The Cacao Oro de Nicaragua group was founded in 2014 to develop large-scale, certified cocoa plantations in Nicaragua. With the Company’s farm in the Caribbean coast of Nicaragua entering production, the future goal is to work with the region’s farmers to develop cocoa as a major economic crop for Nicaragua’s Atlantic coast.

Cacao Oro

#cacaooro
What is COOL?

An Introduction to COOL, an effort from Cacao Oro de Nicaragua’s La Rosita plantation.

How the plan works

The model, phases and location.

The background

Phase I: The Background, first steps and The Cacao Outgrowers development.

The potential

Phase II: The great potential and program objective, ECOM / SMS Division support.

We are ready

Our promise, what we provide and the exiting land from the indigenous communities.

The promise

Phase III: The great potential and program objective, ECOM / SMS Division support.
An opportunity to positively impact an indigenous, native community and empower its people to become agents for their cacao and coffee production and development.

www.cacaooro.com
COOL is the effort from Cacao Oro de Nicaragua’s La Rosita plantation (www.cacaooro.com) to initiate a program to provide farm development support to the neighboring area’s small farmers and their respective communities. From our La Rosita farm we are forming a new company called Cacao Oro Outgrowers Ltd. (COOL), to work in collaboration with various local, regional and international organizations to deliver the skills and materials necessary to give local farmers and their families the opportunity for economic improvement and social growth.

We decided to start this program because we feel we have a responsibility to go beyond our strict business activities. We believe in the potential of the country, on the possibility of modernizing local production techniques, and make a positive social impact on local farmers and their communities. In developing Cacao Oro’s cocoa plantations, we feel it is our duty not only to rehabilitate already degraded land through active reforestation efforts under a sustainable agroforestry model, but also to act as a last line of defense on the agricultural frontier to protect Nicaragua’s remaining rainforest preserves.

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Our hope

We want to be the key driver in helping local smallholder farmers develop productive and diversified farming operations in their own communities while protection the underlying ecosystems. We see ourselves creating shared value. This vision includes supporting a variety of permanent crops: cacao, coffee, fruit shade trees such as plantains, and indigenous hardwood species such as Cedro Macho, Caobo and Nanciton, in an agroforestry strategy that encourages broader climate and environmental benefits. We will teach the skills to be successful, and the corresponding discipline of “sustainable” agriculture. COOL will also provide access to a fair and transparent market for the locally grown crops to maximize the value received by the individual farmers and their families.
How the plan works

COOL will make available proprietary, high-yielding plant stock from the Cacao Oro nursery that offers flavor attributes sought by the industry. High quality Robusta coffee plant material with strong disease resistance will be available, as will plant material for hardwood tree re-forestation and plantains for shade inter-planting and food harvest. Additionally we will offer other equipment and farm inputs needed to build successful farming operations. We will also be developing strong sales agreements within the industry that may generate price premiums due to desirable flavor characteristics, supply chain traceability, and sustainability certification from organizations such as UTZ.

Three phases

Phase I
2016 – 2017
(Completed)

Started an initial training farm of Cacao within the Auas Tingni community in the northeast RAAN region of Nicaragua, by supplying quality genetic material and plant stock for current and future planting. We also trained a farm support team from Catholic Relief Services (CRS).

Phase II
2017 – 2019
(Planning underway)

Supporting ECOM Agroindustrial’s SMS division in Nicaragua to provide a grant-based farm package to smallholder farmers (<5ha) along the corridor from Matagalpa to Rosita in Nicaragua. Package includes coffee, cacao, and indigenous hardwood seedlings. Have started working with the Swiss Cooperation and MEFFCA (Ministry of the Family, Community, Cooperative and Associative Economy) training farmers in the proper cultivation and management of cacao, and robusta coffee.

Phase III
2020 – 2021
(Starting Late Fall of 2020)

Work directly with the communities surrounding the Cacao Oro operation in the Northeast RAAN territory of Nicaragua to develop larger farm projects (>50ha). With a loan and shared revenue model we will provide plant stock (coffee, cacao, hardwood trees) training, materials, guidance on certifications, off-take arrangements, and crop processing resources.
Believing in the great potential of coffee and cacao production in the country, creating entrepreneurial attitudes towards agriculture, and building relationships and trust between community agents and Cacao Oro.

www.cacahoooro.com
The Auas Tingni Indigenous Reserve comprises 77,000 hectares of land, located in the Waspam municipality (county) of Nicaragua’s Regional Atlántico de la Costa Caribe Norte (RACCN) state. The community of Auas Tingni is the largest settlement of the Mayangna, a distinct race of people spread across Nicaragua and Honduras’ Caribbean coasts. The community is small; approximately 800 families and a total of less than 5,000 people all with “official residence” in the main town, but also many living on parcels of land along the Wawa River - which stretches through the center of the Reserve.

