



# MAROU CACAO REPORT 2018

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# WELCOME TO OUR ADVENTURE

**Autumn is the low season for Vietnam's cacao harvest. It's our time at Marou to catch our breath from weekly sourcing trips and look back on the year.**

# Introduction

While other chocolate makers visit the source of their beans once a year, we visit all 24 of our small fermenters on a monthly basis. All but 3 of our farmers are less than 160km from our chocolate factory.

We visit them each month so that we can ensure the quality of each bag of beans that comes to our factory. It's also a chance to listen to the farmers, to see how we can help them find ways to improve their production. This year, we've expanded that circle of listening by reaching out not just to the farmers who ferment, but also to their neighbors who provide them with cacao pods.

As part of our commitment to sourcing more and better cacao in Vietnam we have also in the past year ordered and delivered thousands of cacao seedlings to those farmers who wanted to plant more.

Great cacao is what the quality of our chocolate is built on, and we want the farmers to know that too. In addition to gaining a better income from our stable high price, they can be proud of their beans being sold around the globe and winning awards.





# OUR YEAR

# 7 Years of Marou 2012 – 2018

## Overview:

We've chosen to measure our years from July–June as this is a better depiction of our buying over one harvest season. Over the years we have significantly increased the amount of cacao we buy. In 2016-2017, we almost ran out of cacao, so we bought more than we needed and replenished our cacao warehouse. In 2017–2018 we purchased enough cacao to meet our higher production needs without touching that inventory buffer.

At the same time, we have continued to raise our prices, even as the commodity price for cacao has dropped off. We want to ensure our farmers can make a living growing cacao, so that they will continue to grow it, and encourage the next generation of farmers to see cacao as a viable option.

