asociación de Productores Piscícolas y Agropecuarios De Tierradentro – ASPROPISAT	Montelíbano – Cordoba
Asociación de Productores Agropecuarios y Cacaocultores De Cáceres - APROACA	Cáceres – Antioquia
Asociación Agro-Ambiental de Parceleros del Pato – ASAPA	Zaragoza – Antioquia
CHOCOLATE COLOMBIA- Caucasia	Caucasia – Antioquia
<b>URABA – DEPARTMENT OF ANTIOQUIA</b>	<b>MUNICIPALITY</b>

Asociación de productores de cacao del Municipio de Necoclí - ASOPRONE	Necoclí
Asociación de Cacaoteros del Municipio de San Pedro de Urabá - ABICASPU	San Pedro
Asociación Agropecuaria de Emprendedores del Campo - AGRECAM	Turbo
Cooperativa de Trabajo Asociado Productores Agropecuarios Solución, Integrada y Vida - PROASIV	Turbo

## II. SECTION TWO

### I. INTERMEDIATE RESULTS OF THE AGREEMENT, COMPONENTS AND SPECIFIC ACTIVITIES

TCE has defined a results framework for the program, which was designed to maintain a causal logic among the objectives with the highest results, the intermediate results and the sub-activities that will guide the fulfillment and development of the activity. In this order of ideas, TCE is made of a purpose "To strengthen the value chain of cacao, contributing to better living conditions of producers and their communities, in municipalities of 3 sub-regions: Urabá, Lower Cauca and Central-Southern Huila, as a basis for the construction of a long lasting peace", three components and 11 activities, as can be seen in Figure 1, and which can also be seen in the AMELP. The schedule of the agreement can be seen in Annex 1. Activity Schedule Year 1 - 2019.