The relationship between the Auas Tingni community and Cacao Oro began during the times of the Poncon-led wood project, that preceded the cacao farming project. Auas Tingni worked selling sustainably harvested wood for milling at the farm. The relationship between the community and the Poncon family blossomed, and plans were made for longer term projects outside of lumber that would create utility for the Auas Tingni’s greatest resource - their 77,000 hectares of land.

General Background

The relationship between the Auas Tingni community and Cacao Oro began during the times of the Poncon-led wood project, that preceded the cacao farming project. Auas Tingni worked selling sustainably harvested wood for milling at the farm. The relationship between the community and the Poncon family blossomed, and plans were made for longer term projects outside of lumber that would create utility for the Auas Tingni’s greatest resource - their 77,000 hectares of land.

Auas Tingni has historically been rather agriculturally poor. The Mayangna culture has always been built around rivers; in the case of Auas Tingni the Wawa River. Members of the community travel by boat, and fishing is central to their culture. For this reason, the pilot parcel project has been as much about creating farmers as it has been about creating the actual physical plot of coffee and cacao.
Cacao Oro and the counterpart family wanted the parcel to be a base size (4 – 5 hectares) that Cacao Oro would promote for each future family. We have yet to establish an exact parameter, but we believe that 5 – 10 hectare plantings make for manageable initial areas. If the family is successful with this area and demonstrates good agricultural management, land is no limitation and a scale can be achieved.

The family cleared and prepared land in May/June 2017, this year with both cacao and Robusta coffee. This year we also took Auas Tingni the micro grafted cacao trees that have been created in our nursery: advantageous in their growth and yield potential. Although planting happened very recently (early July), we confirmed in a recent visit that the plants were planted properly, and the success rate was over 94%.

While the COOL project is still in its infancy, these initial steps with the Auas Tingni community have been quite positive. The community counterparts have overcome the learning curve phase from 2017 to 2018, as the results in the field prove. In terms of available and agronomically appropriate land, the potential in Auas Tingni is unmatched. Finally, the opportunity to positively impact an indigenous, native community and be agents for their production and development presents a bigger opportunity.
5 Hectare Family Farm

We envision 3ha cacao, 2ha coffee and a supply of indigenous hardwood trees for shade and general reforestation. SMS will provide ongoing training for farm management, best practices, steps to certification and access to fair pricing for family profitability. This also includes access to agricultural inputs and post harvest quality control.

The main objective of the program is to contribute to the increase of farmer independence/income through coffee and cacao farm productivity. We seek to bring income generation with social responsibility and environmental preservation, pursuing a durable coffee and cacao culture. The challenge here is to engage farmers for greater income generation and improved livelihood. Community development, traceability and certifications are also critical elements of this program. Utilizing ECOM/SMS’s service and support teams (among others), is the ideal coordinated program.

ECOM / SMS Division

ECOM Agroindustrial Corporation, Ltd. is a global commodity trading and processing company focusing on coffee, cotton and cocoa in major producing and consuming countries. ECOM is one of the top three merchants in coffee, one of the largest coffee millers in the world, and amongst the top five merchants in cocoa.

Promoting real, sustainable production is an important component of the services offered by ECOM at the origin level. Their focus is upon improving farm productivity and product quality to increase farmer family incomes. Through solid programs, local knowledge and infrastructure, the group is extremely well-placed for the implementation of social projects in the farming communities - which increase the well being and health of farmers and their families.

The company created a coordinated approach for sustainable coffee and cacao production called the Sustainable Management Services Program (SMS).

2. The Great Potential

Believing in the great potential of coffee and cacao production in the country and aware of the challenges faced by local farmers, Cacao Oro decided to take a step together with ECOM towards a more sustainable cacao/coffee production in the region.