## Last year Overview (Jul 2017 - Jun 2018)

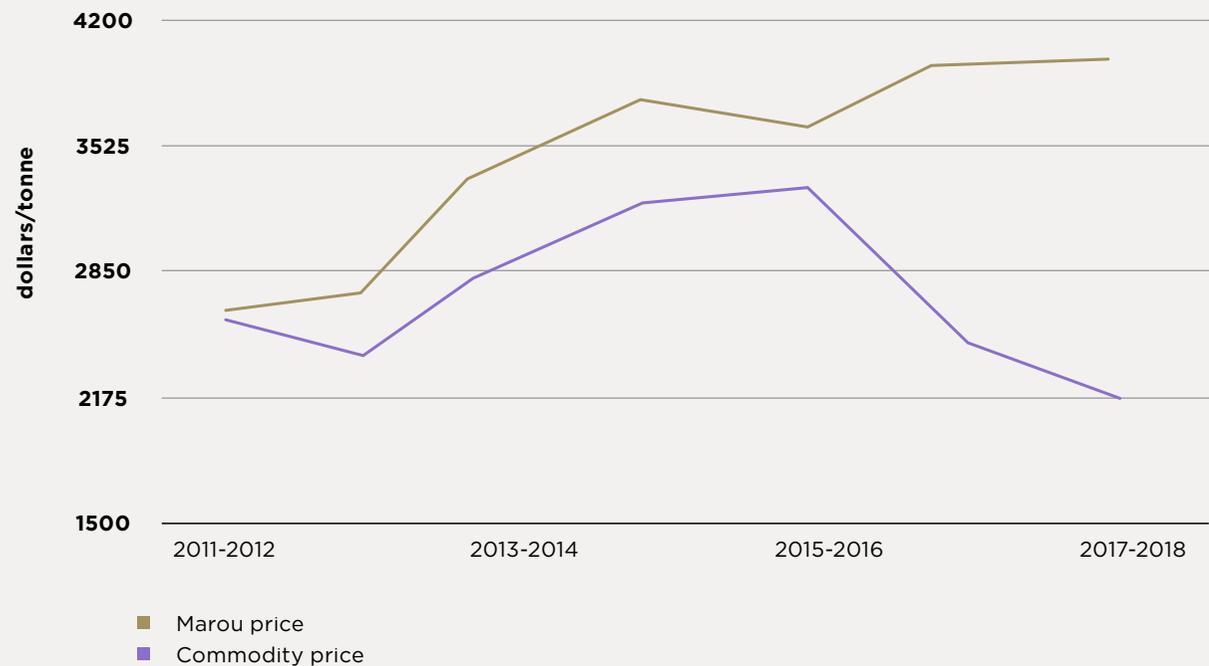
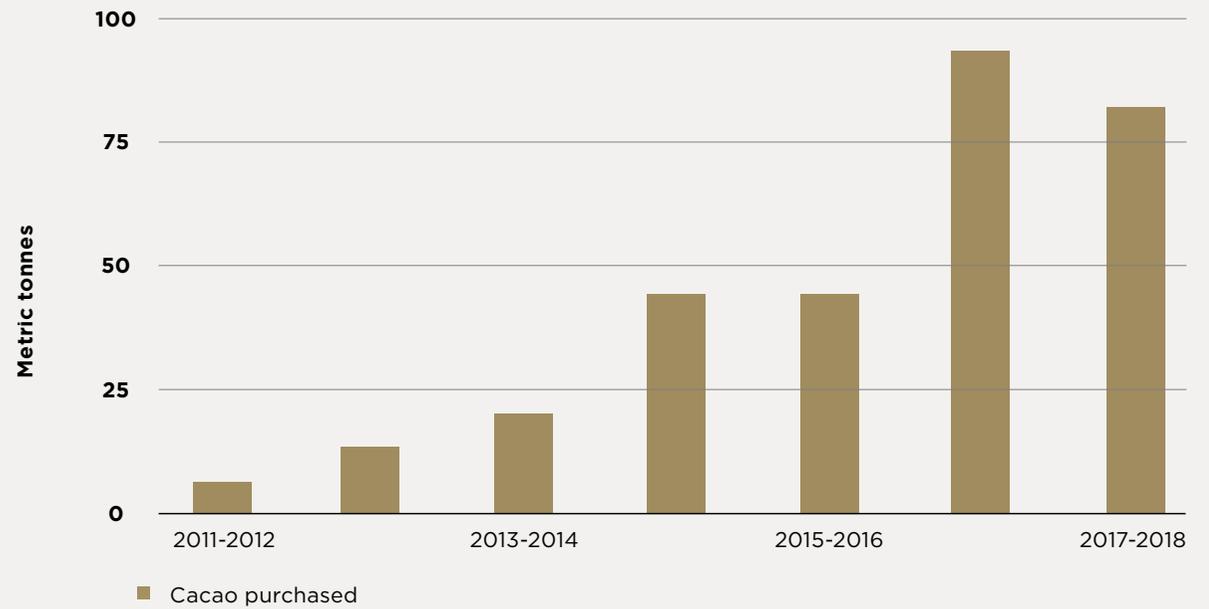
Provinces purchased from	7
Number of farmer-fermenters who sell us beans	24
Number of pod farmers who sell to our farmers	514
Average farmgate price paid by Marou	\$4,003 per Ton
Cacao beans purchased	81 Tons
Average commodity price	\$2,199 per Ton
Number of purchasing trips to farms	148
Total financial support from Marou (fermentation, facilities, seedlings, pod buying bonus)	\$8,242

\*As reported by the farmers

# 7 Years of Marou 2012 – 2018

## Grand Total:

In the past 7 years, Marou purchased 304 MT of cacao and paid 1.1 million USD to small fermenters.





