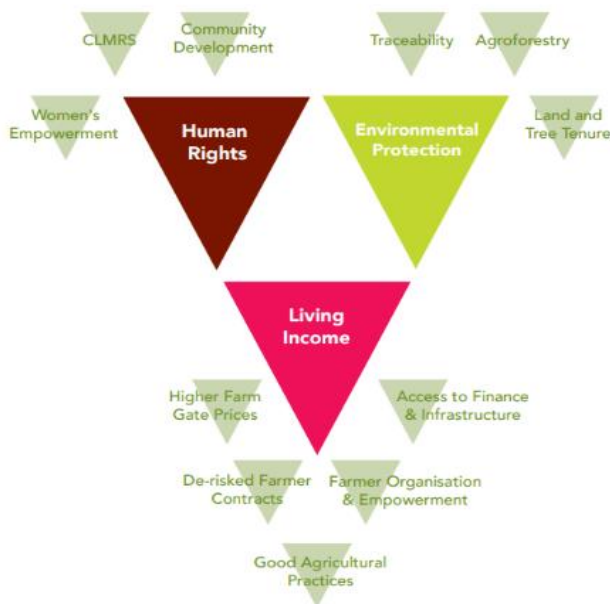


Community Development Policy

Tony's Open Chain

Introduction

The Cocoa Solution Tree



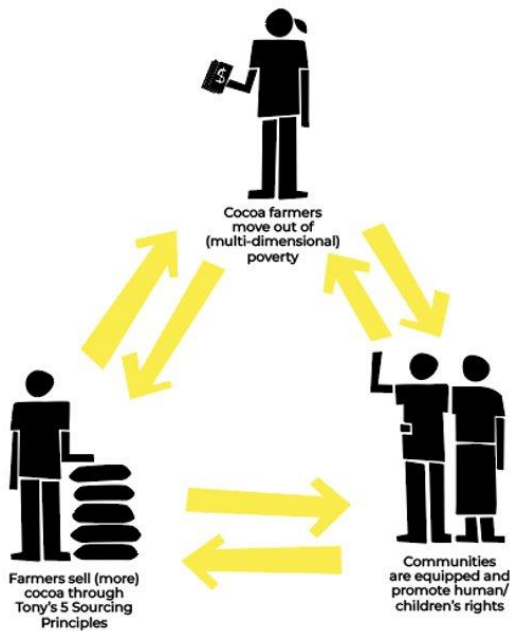
According to the Cocoa Barometer 2022, community development is an essential component of the Cocoa Solution Tree.

“Both community development and supply chain responsibility are needed. They are not mutually exclusive”
Cocoa Barometer 2022

Investing in community development projects in West Africa not only addresses social and environmental challenges but also contributes towards ensuring a more sustainable, ethical, and resilient cocoa supply chain. While Tony's Open Chain (TOC) focusses on ensuring good purchasing practices and the implementation of Tony's 5 Sourcing Principles, steps also need to be taken towards improving living conditions, education, and healthcare in the communities where TOC sources its cocoa. These projects are funded by the Chocolonely Foundation.

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Policy objective



Tony's Open Chain addresses the root cause of the issues in cocoa through responsible purchasing practices (Tony's 5 Sourcing Principles). Adhering to these principles ensures that TOC has full traceability, always pays a higher price, invests in strong farmers, nurtures long-term relationships with cooperatives, and is committed to quality and productivity.

In turn, the policy objective of our community investments is to work together with our cooperative partners to build an *enabling environment* in the cocoa communities we work with. Supportive and enabling environments are critical because even cocoa farmers earning a living income might reside in areas lacking essential (physical and social) infrastructure and amenities. The Chocolonely Foundation funds these activities that fall outside the direct cocoa supply chain.

	Tony's 5 Sourcing Principles (responsible purchasing practices)	Community Investments (enabling environment)
Funding source	Tony's Open Chain	Chocolonely Foundation
Executing entity	Tony's Open Chain	Tony's Open Chain
Scope of responsibility	Tony's Open Chain	Tony's Open Chain

Scope and applicability

The scope of our community development work incorporates both physical infrastructure and social infrastructure development projects.