#### I.1. EXPECTED RESULTS

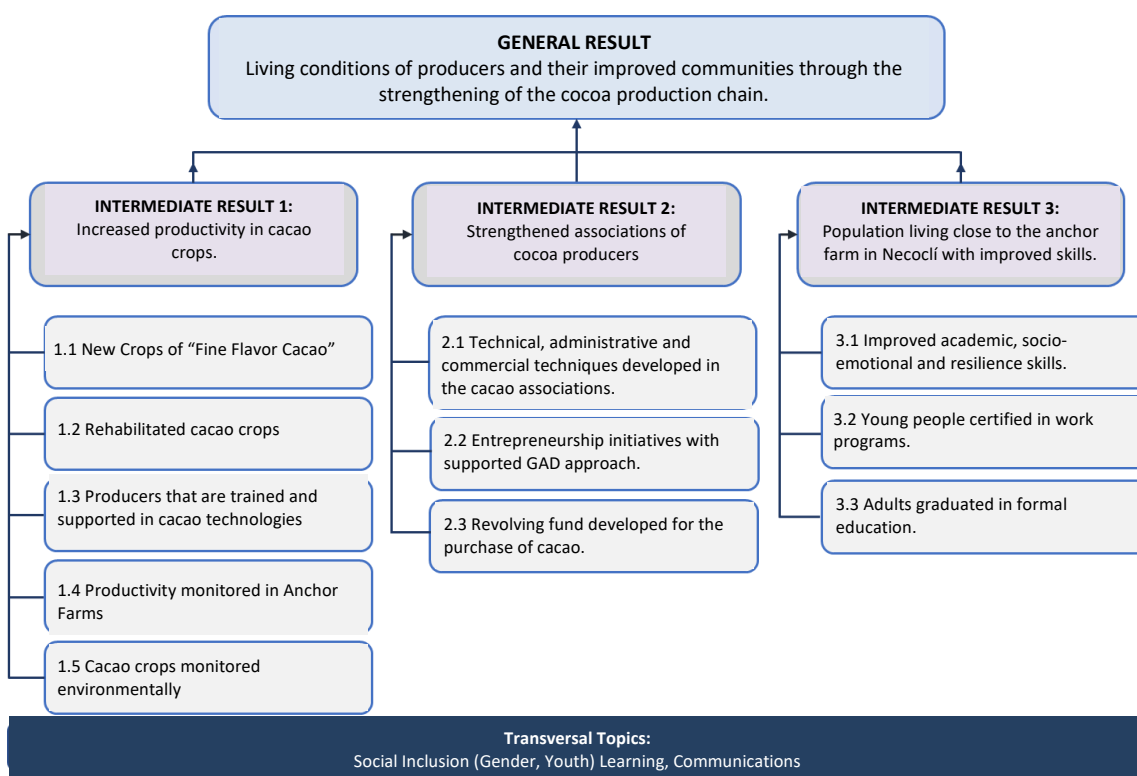


Figure 1. Cacao Results Chart

## **I.2. INTERMEDIATE RESULT ONE: Increased productivity in cacao crops**

### **I.2.1. General**

All the activities of the agreement are linked to the improvement of the living conditions of the cacao producers. Productivity is directly related to income, a fundamental economic component for sustainability. The intervention during the first year is based on the selection and baseline of the producers who meet the desired technical, financial and social conditions, including a preference for those that have the support of the prioritized cacao associations, Table I. The final list of the selected producers will be validated with these associations and they provide an endorsement document of their producers as co-responsible parties.

From the baseline you get complete information on land tenure, productivity, income and social conditions of the family. It will be checked with evidence, anything that the producer can show as such.

In the regions of the agreement small scale producers have old crops, with low productivity and high incidence of pests and diseases, so it's necessary to encourage the sowing of new plantations and to rehabilitate the old, to increase cacao production and productivity and thus contribute to the improvement of income and economic development.

Keeping in mind that it isn't enough to carry out the sowing or rehabilitation intervention, and that the increase in productivity depends more on the maintenance given to this intervention, training and technical support will be carried out in the manner of extensionist support to the small scale producers. As a preparatory phase to the trainings, the design and printing of the guide material for the training of the producers will be carried out, for which the Luker Foundation and Luker Chocolate will begin from the material that they have been developing for 4 years, built from the Luker Chocolate agricultural experience for more than 20 years and successfully tested in small scale producers.

### **I.2.2. Proposed Activities**

#### **NEW CROPS OF "FINE FLAVOR CACAO" PLANTED**

In this first activity, the selected lands will be prepared to sow the plant material that will serve as a transient shade (e.g. Plantain, Banana, Guandul, etc.), according to the technical recommendations, keeping in mind the soil analysis, where not only the chemical characteristics but also the homogeneity, composition and inclination of the land are evaluated. In the soil analysis, a cadmium analysis is included.

The planting of the transient crop that serves as a shade for the cacao to be planted is carried out in the preparation. A selection of two types of shade crops per region is made so that the producer chooses, together with the technical team of the agreement, the most convenient for

his/her farm. The transient crop should be high enough to provide shade at the time of sowing the cacao.

## REHABILITATED CACAO CROPS

For the rehabilitation a complete diagnosis of the batch is made, including the varieties of cacao, the age and the average production. Once the complete information of each region is available, a work contract is made to carry out the intervention in the region. The contract is made with a duly constituted company that complies with all health and safety regulations at work.

In general, the rehabilitation protocols are developed to guarantee that the standards are met in the three regions.

## TRAINED AND ASSISTED PRODUCERS IN CACAO TECHNOLOGIES

Training and assistance expressed in rural extensionist support to producers is fundamental in the process, this agreement, as Luker Chocolate says, is made with producers and not with farms, because chocolate is made with people and not with machines, and customers are passionate entrepreneurs, not logos, or factories<sup>2</sup>. So, for the whole agreement the key element will be the main producer who will register with his/her ID card in the information systems that will be used in the agreement.

The technical assistance offered by the agreement is part of the Agricultural Extension support. FAO conceives Agricultural and Rural Extension support as a service or assistance that, through educational procedures, helps the rural population to improve agricultural methods and techniques, to increase productivity and income, to improve their living conditions of and to raise educational and social norms of rural life.

The group trainings will take place around the month of August, just when the cacao harvest ends in each region, to guarantee that the producers can assist and their participation doesn't affect their income. According to the intervention carried out on the farm, there are fundamental training topics for producers and others are optional, the training will always help increase productivity at the whole farm and not only the lot intervened in sowing and/or rehabilitation.

At the end of the period an internal audit is carried out on the extensionist support process to evaluate the results and the level of sense of ownership of the producers.

## MONITORED PRODUCTIVITY IN ANCHOR FARMS

The Anchor Farms are the cornerstone of the agreement, they represent a work of vertical integration and a model that radiates examples of good production practices, technological tools and investment models in the zones for the producing regions. Likewise, they produce parallel productive initiatives, improve the conditions of the surrounding areas and increase the quality of life of the people who live in these regions<sup>3</sup>.