COOL will collaborate with ECOM’s SMS division to deliver the guidance and support to the medium and smaller-sized candidates. ECOM and SMS have an existing network of farmers in Nicaragua, which will enhance our ability to identify farmer relationships looking for support.

The goal is to help 200 families plant in total up to 500 - 750 hectares annually of new farm/plantation land in the particular corridor between Matagalpa in north central Nicaragua and Rosita in the RAAN. SMS has developed relationships in this area where the desired impact will be the most intensive. This will be accomplished by providing the following farm package:

PHASE II
EXISTING

Farmers

ECOM/SMS FARMER RELATIONSHIPS
We are Ready

Within the northeastern RAAN region of Nicaragua, the La Rosita farm, home of Cacao Oro, is the centerpiece of where we want to help indigenous peoples’ communities and individual farmers prosper through land rehabilitation under an agroforestry model.

Cacao Oro’s current operations and our plan for COOL, are ideal partners. We will be ready in 2020 to start helping farmers and supporting their communities in the region to build their own businesses and increase their own ability to advance economically. We have existing nursery operations (1.5 million plant capacity via two inventory turns annually), providing desirable genetic plant material (cocoa, coffee and tree seedlings), and a fully experienced team ready to help build and support target farms of 50ha (or larger) in and around our La Rosita farm efficiency. (See map)

There are shared services available to track and trace all development and operations. A full list of equipment is already in place, crop processing equipment (beneficios) facilities for cacao and coffee currently installed and expanding, and lastly all vendor/supplier relationships are in place.

For this service, COOL will receive a percentage of each farm’s production for a period of years, in addition to the repayment of any service-connected loans and expenses that COOL pays for in advance. Any loans and prepaid expenses will be repaid in later years once production is reasonable and growing. Years later, the plan is for each farmer to manage their own plantation with additional support available as needed. A broader partnership agreement between COOL and certain farmers will be designed if land owners wish to have COOL manage their farms on a longer-term basis.

The Promise

The promise of COOL is that every effort must be profitable for all involved and have a positive environmental and social impact.

Why?

Farmers in the RAAN had, and still have, little access to information and education. Good agricultural practice training needs to keep taking place through our model Cacao Oro farm.

Our core farm will provide centralized training to specific groups of farmers, which will teach the most productive ways of growing crops to maximize quality and yield. This is important for increasing the capacity of farmers to understand the function of their farm and to get an idea of the potential profitability.

We help them to increase yields, diversify their revenues and establish access to the global market. For them, this is important because sometimes they grow a crop, only to have access to the very small, local markets close to their homes.

We Provide

Full training in the teaching facility located on the La Rosita farm

- Plant material from our nursery (cocoa, coffee plantain, hardwood trees, etc.)
- Farm inputs (fertilizer, pest control, fungicides, etc.)
- Base level equipment (pruners, sprayers, harvesting equipment, chainsaws, etc.) used for road and farm development
- Assistance identifying and hiring key personnel for farm operations
- Certification guidance (UTZ).
EXISTING
Land

EX-COMBATANTS COLLECTIVES AND INDIGENOUS COMMUNITIES

Right: Map of the existing neighbouring land and location of La Rosita Farm.
What We Believe
The action plan within our program is defined around three pillars.

1. Good practices for cacao and coffee operation in order to increase productivity.
2. Encourage environmental respect, as cacao and coffee production can be very demanding on the environment when not produced responsibly.
3. Aim at a significant social impact, as the local population is on the border of poverty.

The Movement has begun
Our first year on the project proved our capacity to guide a local community and we are now expanding to reach a larger number of farmers toward achieving sustainable agriculture and meeting certification standards. It has also shown the project limits that are financial, and thus the necessity for partners for the program’s survival in the short and medium terms.

The great return for those who support this program is the participation in uplifting the capacity of thousands of households. Yes, you can invest with a social impact goal and also make a profit.

What it Means
Sustainable value chain
Bio diversity and natural habitat preservation
Climate Smart Operations
Fair trade payment for improved farm families’ livelihoods
Social impact - health/educational/improved living conditions
Access to global markets
Properly engaged youth
Land restoration and environmental integrity
Rain forest preservation (reforestation)
Coordination of a national & international organizations’ trade and support
Long-term, secure employment
Safer working conditions
Guide UTZ certification process

Who Should Help Us
We want partners who believe as we do. Our program has the capacity to generate a difference in creating social equality through business. We know for a fact that farmer communities will benefit greatly from the transfer of agricultural expertise. We will be open to talking with interested partners later in 2019, for a 2020 rollout of the RAAN program.