# Vietnam and Cacao:

## Số liệu chủ chốt

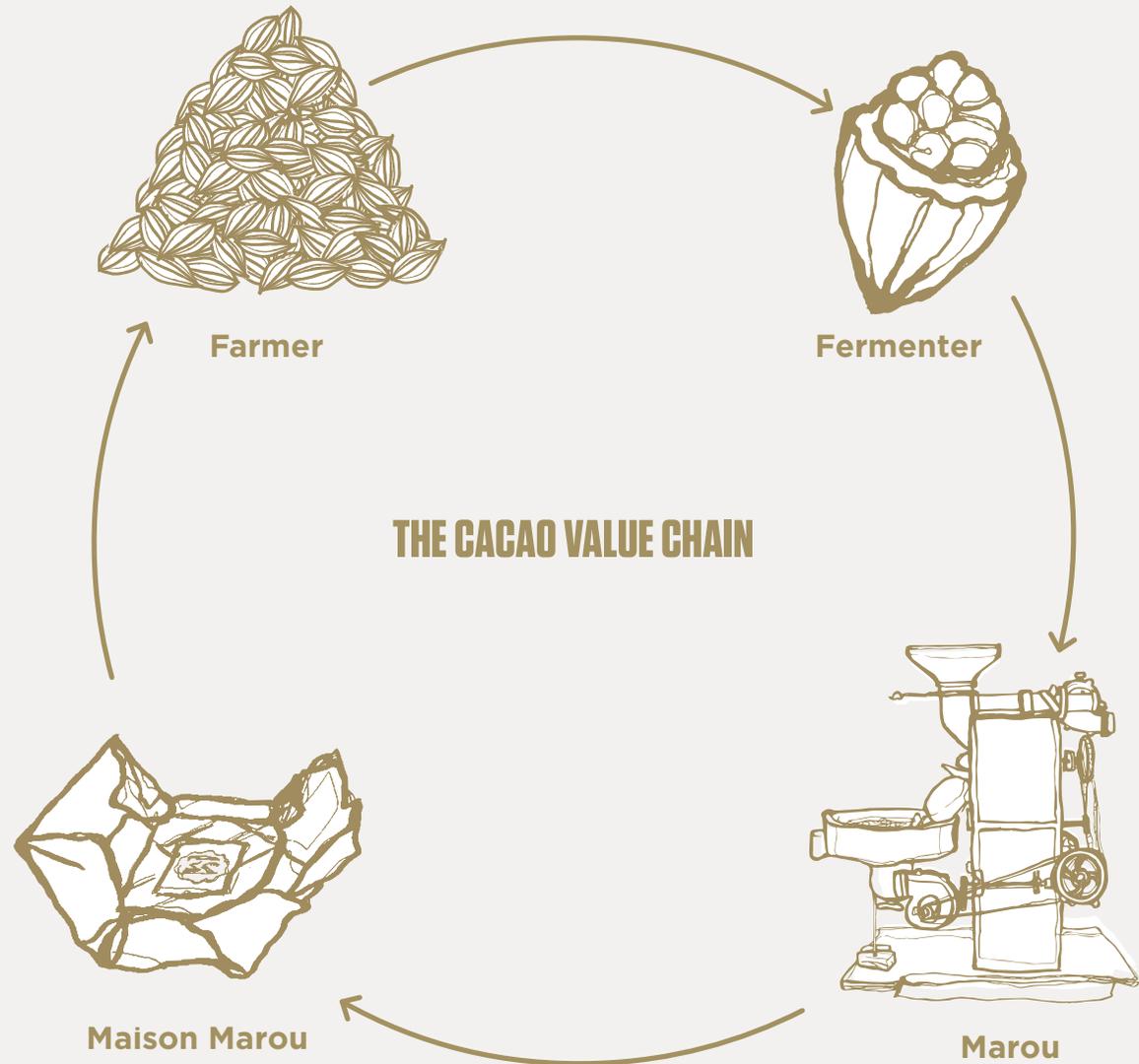
Population: 95.5 million (est. in 2017)	Below national poverty line: 9.8% (2016)
GDP: 223.8 billion USD (est. 2017)	Growth rate: 6.8% yearly (2017)
	Agriculture: 15% of GDP (2017)
	Major crops: coffee, rice, pepper, cashew and rubber
Cocoa production: 2,500 Tons (in 2016)	Less than 0.1% world production
ICCO Fine Flavor Cocoa designation	40% of Vietnamese cocoa (2016)

# Vietnam and Cacao:

## The Cacao Value Chain:

All but 3 of our farmers are within a 160km radius of our factory. The farthest farm is less than 300km away.

Buying directly from local small farmers/fermenters is one of the ways we keep our interests and that of the farmers aligned: there are no intermediaries and the high price we pay goes directly to them.