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<sup>2</sup> The Voices of Cocoa. Luker Chocolate.

<sup>3</sup> The Voices of Cocoa. Guido Sierra.



Although the responsibility for farm work is borne by Luker Agricola (formerly Palmas de Casanare), a Luker company, the TCE agreement monitors productivity results. Additionally, nurseries will be carried out in anchor farms and extension workers will be able to use the experience for training and extension support activities, such as field schools, agricultural laboratories, etc.

The Anchor Farm of the municipality of Necoclí (Antioquia's Uraba region) is the farm El Rosario, located in the village of Buenos Aires, where the 557 hectares of fine flavored cocoa are already sown. The Anchor Farm of the municipality of El Agrado (Huila) is the farm La Escalereta, located in the village of Llaguilga, where 52 hectares of cocoa will be planted under an agroforestry system, which consists of intercalating the cocoa with one temporary and another permanent shade crop; the Guandul (cajanus cajan), which will be the first one to be planted, will be used as temporary for the purpose of providing shade to the cacao crops during the first years, and the Melina (gmelina arborea) will be used as a permanent one, which besides providing shade, serves as windbreaker.

#### CACAO CROPS ENVIRONMENTALLY MONITORED






Environmental sustainability is transversal to the whole agreement, but specific activities related to the crops of small producers and anchor farms are included within this component.

Cacao is highly environmentally friendly and more so when it is sown in agroforestry systems, which is the technical methodology adopted and promoted by Luker. In this first period the ecosystems of the anchor farms are classified, a climatological analysis is made in anchor farms and the EMAs are formulated.

The extensionist agent will perform an initial EMA per producer and at each follow-up visit any news is reported. If a selected producer does not comply with environmental commitments and this is demonstrated in the follow-ups, the case will be discussed with USAID.

### **1.2.3. Expected Results**

#### **Table 2. First year results and agreement results – Intermediate result I.**

GOAL SEPT 2019		GOAL JAN 2024
141 hectares with temporary shade		→ 470 hectares planted with cacao
50 rehabilitated hectares		→ 870 hectares
100% of producers selected for sowing and /or rehabilitation trained		→ 100% trained
100% of the production of anchor farms monitored.		→ 100% monitored
100% of the EMA socialized with each producer.		→ 100% monitored

#### I.2.4. Final State

At the end of this stage, TCE has a baseline defined and measured as a starting point for the indicators of the agreement.

TCE begins the intervention in the small farms with the sowing and rehabilitation and from this beginning the risks of desertion of the producers are evaluated.

### I.3. INTERMEDIATE RESULT TWO: Strengthened associations of cacao producers

#### I.3.1. General Description

For Luker, associations of cacao producers are the best commercial strategy for producers to access markets with the lowest number of intermediaries. Therefore, it is necessary to strengthen existing associations in the region for their consolidation and sustainability over time. Most associations in Colombia have problems of governance and administration, although the Ministry of Agriculture has worked hard to strengthen them, the difficulties become more visible in their commercial participation.

As mentioned before, the selected associations are Luker's clients of tradition and there is an interest in buying the cacao from them even after the agreement is finished, so it is a long-term relationship to be strengthened even more.

#### I.3.2. Proposed Activities

## TECHNICAL, ADMINISTRATIVE AND COMMERCIAL COMPETENCES DEVELOPED IN THE CACAO ASSOCIATIONS

This activity is implemented in the field by EAFIT, who starts by hiring one person for each region.

First, a characterization and geo-referencing of the municipalities in which the entrepreneurship training is carried out with a GAD approach and the cacao associations where administrative and commercial strengthening is supported through the agreement. Later, an organizational diagnosis of the associations belonging to the different municipalities is carried out with the application of a tool to know the ICO (organizational competitiveness index) of each association and establish an intervention and strengthening route in both administrative and commercial aspects.

Finally, the formulation of a Strengthening Plan for the associations located in the different municipalities based on the development of soft and administrative skills begins.

## ENTREPRENEURSHIP INITIATIVES WITH SUPPORTED GAD-BASED APPROACH

In this activity EAFIT strengthens the important skills for the empowerment of the population in gender issues through workshops for each association to strengthen decision making and life agreement. These workshops deal with issues such as income control and management, self-esteem, among others, and support entrepreneurship ideas through advisory so that they can be presented in the business initiatives contest.

