



APODIP

GUATEMALA

Asociación de Productores Orgánicos para El Desarrollo Integral del Polochic (APODIP) is an association that produces and sells cocoa, cocoa paste, coffee, cardamom, and peanuts along the Polochic River in Alta Verapaz, Guatemala. The association was formed in 2003 with 48 members and has grown to a current membership of 1.300. On average, each farmer owns up to one hectare of productive land and farms 754 hectares in aggregate. Most of the production is done in the farmers’ backyards. 100% of the associates are indigenous and belong to the Maya Qeqchi, of which 22% of the members are women.

The Mayan Q'eqchi people, who represent more than one million of Guatemala's inhabitants, are disproportionately poor and rural. They still preserve pre-Christian deities, with Tzultacaj, the god of mountains and valleys, as the principal deity. They have been historically excluded from democratic political participation in Guatemala. Their main economic activity is agriculture. Corn and beans are sowed for consumption, and coffee, cardamom, cocoa, cinnamon, turmeric, and pepper are for commercialization—the Q'eqchi practice fertility religious ceremonies during sowing. Agriculture is complemented by poultry and livestock. Other sources of income are handcrafts, huipiles weaving, b'onok (painting masks), tailoring, carpentry, and masonry. APODIP builds on crops native to the indigenous people’s knowledge and culture by promoting cocoa production and adding value by extracting cocoa paste.

APODIP’s crops are cultivated in agroforestry systems that help preserve and conserve forest and river ecosystems. The agroforestry systems have been established in buffer zones to restore the ecosystem. All of the crops are organic certified. As a 100% Indigenous enterprise, APODIP provides a voice and a vehicle for collective action to people who

IMPACT OVERVIEW

Description	
Cocoa, cocoa paste, coffee, cardamom, and peanut production and commercialization.	
No. of beneficiaries	1.300 families
% Women	22%

COMMUNITY

<p>100 km</p> <p>• Rio polochic</p> <p>Lat: 15.467° - Long: -89.367° - Alt: 200 km</p> <p>11/20/2024 - NOAA Goddard Space Flight Center</p>	<p>Country: Guatemala</p>
	<p>Municipalities: Cobán, Lanquín, Cahabón, Panzós, Senahú, La Tinta, Purulhá, El Estor, Izabal</p>
<p>Communities: Maya Q'eqchi</p>	

have historically been excluded from government institutions. The cooperative offers a forum for group decision-making and communal efforts beyond purely economic concerns.



APODIP has a board of directors and a ten-person supervisory committee for managerial decisions. These bodies oversee the organization's general performance. APODIP's members meet every six months to discuss financial and production reports. Associates have a vote and voice in these meetings.

APODIP has supplied cocoa beans to Ethiquable since 2016. [Ethiquable](#) is a French cooperative established in 2003 that sources organic raw materials under fair trade conditions. This cooperative has worked with over 100 small farmers' organizations in France, Latin America, and Africa to produce chocolates, coffee, tea and infusions, and salty groceries with origin denomination. These organizations represent over 43,000 small farmers. Ethiquable sells over 30 million products yearly through 10,000 points of sale, generating annual revenues of over USD 75M.

Ethiquable developed a chocolate bar exclusively with APODIP's product in 2018. This has been previously done with other organizations in Ecuador, Peru, Bolivia, Haiti, Nicaragua, Colombia, Côte d'Ivoire, Togo, and Madagascar.

Ethiquable represents 75% of the cooperative's revenue; the balance is from New Forest Organics. This American company purchases organic condiments and spices from over 300 small farmers in Guatemala, Indonesia, and Mexico to sell them in international markets. New Forest contracts with APODIP to pack and export cardamom that New Forest purchases and delivers directly to APODIP's plant. The service is provided at the end of each semester, and APODIP charges USD 1 per shipped kilogram. New Forest provides advance payments of around 70% of the total packaging and shipping expenses. The balance is paid when the product is sold in the US through distributors. It takes nearly six months to pay the balance. Last year, APODIP shipped over 270 tons of cardamom. New Forest has a service contract with the organization that is renewed yearly. Both organizations have been working under this mechanism since 2022, but APODIP knows several members of New Forest from previous commercial relationships that date back 20 years.

Ethiquable offers advance payments (60%) and pays the balance up to 15 days after invoicing when the product is ready and certified at the port in Guatemala.

APODIP and Ethiquable have been working on a cocoa processing plant project to produce cocoa paste for nearly three years. Until now, APODIP only had warehouses to store cocoa beans and export them to Italy or Holland, where Ethiquable's manufacturers transformed them into cocoa paste. From there, the paste went to Ethiquable's plant, which was transformed into chocolate bars (See Figure 1).