Coffee and cacao industry leaders should consider sharing the responsibility to invest in the coffee and cacao growing regions. We should all act together by providing the tools, technology and training necessary for the farmers to develop the skills required to increase yields, improve coffee and cacao quality and become a better educated seller - who will ensure the long-term sustainable production.

Impact investors, confectionary industry members, and non-profits who are looking to make a difference and also understand the need for a profit, are welcome to join us.

www.cacaooro.com
Clement Ponçon
Owner and operator of one of the largest coffee producers in Nicaragua, which is also one of the largest producers of arabica coffee in Latin America. At Cacao Oro de Nicaragua, Mr. Ponçon is responsible for the planning and development of the cocoa plantations and related operations. He has lived and worked in Nicaragua since 1974 and holds a degree in Agronomy from the University of Toulouse, France.

Leonel Rojas
Mr. Rojas is the general manager of the La Rosita farm with full responsibility for its operations. He has more than 20 years working as a corporate administrator and accountant with an emphasis in agriculture. Mr. Rojas has degrees in business administration from the Universidad Nacional de Nicaragua, in public accounting and finance from the Universidad de Ciencias Comerciales, and in accounting from the Instituto Técnico Juan de Dios Muñoz, Nicaragua.

Arnold Ponçon
As President and General Manager of the Simplemente Madera Group (“SMG”), Mr. Arnold Ponçon directs a team of 320 employees and managed the Group’s businesses, primarily focusing on production, logistics, sales, and management information systems. At Cacao Oro, Mr. Ponçon is focused on the implementation and operation of the firm’s MIS systems and corporate operations. He has a Systems Engineering degree from the University of Managua.

Gifford Laube
Responsible for the selection of cocoa varieties, technical nursery and field operations, post-harvest processing, logistics and cocoa processing. He was the technical operations manager that designed the logistics and fermentation and processing for Xoco Fine Cocoa Company in Honduras and Nicaragua. He has also led research investigations into cocoa genetics. Giff has more than 15 years of experience in agricultural projects in Latin America. He holds a master’s degree in International Public Policy from the University of Wisconsin and a B.A. from Lawrence University, USA.

Eric Ponçon
Founder of Ecom Nicaragua and member of the global board of ECOM - SMS Sustainable Management Services. Member of the board of directors of World Coffee Research and the Sustainable Coffee Challenge. He holds a B.S. in Agricultural Economics and Finance from Cornell University, USA.

The Ponçon Family
The Ponçon Family (the “Group”) was a pioneer in the large-scale Nicaraguan agribusiness and sustainability. They have been operating in Nicaragua since 1974 and have built a diversified portfolio of agribusiness and related business lines. This includes permanent crop operations as the largest coffee producer in Nicaragua, anchored by its sustainable La Cumplida core farming asset, sustainable forestry, and related value added processing and trading operations.

Furthermore, the Ponçon Group has maintained a close strategic relationship with ECOM Agroindustrial since 1996, when Eric Ponçon joined ECOM in New York. By leveraging this 19-year strategic relationship, the Company has access to ECOM’s primary processing, logistics, and risk management services; as well as superior market data on the global cocoa industry, access to sector-specific agronomic technology, and a direct point of entry to key buyers.

The Ponçon Group was the first to achieve sustainable certification in Nicaragua and currently notes UTZ / Rainforest Alliance, FSC, and others as independent certifying entities.

John Warrington
Responsible for the operational and strategic development of the Company. He works full time in Nicaragua and has been an investor in the Simplemente Madera and Agroforestal companies with members of the Ponçon Group since 2005. He has an international banking and business background with a B.A. from Lawrence University, USA and masters in finance and business administration from Universidad de Cádiz / Formato Educativo, Spain.

David Glossinger
Mr. Glossinger has been involved with Agroforestal and Simplemente Madera Group in Nicaragua as an investor and advisor since 2005. He is responsible for finance, accounting, tax and services for external investors for the Company. He holds marketing and management degrees from the University of Ashland, USA, and holds CFA and CLU designations.
David Glossinger
USA: +1-513-702-5056

John Warrington
Nicaragua: +505-8955-5889
info@cacaoro.com

www.cacaoro.com

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