At the end of this period, the business initiatives contest is structured and launched.







## REVOLVING FUND TO PURCHASE COCOA DEVELOPED

In order to strengthen the working capital of the associations for the commercialization of cacao beans it is necessary to have the resources of a commercial ally, which in this case is Luker Chocolate, for this purpose a revolving fund is created that gives resources to the associations previous evaluation by the Agricultural Development Management.

During this stage, the following activities are carried out: 1. Review and signature of the Regulations of the Revolving Fund by the Legal Representative. Once approved, Luker Chocolate sends the regulation to the Association of Producers for review and signature; 2. Adapt and apply the promissory note model and the open letter of instructions for its completion; 3. Verify and guarantee that there are the warranties required from the beneficiary producers (promissory notes, letter of instructions and other warranties as the case may be), to ensure the initial recovery of the money as well as the reinvestment thereof; 4. Prepare a folder for each beneficiary where at least the following documents are stored: A blank promissory note, open instructions letter and sales record of cacao beans; and 5. Design the forms for the application, study and disbursement process. The Fund invests 85 thousand dollars per year.

### I.3.3. Expected Results

**Table 3. First year results and agreement results – Intermediate result 2.**

GOAL SEPT 2019	GOAL JAN 2024
17 associations with organizational diagnosis.	  17 strengthened associations
30 entrepreneurship initiatives identified.	  20 supported entrepreneurship
150 people trained in entrepreneurship with GAD approach.	  500 people trained

### I.3.4. Final State

At the end of this stage, TCE has selected the cacao associations that benefit from the agreement, an organizational diagnosis has been made in each one of them and the population of these associations, the producer or their family, has been trained as entrepreneurs.

## I.4. INTERMEDIATE RESULT THREE: Population near the anchor farm at Necoclí with improved living conditions

### I.4.1. General Description

The participating institutions of the TCE agreement have experience in the development of activities with the population living close to the anchor farm at Necoclí. This component aims to reach the different types of population, such as: children, youth, caregivers, teachers and adults, in order to impact the environment.

The Saldarriaga Concha Foundation and the Universidad del Norte - with its Pisotón program - implement the ReHaser Program: Resilience and Skills for the Consolidation of the Being, aimed at families, teachers and community leaders focused on the TCE agreement. In this program, through ludic-educational techniques, the expression of feelings, the knowledge of oneself and the proper handling of conflicts in children and pre-adolescents in their family, school and social environments in order to promote emotional maturation and the resolution of individual, family and social processes in appropriate and special situations.

## **I.4.2. Proposed Activities**

### **IMPROVED ACADEMIC, SOCIO-EMOTIONAL AND RESILIENCE SKILLS**

During this first year the professionals are hired and the beneficiaries are identified: teachers, community mothers, community leaders, caregivers, elderly people and children.

At the level of children and pre-teens, we seek to:

- Promote academic development with motivating methodologies, furniture and educational material,
- Promote socio-emotional development through ludic-educational techniques, the expression of feelings, self-knowledge and the proper handling of conflicts in their school, family and social environments, in order to promote emotional maturation and resolution of individual, family and social processes in appropriate and special situations.

Regarding parents, teachers, primary caregivers, community leaders, we seek to:

- Promote and facilitate intra-family relationships through preventive socio-educational strategies, especially those based on cognitive behavioral therapy, which allow parents and primary caregivers to be aware of their role in the psycho-affective development process of the child and adolescent, promoting the strengthening of ties, intra-family relationships, upbringing, humanized education, resilience and life skills as mechanisms that promote reconciliation, both in the family and in the community.

Teachers are trained and technical support is made with experts to reinforce the use of methodologies.

At the end of this period the construction of the baseline begins.

### **YOUNG PEOPLE CERTIFIED IN LABOR PROGRAMS**

The Luker Foundation has experience in the training of young people in the city of Manizales, good experiences will be transferred to the Necoclí area. First, the needs of the labor market are reviewed and then young people are sensitized to participate in training in work programs. Not all labor programs have to be agricultural, the programs are defined according to interest and opportunities. We also want to involve local universities and training institutions.

In the current period, we seek to train a first group of young people.