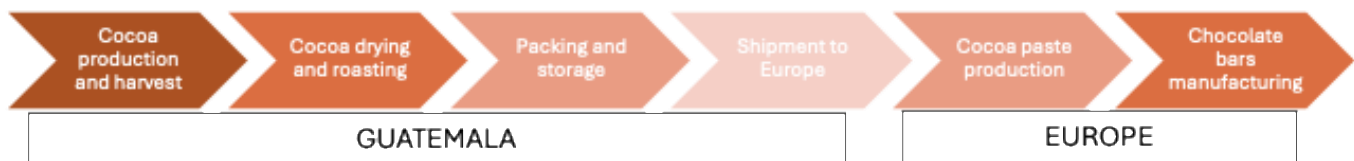


Figure 1 APODIP's current supply chain

The new plant will add more value in Guatemala, as the cocoa paste will be processed in APODIP's facility. The cocoa paste will be shipped directly to Ethiquable's facility to produce chocolate bars, replacing one step in the supply chain (See Figure 2).

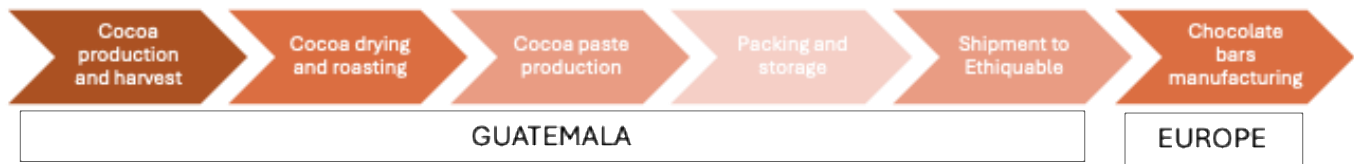


Figure 2 APODIP’s future supply chain

This new plant aims to add value to cocoa production by processing it into cocoa paste in Guatemala rather than with European manufacturers. This project ensures higher income for APODIP’s members by improving profit margins and, in turn, promoting an economic impact on smallholder families through better prices for their produce. The plant construction began mid-2023 and is expected to initiate operations in November 2024. The facility will have a cocoa bean cleaning room, warehousing, laboratories, roasters, shredding equipment, refining and cacao paste sieving equipment, packing lines, and cold rooms.



Ethiquable is helping the organization secure the financing needed to complete the project. To date, APODIP has secured funding from Oiko Credit (around USD 550,000) and is requesting a USD 200,000 term loan from the Reciprocity Fund to purchase equipment and finish the project. Most of Oiko Credit’s funding was used for infrastructure. The plant required an investment of USD 1,05M and will have a processing capacity of 200 tons of cocoa paste yearly. If needed, it is possible to increase the processing capacity by working 24 hours daily or investing an additional USD 400.000 to double the processing line, as the plant will have enough space.

Ethiquable has been a valuable partner for APODIP and other cocoa organizations. This is not the first time it has helped a supplier build a plant to process cocoa paste. For instance, Norandino, a Peruvian cooperative, was the first organization to develop its cocoa processing factory in 2020. This 6,000-member cooperative, with over 2.000 tons of cocoa for export, has made a USD 7M industrial project viable with Ethiquable’s support.

Other important stakeholders are the Heifer Foundation, Defensores de la Naturaleza, Rikolto, and CISP, all international NGOs that support sustainable farming, except for Defensores, which operates only in Guatemala. APODIP signs yearly agreements to foster development projects for its communities. In total, the four organizations have provided over USD 280.000 in funding over the last two years, of which 75% has been earmarked for the new plant, and the rest are to maintain the nurseries and provide technical assistance.



Impact Background and Delivery

Guatemala is the leading exporter of finished cocoa products in Central America. Its industry is oriented to producing chocolate and sweetened cocoa powder and, to a lesser extent, semi-processed products such as paste and liquor. 75% of cocoa producers are smallholder farmers (less than five hectares), who make up the most significant part of this industry’s scaffolding. Currently, the United States and European countries are the

primary export markets. Also, 75% of production is considered fine aroma cocoa, which opens a market niche where

more attractive prices are paid. Ethiquable has recognized APODIP's cocoa as a high-quality and refined aroma, a valuable characteristic in the market.

Rural poverty has increased in the Polochic region. By 2022, over 85% of its population lives under poverty conditions, and nearly 50% are in extreme poverty. More so, eight out of every ten people live with just the bare necessities, and eight of the nine municipalities in the region are among the 20 municipalities with the highest levels of rural poverty in Guatemala. Polochic is also a region where drug production and conflict have further limited economic and social development. As a result, many of the inhabitants have been forced to abandon their land and migrate illegally to the United States in search of new opportunities. APODIP represents a valuable opportunity for economic growth in the region, generating a legal and sustainable way of living for rural indigenous communities.