Physical infrastructure

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All partner cooperatives receive support from TOC to update a rolling five-year community development plan. Based on available data (child labour monitoring and remediation system; needs assessment; Multidimensional Poverty Index results), TOC proposes an annual community development infrastructure theme to guide project selection. The themes are always connected to the core poverty metrics of healthcare, WASH and education. In the 2021-2022 cocoa season the infrastructure theme was healthcare access; in 2022-2023 the theme was water access. In 2023-2024 the theme will focus on improvements in education facilities, with a special emphasis on ensuring functioning school canteens.

Drawing upon their community development plan and reflecting on the annual theme, each partner cooperative prepares a proposal for the community development projects in their communities. This proposal is presented to the Chocolonely Foundation Board for their input in December each year.

Social infrastructure

To further support cocoa growing communities, we also support households and wider communities with projects relating to the quality of education, women's empowerment, income generation, and healthcare insurance. These projects are conducted in collaboration with local civil society and (I)NGOs, with expertise and experience on these topics and the target regions. TOC partner cooperatives also play a key role – they introduce community members to new organisations, create links with primary school leadership in their catchment areas, and provide logistical and organisational support during project implementation. Some examples include:

- 100Weeks breaks the cycle of poverty by giving women in the cocoa communities in Ghana and Côte d'Ivoire unconditional cash transfers, access to savings groups, and life skills support. This innovative programme has been funded at four of our partner cooperatives since 2019.
- Maxim Nyansa, Educate to Inspire and Edukans are all running Foundation projects focusing on improving quality education, supporting teachers and school leadership, and building problem-solving skills for primary school children.
- Elucid Health provides health insurance coverage via a digital wallet and will start implementation in the TOC supply chain in Ghana in 2024. Annual eye and lung screenings and maternal coverage will be part of the insurance package, which is co-funded by the Chocolonely Foundation and the develoPPP funding mechanism of GIZ.

Key principles and values

The key principles of TOC's community development work focus on fostering supportive and enabling environments in the communities where we source cocoa. This centres on improvements to physical infrastructure relating to healthcare, WASH and education.

In the framework of TOC's community development, the key partner is the Chocolonely Foundation. TOC and the Chocolonely Foundation work hand-in-hand to design, fund and implement projects and programmes that address the key needs of cocoa growing communities in Ghana and Côte d'Ivoire. The shared values and missions of both entities underlines and reinforces this partnership.

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Our mission & vision

Strong, resilient, and prosperous cocoa communities and a responsible chocolate industry, where equality is the norm for all.

The Chocolonely Foundation supports projects and organisations that contribute to prosperous cocoa growing communities in Côte d'Ivoire and Ghana, facilitate systemic change, and challenge the status quo.

Regulatory framework

The Chocolonely Foundation complies with all regulations imposed on independent foundations (*stichtingen*) per the governing body and the Foundation adheres to ANBI regulations. The Foundation is registered in the Business Register (*Handelsregister*) at the Netherlands Chamber of Commerce (*KVK*). Contracts are signed annually between partner cooperatives and the Foundation and outline the payment and reporting scheduled for each project and are covered by Dutch law.

Goals and targets

Overarching goal: Every farming household supplying to Tony's Open Chain lives in a community with:

- A primary school delivering quality education:
 - Functional classrooms (rainproof, structurally sound)
 - Canteen (with daily provisions, paid by parental contributions and/or state feeding programmes)
 - Water point (clean and close water accessibility)
 - Toilet block (female friendly, with lights)
- Water access:
 - Clean and accessible water access (within a 30 minute round trip, per WHO guidelines)
- Healthcare access:
 - A rural health centre equipped with essential supplies (within a 10km radius per WHO guidelines).
 - Household is in possession of a national health insurance card (NHIS in Ghana and CNAM in Côte d'Ivoire). Supplementary insurance to cover additional healthcare and medicine costs is desirable.

Strategies and actions

To meet these goals, TOC uses qualitative and quantitative data to support the partner cooperatives in identifying community needs. Annual needs assessments, as well as data from TOC's three core programmes (living income, child labour and deforestation) provide valuable insights and details on the trends and specific challenges facing each individual partner cooperative.