### **ADULT GRADUATES IN FORMAL EDUCATION**

In Necoclí, a population of adults from the community living close to the anchor farm that has an interest in continuing their studies is identified, so we seek to identify the needs of this population and open a course that allows adults to graduate in formal education.

A group is formed and education begins, since during this period graduation is not possible yet.

### I.4.3. Provided Results

**Table 4. First year results and agreement results – Intermediate result 3.**

GOAL SEPT 2019		GOAL JAN 2024
25 young people in job training programs.		250 young people
60 adults enrolled in formal education.		100 adults benefitted
25 teachers and 154 children receive academic training.		27 teachers and 154 children.
600 children and young people enrolled in programs of socio-emotional skills.		600 children and young people.

### I.4.4. Final State

At the end of this stage there is a baseline of academic, socio-emotional and resilience competences to advance in the interventions.



The children, young people, adults and teachers will also be studying in the respective programs with the purpose of finishing the year in November.

## I.5. TRANSVERSAL ACTIVITIES

In the transversal activities we have the following:

- Training activities for the agreement team through a Bootcamp at the Luker Farm and its respective evaluation.
- The Inclusion and Gender Strategy is described in Annex 2. The strategy is the guide for the execution of the agreement during the 5 years, the indicators of inclusion and gender are measured when the activities are executed according to the defined schedule in Annex I. The results expected in the first year are presented in Table 5, which incorporates goals for intermediate result 2 and intermediate result 3.

**Table 5. First year results and agreement results – Strategy of Inclusion and Gender.**

GOAL SEPT 2019		GOAL JAN 2024
90 women trained in entrepreneurship (60%).		→ 300 women (60%)
25 young people in job training programs.		→ 250 young people.

- The Learning Strategy that is described in the AMELP.
- The Communications Strategy found in Annex 3. Likewise, the proposed strategy covers the 5 years of the agreement. The tactical activities are developed according to the need of each activity of the schedule.

## 1.6. INTERINSTITUTIONAL COORDINATION

The Luker Foundation seeks to take advantage of the experience and knowledge that the allies have built since this is fundamental for TCE. In addition to the above, each cooperation alliance that can be ratified, allows a better adoption of the agreement in each of the zones. Therefore, TCE is working to generate during 2019, an adequate institutional cooperation between the allies and the Colombian government to achieve the objectives of the agreement. To achieve what has been described, participation in work groups, communication with government entities, establishment of committees and socialization of the lessons learned, are contemplated. In Annex 4 - Map of Actors - the identified actors are mentioned, using the methodology of the RACI matrix, to determine their role: Responsible, Approver, Consulted, Informed/Invited.

TCE is related to other USAID programs, mainly with the other GDAs and PMA, which have programs in the regions selected in this agreement.

In order to understand the national, departmental and municipal context of each of the municipalities where TCE will develop its strategies, it is necessary to promote collaboration with the Colombian government, headed by its Ministry of Agriculture and Rural Development, governor offices of the 3 departments where intervention will take place, and the mayors of the 15 municipalities, as follows:

**Department and Municipality Governments:** The understanding of the problems and the context of the population are factors that this actor knows very well. Therefore, it is essential to promote the exchange of experiences to achieve a better intervention in each of the territories: The above will be generated through meetings where the agreement is presented, and these actors are an active part of the development of the strategy, inviting them to become key allies in the fulfillment of the general and specific purposes of TCE, for example in the search for financing mechanisms for cacao producers in their respective zones.

**Ministry of Agriculture, ICA, Finagro:** With these government support entities, TCE seeks to find financing options for cacao producers, for the technical improvement of their crops: Therefore, those opportunities for alliance with the public sector will be identified.

**Private Banks:** Contact is made with local or national banks as executors of credit. For programs with small producers, there are second-floor banks, such as those mentioned in the previous paragraph, that design instruments to support the cacao producer, but these institutions must have a bank that makes the disbursements and a company that supports the warranty. In this case, financing methods are sought whose warranty is only the commitment to purchase cacao from Luker Chocolate.

**Specific entities in cacao:** TCE intends to strengthen the interaction with the associations of cacao farmers in each municipality of the intervention zone, as well as an adequate interaction with Fedecacao; looking for synergies to improve the conditions of cacao producers, through socialization meetings and periodic agreement progress.