# Our Sourcing Philosophy: Local & Sustainable

## Local:

We source all our ingredients from Vietnam. In addition to cacao, our sugar, coconut milk, spices, and coffee all come from Vietnam. Working with small companies and buying locally makes it easier for us to personally check the quality of goods supplied.

## Sustainable:

We want to make chocolate with Vietnamese cacao for decades to come. That means paying our farmers enough, encouraging the next generation, and maintaining the health and diversity of their surrounding ecosystem.

## Pragmatic:

Each of our farmers is working on a small scale and in a unique context. We don't require international certifications because in this context the cost would be extremely high and we'd rather see that money go directly to the farmers than to a certification organization.



# Our bean selection process

We test every bag of cacao that our farmers produce, and select only the ones that meet our quality standards. Farmers are free to sell the remaining beans to other buyers.

At the end of each purchasing trip, the bags that passed our tests are sealed and weighed at the farmer's house.

Farmers are paid on the basis of the amount selected at the farm typically within 3 working days of the selection.

We coordinate and pay for all transportation from the farms to our warehouse in Saigon. These amounts are not deducted from the amount paid to the farmers, regardless of the actual cost to us.





# THE PROVINCES

# CACAO ORIGINS VIỆT NAM



## 6 cacao origins

Our Single Origin chocolate bars are made with cacao sourced from six provinces in southern Vietnam: from north to south Dak Lak, Lam Dong, Dong Nai, Ba Ria, Tien Giang and Ben Tre.

The climate, soil, and water of each province (call it terroir if you want) as well as the mix of cacao varieties and post-harvest practices contribute to the different flavours of each origin, which in turn make the different flavours of each bar.

There are more provinces that grow cacao, and we are always interested in finding new farmers to work with and in encouraging new farmers to plant cacao in Vietnam.



# BEN TRE

Ben Tre province is a triangle of land where the Mekong Delta meets the ocean.

The land is netted with rivers and canals, connected by bridges and ferry boats. Farmers use the rich soil to grow rice, coconuts, and cacao. Cacao trees grow on narrow banks between water

channels, shaded by the large leaves of coconuts and bananas.

The Mekong River Delta is well suited to cacao, with abundant water, good soil, and warm temperatures. Ben Tre and neighboring Tien Giang province have many farmers who planted cacao in the 1990s.

## Our Year in Numbers

Fermenters	3
Pod Farmers	114
Number of farm visits	13
Average price paid per farmer	\$4,186 per Ton



# TIEN GIANG

In the Mekong Delta, Tien Giang province is densely populated and boasts innovative agricultural practices. We drive past extensive farms of dragon fruits, rice, chili and coconut. Our cacao farmers keep honeybees or raise fish in the canals that irrigate their trees. For many years the district of Cho Gao benefited from a strong cacao growing program, having a rare cacao cooperative, supported by foreign aid

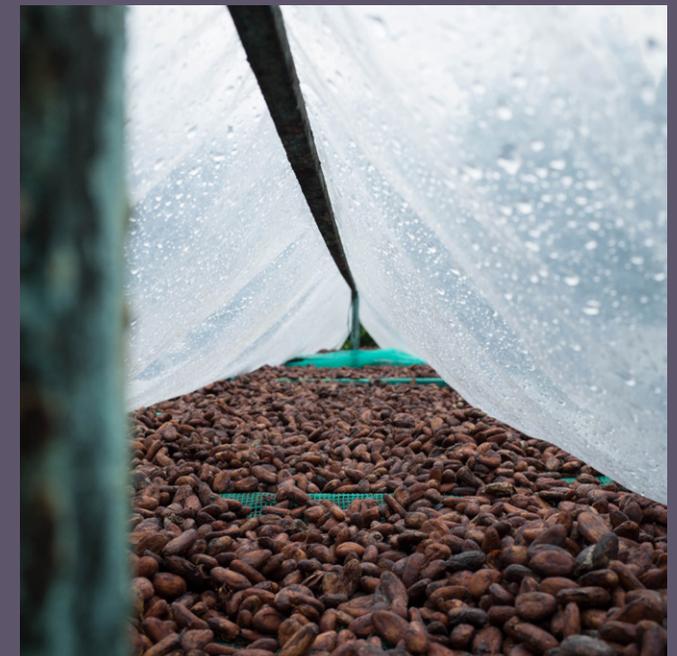
organizations. They offered farmers training sessions and support for certifications, which was under way at the time when we started buying from them in 2012. Unfortunately, the co-op folded and is no longer selling cacao beans. But we have maintained direct contact with most of its former members, enabling us to follow-up on fermentation closely, and insure that they get paid for the quality of their work.