The Chocolonely Foundation receives 1% of the annual revenue of Tony's Chocolonely. The Foundation in turn ringfences 30% of this funding for community development projects in TOC communities. This is a core strategy of the Chocolonely Foundation:



Strong, resilient & inclusive cocoa communities

We want people to have the opportunity to shape their own future. We believe a decent education, good infrastructure and the ability to make a decent living help make this possible. Climate resilience, as well as good health and wellbeing are also vital factors. We concentrate on communities in Ghana and Côte d'Ivoire where Tony's works in partnership with cocoa cooperatives and cocoa farming communities.

Monitoring and reporting

Partner cooperatives sign a contract each year with the Foundation, committing to report on progress towards realising their funded infrastructure projects. The grant from the Chocolonely Foundation is paid in two instalments for the execution and completion of their projects; each instalment is contingent on fulfilling reporting requirements. A one-page status report six months after contract signature, and a final report upon conclusion of the project. Reports require a narrative update, photographs and testimonies, as well as output level indicators (e.g. numbers of community members reached via the project).

Tony's Open Chain monitors the implementation of the projects by supporting the cooperative through procurement processes, ensuring that tenders are adequately advertised and screened, and ensuring that all documentation (invoices and bills) are shared with the Foundation. TOC also pays regular site visits to track progress and provide support to troubleshoot issues as needed.

Finally the impact of the community development initiatives is tracked via ongoing data collection (Child Labour Monitoring and Remediation System) and bi-annual and annual assessments (MPI studies, needs assessments, and Community Mapping conducted by our partner, the International Cocoa Initiative). The Chocolonely Foundation also accesses information relating to education provision in Côte d'Ivoire as a member of the industry initiatives CLEF and SCALE, which help guide decision making and view country-level progress.

Stakeholder engagement

Together Tony's Open Chain engages a variety of stakeholders in the implementation of its community development strategy, in partnership with the Chocolonely Foundation. The TOC teams in Côte d'Ivoire and Ghana, 5 Sourcing Principles team and the Credible Scaling team engage with government stakeholders at the national and regional levels (including the EU). Infrastructure projects are planned in close collaboration with local government entities such as Ministries of Education, municipal health authorities, child protection committees and water boards. Social infrastructure projects implemented by (I)NGOs and civil

Tony's Open Chain

society similarly engage key authorities, as well as other civil society actors, to ensure complementarity in projects. Tony's Open Chain also participate in industry initiatives to engage with other actors in the cocoa industry.

Capacity building and funding

To support partner cooperatives in their governance and financial management, TOC provides ongoing support as part of our "Strong & prosperous co-ops" strategy. This is done through verification audits to identify issues in the financial management systems of cooperatives, providing targeted support to on financial management, including the setup of more advanced accounting tools to improve practices, and business management training. Our partner JLB Auditors are identifying specific issues and working with cooperative individually to enhance the financial management practices, while TechnoServe have been supporting the general financial infrastructure of the cooperatives: for example, with more advanced accounting software. This contributes to building the capacities of partners to implement community development projects, meeting all subsidy requirements.

Enforcement and compliance

The TOC country teams lead the compliance checks of all ongoing community development infrastructure projects. This is done with the support of TOC teams in Amsterdam. All third party projects (conducted by CSOs/(I)NGOs) are subject to contractual terms agreed between them and the Chocolonely Foundation.

Review and adaptation

Tony's Open Chain (human rights lead) and the Chocolonely Foundation (foundation manager) meet regularly to discuss ongoing projects, shape proposals, review deliverables and objectives, and address any challenges in project implementation. The board of the Foundation and the TOC team meet annually to exchange on strategy, discuss the partnership and adapt approaches as needed.

Conclusion

Tony's Open Chain strives to improve the physical and social infrastructure of its sourcing communities in Ghana and Côte d'Ivoire, in close partnership with the Chocolonely Foundation. Projects are developed together with partner cooperatives and key stakeholders, ensuring alignment with data-proven needs. TOC provides technical support and expertise, while funding is allocated by the Chocolonely Foundation.

Any further details

<https://www.chocolonelyfoundation.org/>

<https://www.tonysochain.com/resources/uploads/2023/01/Community-Development-project-of-TOC-partner-co-ops-2022-23-1.pdf>