### III. SECTION THREE

#### I. MANAGEMENT AND ADMINISTRATION OF THE AGREEMENT

##### I.1. WORK TEAM

The management structure of "The Cacao Effect" for 2019 has an Agreement Director, a Financial and Administrative Leader, a Monitoring and Evaluation Specialist, an Accounting Assistant and an Administrative Assistant; Three (3) Regional Managers (One (1) in Urabá, one (1) in Lower Cauca and one (1) in Huila) and 13 Extension Workers (Two (2) in Urabá, six (6) in Huila and five (5) in Lower Cauca). In 2020, another four (4) extension support workers will be hired.

Four (4) offices are opened, one in Manizales, one in Necoclí, one in Garzon and another in Cauca, each one of them is endowed with the furniture and the necessary connectivity to receive the equipment of the agreement and eventually the team of the allied institutions, making sure that there is a coordinated work in the regions.

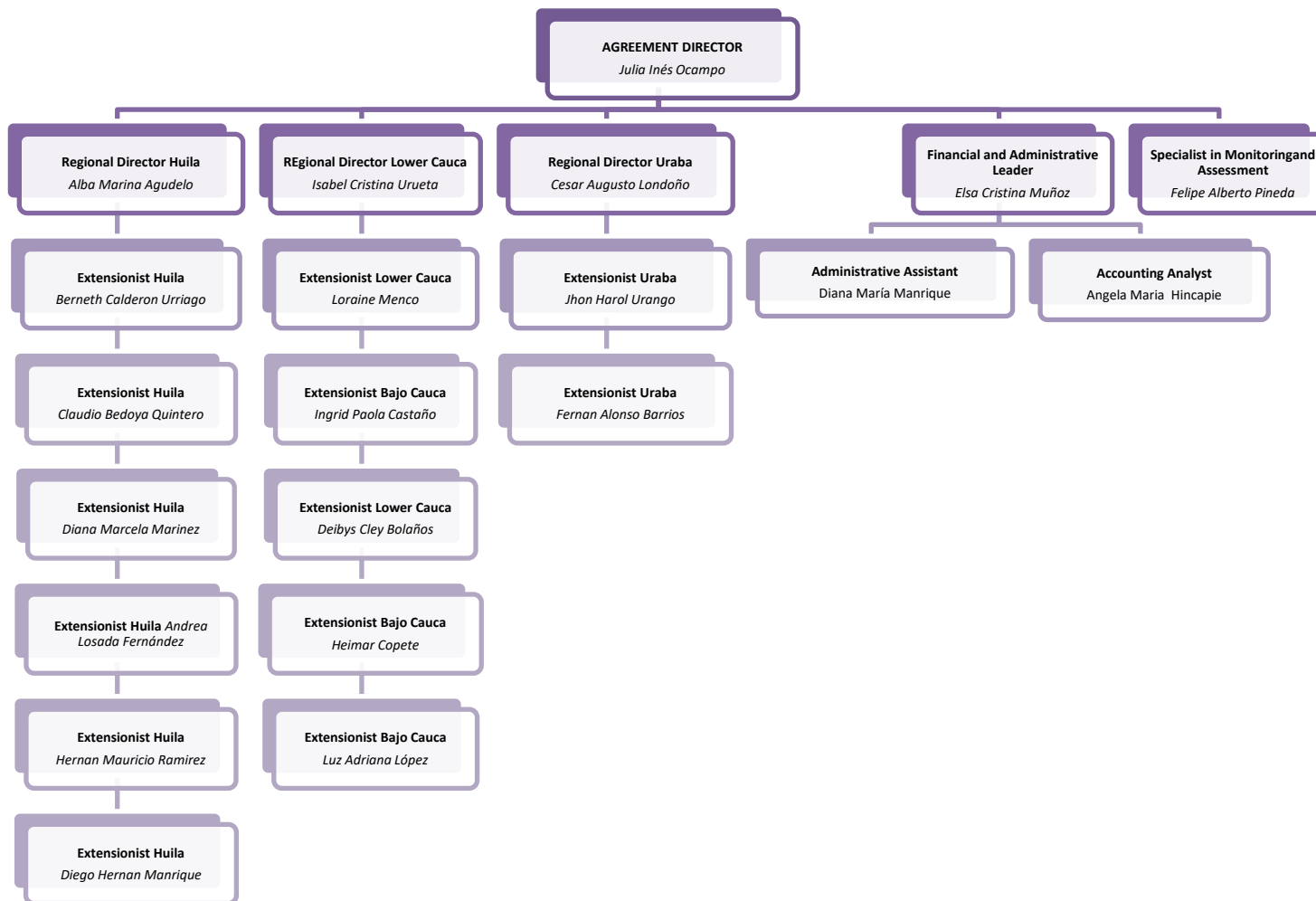
The details of the work direction, position and hiring of the Work Team are listed in Annex 5. The functions of the personnel for the year 2019 and the course of the agreement in general are:

PERSONNEL OF THE CACAO EFFECT	
Position	Functions and Responsibilities
<b>Director of the Program</b>	Direct and administer the agreement in accordance with established procedures and policies, ensuring compliance with the objectives, budgets and deadlines.



<b>Financial and Administrative Leader</b>	Analyze financial information in accordance with the needs of the Agreement, simulate and generate financial management reports for budget compliance and decision making. Support administrative activities of the agreement.
<b>Specialist in Monitoring and Assessment</b>	Execute and monitor the activities of planning, consolidation and monitoring of indicators and management reports, which allow a complete view of the progress, deadlines, budgets and objectives of the agreement.
<b>Regional Director Huila, Lower Cauca and Urabá</b>	Coordinate and manage the activities and resources of the agreement associated with the assigned region, guaranteeing its execution within the defined deadlines and the established budget and quality policies.
<b>Field technicians</b>	Carry out the established technical activities, as well as other actions related to compliance with operational and technical plans.
<b>Accounting Assistant</b>	Validate and record the accounting information of the support documents received, applying the accounting and fiscal policies established by the company, to generate quality information in a timely manner. Support the decision-making processes.
<b>Administrative Assistant</b>	Carry out and support administrative activities related to document management, travel logistics and others.

## I.2. ORGANIZATION CHART.



## **I.3. ACTIVITY MANAGEMENT**

### **I.3.1. Beginning of the Agreement**

To start the agreement, TCE made the selection of personnel through the company Adylog, who has a specialized team for this purpose. A shortlist was presented for each position and at the end the Luker Foundation chose between the three candidates through an interview with at least 3 evaluators. The selection processes are a heavy burden for the beginning of the process, since, in total, to select the 21 people hired, more than 500 resumes were received and evaluated.

As an interest in the regions, the Manager of the Luker Foundation and the Agricultural Manager of Luker Chocolate participated in the Recognition meetings that were organized with each of the selected Associations. During these visits, meetings were also organized with allies from the regions, such as EAFIT, Enel-Emgesa and other USAID operators, such as Fintrac, with whom field work was coordinated in the Lower Cauca area.

### **I.3.2. Monitoring and Assessment**

The monitoring plan for 2019 is aimed at monitoring the implementation of the agreement and the performance of the actions directly related to its execution. For this reason, the AMELP is developed, which, in addition to including the theory of change, includes the results framework, performance and monitoring indicators; which helps to evaluate the fulfillment of the expected results according to the programming and adapt strategies and activities as necessary. The purpose of the evaluation is to collect and analyze relevant information for the accountability with the interested parties, making decisions about the current and future direction of the agreement, and to identify lessons that allow optimizing the interventions, results and impacts.

During 2019, the baseline of The Cacao Effect was lifted, which allows identifying initial data on which the activities will be executed to seek a positive change in them; it is possible that some AMELP data will depend on the baseline to be calculated, therefore, once it is lifted, these values will be included as appropriate.

In the AMELP document you can find the selected indicators and the year-to-year goals, including the 2019 goals that are related to this Plan.

### **I.3.3. Environmental Management**

TCE complies with the requirements of USAID regulation 216 to reduce possible negative environmental impacts that may arise during the different phases of implementation. However, The Cacao Effect does not include activities that may generate significant impacts on the environment, therefore, there are no positive determinations.

All sub-activities are registered in the MONITOR system before they are implemented, so that they are approved by the Environmental Officer (MEO). These sub-activities will include the environmental classification that is generated within the MONITOR system and that allows defining the mitigation measures, good agricultural practices and training according to the needs of the agreement.

TCE conducts training to the agreement staff, to strictly comply with the Pesticide Evaluation Report & Safer Use Action Plan (PERSUAP) in order to generate an objective review of the agricultural supplies to be used (pesticides approved with caution, available and recommended and rejected - prohibited); USAID is also requested to approve the fertilizers and seeds to be used in the development of the alliance.