## Our Year in Numbers

Fermenters	6
Pod Farmers	144
Number of farm visits	46
Average price paid per farmer	\$4,128 per Ton
Cacao seedlings bought and delivered	4,000
Financial Support	Bonus for pod price
HCP designation	Mr. Cong, Tan Phu Dong

The farmers of Tien Giang have many good alternatives to growing cacao on their land. To help the fermenting farmers buy pods from their neighbors, we started a program that pays a bonus for cacao pods. With the help of the fermenters, we organized meetings in each zone to give this bonus directly to each farmer who participated in the program. It was a great opportunity for us to listen, and share Marou chocolate.

During the Lunar new year, we met with the cacao farmers who sell pods to our fermenters. At Mr Phuoc's the meeting became a goat BBQ party!



# Treasure Island Heirloom Cacao #13

## Mr. Cong's Cacao:

Those who tasted our Treasure Island and Heart of Darkness bars know how special Mr Cong's cacao beans were. When the 2016 drought decimated his trees on the coastal island of Tan Phu Dong, he stopped fermenting and we thought we might never taste that chocolate again. But now the story is looking more hopeful! Mr Cong has been selecting the strongest trees that survived the drought, to propagate them by air-layering. This process will produce smaller cacao trees that are quicker to produce fruit, with

shallower roots that might protect the trees from future flooding.

## Donations:

International chocolate fans (Tomoe Saveur from Japan and Chocolateverkopers from the Netherlands) have kindly contributed funds to help Mr Cong rebuild.

He plans to use this money, along with Marou's contribution, towards buying and planting new cacao trees, new fermentation equipment, and dredging the water canals to reduce salinity.



## Donations

Replant cacao trees	\$1,322
Rebuild fermentation equipment	
Dredge canals	



# BÀ RỊA

Ba Ria was the first province we ever bought cacao from. East of Ho Chi Minh City, this coastal land is sunny and well-suited to fruit trees. In addition to cacao, our farmers grow jackfruit, durian, pomelo, and black pepper. Some of our farmers in this province take a scientific approach to their agroforestry, testing different brands of fertilizer, and closely monitoring the temperature of their fermentation. They have even found a way to raise goats by feeding them chopped up cacao husks.

Although Ba Ria has rich soil and great weather, it has been hard for us to secure enough beans for our growing needs. Last year we offered our farmers technical and financial support to improve their post-harvest practices. To encourage farmers to continue growing cacao instead of other crops, we now pay a bonus directly for each kilo of pods, and deliver that money to the pod farmers as part of a group meeting with the fermenters and pod farmers.

## Our Year in Numbers

Fermenters	6
Pod Farmers	144
Number of farm visits	40
Average price paid per farmer	\$3,951 per Ton
Financial Support	New fermentation boxes and Bonus for pod price
Technical Support	On-farm fermentation



# ĐÔNG NAI

If you drive east and north of Ho Chi Minh City, you enter the gentle hills of Dong Nai province, many of them the long-eroded remains of old volcanos. The farmers we work with in Dong Nai all produce small quantities. In 2013 we had a go at setting up a centralized Fermentation Station in order to have a

reliable source of beans, but it was closed in 2016. In the last 2 years, we have re-invested in our farmers, helping them plant seedlings, build fermentation boxes, and improve drying locations. We stayed for weeks with two separate farmers to work on fermentation together.