Agriculture in the Polochic Valley mainly consists of subsistence crops such as corn, beans, chili, cassava, and plantain. Achiote, cardamom, and cocoa represent most of the region's cash crops that grow well. Cocoa production is not technically advanced, and most producers dry their beans on-site in suboptimal conditions. APODIP will have a competitive advantage as it will be the first cocoa paste plant in the region and the first to add value to a fresh product.

Although the high cocoa prices this year have favored producers, they have also caused high costs in the production chain, and, therefore, most of the increase has yet to benefit farmers. The lack of rain affected cocoa production in Côte d'Ivoire and Ghana, which account for nearly two-thirds of the world's cocoa supply. Cocoa trees will require at least two years to recover from drought, so prices are expected to stay high for the next two years. Cocoa futures on the stock exchange are still high and are expected to maintain or increase in the following months. APODIP's cocoa is classified as fine-aroma and high quality, which sets its price apart from traditional cocoa and includes a premium over the market price.

Generally, a cocoa tree takes three years to become productive after being sown. The harvest season depends on the weather and subregion. Harvest usually starts in October and lasts until April in the Xoloxic region and from February to July in the Cahabon region.

In 2017, APODIP supported 25 rural communities (around 600 small cocoa producers) by exporting 2 tons of cocoa monthly. In 2023, it reached 73 rural communities and exported over 110 tons of cocoa beans during the year, generating nearly USD 380 in income on average per farmer. On average, each farmer owns less than a hectare of land, and cocoa is planted in the backyard. This year, the international cocoa price was USD 3.500 per ton, and Ethiquable paid USD 4.500.

APODIP is organic and SPP certified. SPP is an international small-farmer network (100% producer-driven) that requires ecological and sustainable practices for membership. SPP certifies traceability, income to small farmers, and fair pricing considering actual production costs.

When APODIP started shipping cocoa beans to Ethiquable in 2018, the purchase price was USD 4.500 per ton, over 200% compared to the market price (cocoa price on the New York Stock Exchange). Last year, the company paid USD 4.500 per ton, and for the current project, Ethiquable will pay USD 9.900 per ton (84% of the cost of cocoa beans, and the remaining is the processing cost in the plant). This year, due to the increase in the price of cocoa in the international market, Ethiquable paid USD 9.000 per ton. Ethiquable has permanently established a price premium of USD 1.000 per ton over the market price to secure livelihood improvement and the organization's operation. The new plant will help the organization migrate from selling cocoa beans to cocoa paste, increasing its gross margin by at least 15%.

Thanks to the premium price, APODIP can maintain technical assistance to small farmers (workshops, on-site visits for crop management, and inputs), pay for the certification process yearly, and continue with a nursery to keep expanding the crop.

The new plant will provide the opportunity to increase the base of small farmers from 1.300 to over 1.500 and create six jobs per shift. The plant is expected to operate with two shifts in a few months.



Ethiquable will purchase all the production to make chocolates with the Guatemalan origin denomination and is providing technical assistance to improve productivity. The company also purchases cocoa beans from three organizations in Nicaragua (La Campesina, Cacaomica, and Flor de Dalia). APODIP's new plant will provide manufacturing services to these organizations to produce cocoa liquor. APODIP will charge them USD 1.600 to process a ton of cocoa beans.

Ethiquable projects to purchase at least 175 tons yearly (or almost eight 23-ton containers), representing a revenue of nearly USD 1,7M for APODIP's production plus USD 294.000 for the manufacturing service. Ethiquable has confirmed that this volume is still insufficient for their current demand, and they are interested in purchasing higher volumes of cocoa paste when available. To produce one kilo of cocoa paste, 1,2 kg of cocoa beans are needed. Considering Ethiquable's purchase projections, the plant must process 210 tons of cocoa beans. With APODIP's and the Nicaraguan organizations' production, the plant will operate all year. Last year's revenue was USD 1,1M, and by 2025, APODIP expects to double it.

Ethiquable and APODIP have identified a potential client in Guatemala: [Sarita](#), an ice cream and chocolate manufacturer. Sarita imports cocoa paste for its products and has expressed interest in purchasing it from APODIP and replacing its international suppliers.

Outcome

<i>Improvement of livelihood</i>	<ul style="list-style-type: none"> • Fair price for cocoa beans represents an improved quality of life for smallholder farmers. • The new plant will allow introduce APODIP into a more specialized market, capturing better margins which benefit farmers.
<i>Cultural preservation</i>	<ul style="list-style-type: none"> • The organization is led and comprised by indigenous people. They preserve their traditions and belief system.
<i>Environmental preservation</i>	<ul style="list-style-type: none"> • APODIP produces in a buffer zone surrounding natural reserves that have been degraded over time by human activity. The organization preserves and protects these areas to prevent them from causing alterations in the ecology or wildlife through organic and sustainable cacao production.