The sowing and crop rehabilitation activities of the agreement will require a series of environmental measures that allow to control the variables that may generate some kind of environmental impact, for example the educational material "I Am a Cacao Farmer", was designed so that the cacao producers, protect the environment applying the best agricultural practices developed by Luker Chocolate and its technical team. To this end, TCE has defined a compulsory training plan for all the agreement's personnel and all the selected producers that includes theoretical and practical training through the ECAS methodology (Rural Schools for Farmers) in topics such as pest and disease control, maintenance of drainages, cutting tasks and execution of nutrition plans; additionally, these measures include:

- Delivery of the Soy Cacaocultor (I am a Cacao Farmer) training plan, with recommendations on the agricultural supplies to be used.
- Only deliver agricultural supplies approved in the PERSUAP.
- Promote the non-use of rejected and prohibited pesticides.
- Guidelines for the efficient use of natural resources.
- Promote the use of Good Agricultural Practices (elements of personal protection, handling of supplies, etc.) to mitigate risks to human health.
- Technical advice.
- Control of deforestation.
- Emergency control.
- Among others.

Luker Chocolate as a fundamental partner from a technical perspective, will offer all its knowledge in the implementation of the best agricultural techniques that generate environmental benefits derived from the planting of cacao (reconstruction of the vegetable floor, ecological corridors for fauna, etc.) or mitigation of the negative impacts (pest management, fertilization, etc.).

Given the above, the training and technical advice that TCE will provide, is focused on the premise of care for the environment, so that for the integrated management of the crop the natural, human and ecological mitigation measures prevail, before implementing the measures of chemical mitigation. For example, in cases where a pesticide must necessarily be applied, there will be an Environmental Management Plan -EMA-; this situation, as indicated above, is contemplated in the training and advisory guides developed by Luker Chocolate and Luker Foundation, "I am a Cacao

Farmer"; which offer the cacao producer, a demonstration guide, containing 15 modules for the integral management of their cacao crop.

Anchor farms are also an example of the environmental mitigation that is carried out with the agroforestry cacao arrangements. In both crops a characterization of flora and fauna will be carried out, bearing in mind that the anchor farm of Necoclí already exists and the anchor farm of El Agrado will begin this year.

## **2. REPORTS AND COMMUNICATIONS**

### **2.1 Quarterly Reports**

As a follow-up to this Annual Implementation Plan, quarterly reports will be made with the information of the execution of the main activities mentioned here. In each report, the results obtained and progress by activity initiated will be mentioned.

### **2.2 Regional Current News**

The presence in the regions means that TCE has first-hand information on the situation and current events in each region. The Regional Managers are in charge of reporting the changes and main news that may affect the agreement. TCE in turn is engaged in transmitting the message to USAID.

In the same way, TCE needs to be informed of the news, so it acquired a subscription to Real Time Security, a system that offers tracking services, panic and real-time and daily reports.

To start the agreement, a study of municipalities was contracted to know the risks and their mitigation possibilities. This study is available upon request.

### **2.3 Aspects to Highlight Month by Month**

The main events are recorded in the day to day and every month there will be a small note of agreement, an achievement, an early victory, a success story or a lesson learned. For this, the means available in the Foundation and those suggested by the agency hired for the formulation of the Communications Strategy will be used: FTI Consulting ([www.fiticonsulting.com](http://www.fiticonsulting.com)), always with the prior approval of USAID.

## **IV. ANNEXES AND TABLES**

The following annexes are an integral part of this document:

**ANNEX 1.** Schedule of The Cacao Effect 2019.

**ANNEX 2.** Inclusion and Gender Strategy

**ANNEX 3.** Communications Strategy.

**ANNEX 4.** Map of Actors 2019.

**ANNEX 5.** Work Team.

**ANNEX 6.** Budget USAID.

**ANNEX 7.** Counterpart Budget.

LIST OF TABLES:

**Table 1.** List of prioritized associations.

**Table 2.** First year results and agreement results – Intermediate result 1.

**Table 3.** First year results and agreement results – Intermediate result 2.

**Table 4.** First year results and agreement results – Intermediate result 3.

**Table 5.** First year results and agreement results – Inclusion and Gender Strategy

LIST OF IMAGES

**Image 1.** USAID Resources Allocation.