## Our Year in Numbers

Fermenters	5
Pod Farmers	26
Number of farm visits	28
Average price paid per farmer	\$3,828 per Ton
Financial Support	Fermentation facilities improvement
Technical Support	On-farm fermentation trouble-shooting



# LÂM ĐỒNG

We have purchased beans from Mr. Doai since 2012. His farm is located near the town of Madagui, at the foot of the Bao Loc plateau.

Mr. Doai and his wife, Mrs. Thuy Kieu, produce an impressive

quantity of beans for one family. Their children and Mr. Doai's mother help with the farm, and always greet us warmly.

Last year we helped Mr. Doai plant almost 2000 new cacao trees on his land.

## Our Year in Numbers

Fermenters	1
Pod Farmers	80
Number of farm visits	9
Average price paid per farmer	\$3,828 per Ton
Cacao seedlings bought and delivered	1,900



# ĐẮK LẮK

Continuing north, the rolling hills grow closer together, becoming the central highlands of Dak Lak province. At 500m elevation, many farmers here grow coffee or rice. Cacao was introduced here more recently, in the mid-2000s. The Success Alliance, a public-private partnership for cacao, saw potential in Dak Lak province because it was not threatened by rising sea levels like the Mekong delta. It also offered an opportunity to alleviate poverty in indigenous minority groups in the area. During its lifetime, this project formed a network of small scale producers and fermenters. When we started to purchase Dak Lak beans in 2015, the farmers we

contacted were former leaders in their local networks.

At this elevation in the mountains, the temperature decreases considerably during the night. Condensation and rain leave emerald green moss on the trunks of cacao trees. The temperature change makes consistent fermentation more challenging. This year we again stayed for two weeks with our farmers to help them monitor their post-harvest processes and make adjustments. We also helped one farmer pay for construction to build out and improve her fermentation center. She and her family have shown their commitment to quality over the last few years.

## Our Year in Numbers

Fermenters	2
Pod farmers	70
Number of farm visits	10
Average price paid per farmer	\$4,034 per Ton
Financial support	Contribution to build out and improve fermentation center
Technical Support	On-farm fermentation trouble-shooting



# PROJECTS

# ĐẮK NÔNG

## Dak Nong Cacao:

For two years we have been purchasing beans from Dak Nong province, and working with the fermenters there. The most important indicator of a region's potential for us is the personality of the farmers. In Dak Nong, we have been lucky to find a farmer who's motivated and open to experimentation.

We give them feedback on fermentation during each purchasing trip, and by phone in between trips. As a result, the quality of their beans has continued to improve, and we have been able to purchase more from them. We created a special limited edition Dak Nong bar, and you might see Dak Nong beans in bars from other makers in the US.

### Số liệu từng năm

Fermenters	1
Pod farmers	26
Number of farm visits	2
Average price paid per farmer	\$3,993 per Ton
Technical support	Fermentation advice

# MADAGUI AGROFORESTRY PROJECT

Three years ago, we met Xavier and Huyen, a French-Vietnamese couple who own a forestry concession in a remote part of Lam Dong province. The local government had deeded them 400ha of hilltop land, including 150ha of protected primary forest. Within that land, parcels of secondary forest were designated for planting, and the government required them to plant tree crops in order to keep the land. Like their neighbors, they had planted rubber, but Xavier and Huyen were

looking for a more sustainable option. We introduced them to cacao, as it can be planted under a thinned forest canopy. Over the past three years, we have helped them plant 9,000 cacao seedlings of 9 genetic varieties.

Some of the oldest trees have started to produce pods, but it will still be at least a year before we get enough to fill a fermentation box. We're hoping to have enough pods for single variety fermentation batches in 2-3 years.

## Achievements

Cacao trees planted	9000
Areas of shade-grown cacao	8 ha
Density of shade trees	>300 trees/ha



**Big photo:** After crossing the bridge in this photo, the road becomes a dirt track, traversable by 4x4 in the dry season, but only by foot in the rainy season. Luckily, you can pause in your walk and take pictures like this one.

**Small photo:** To bring tree seedlings to our agroforestry plot requires a tractor like this one. The municipality is working on developing a new road (without the steep vertical sections), which we are all eagerly awaiting.



# Contact:

**Feel free to contact us by email for any enquiries about Marou Chocolate.**

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