At Kerry, we have a longstanding relationship with our suppliers of agricultural raw materials reaching all the way back to our origins as a farm cooperative. The Sava region of Madagascar is an important sourcing region for our vanilla beans and our original Kerry vision of creating a more sustainable proposition for farmers is now to the fore in a very different setting.

Madagascar is the world’s leading producer of vanilla and as a world leader in Taste & Nutrition, it represents an important sourcing region for our business. Kerry uses the highest quality vanilla in our sites around the world but there are challenges associated with its production.

In an effort to promote a more sustainable supply of vanilla beans, Kerry established the Tsara Kalitao project in Maroambihi district of the Sava Region, North East Madagascar in 2014. Meaning ‘Good Quality’ in Malagasy, the project aims to support farmers and their families while improving the quality and traceability of the raw material supplied to Kerry.

Starting out in just 3 villages today we have expanded our work to 11 villages with an impact on almost 4,000 people. Working with our local supply partner Authentic Products and with the support of other 3rd party experts, the program has been developed with three pillars for improvement:

> Farmer Livelihood.
> Empowering Women.
> Education.

**Livelihoods**

Typically in this region farms are small with average plot size measuring less than a hectare. Extensive farming practices with little technology and poor infrastructure can make it difficult to make ends meet and farmers face further challenges with the widespread theft of crops before harvesting. Through the Tsara Kalitao programme, Kerry is helping farmers to address each of these challenges.

The programme employs two full time agronomists who travel between villages providing training to farmers on agricultural best practice. Through the use of a model training plot in each village, farmers can learn how to improve production techniques, boost their yields and thereby increase their income.

Higher quality beans command a higher price and in addition to farm level support, Kerry has put in place a premium price structure to reward all farmers for every kilogram of green vanilla purchased through the Tsara Kalitao programme.

In 2018, the environmental credentials of the Tsara Kalitao programme were endorsed through EU (ECOCERT) and US (NOP) Organic Certification for all the beans produced. This certification reflects the low environmental impact associated with the type of cultivation pursued by participating farmers and helps to further meet consumer demand for healthier, more natural products.

Even with these supports and certification in place, theft of beans prior to the harvest can undermine a farmers hard work and financial security. Theft also represents a problem for buyers as the quality is often inferior due to beans being harvested before they have matured. To combat this, Kerry has helped to put a community watch programme in place that has led to a reduction in theft over two years in villages that have consistently adhered to the guidelines.

The programme engages village leaders to establish security patrols with the participation of each farm family. Kerry provides materials to support the patrol groups such as sandals, torches, batteries, cell phones, raincoats, etc. The initiative has proven so successful that other villages outside the Tsara Kalitao programme have asked for support in establishing similar deterrents.

In 2018, the community watch programme gained increasing significance as the price of Vanilla reached a record high, providing an even greater incentive for theft. However, we are pleased to report that as a result of the structures put in place through our programme, theft has reduced across 10 of the 11 participating villages. In 2018, we saw a 30% reduction in volumes lost versus 2016 and this represents just 1.5% of the total volume produced within the programme, significantly lower that the country average.

**Empowering Women**

Although Madagascar’s constitution recognises the equal rights of all individuals, women’s economic empowerment is still limited. In the second half of 2015, Kerry initiated a pilot program in 3 villages which was centred around providing an income stream for women. The income is derived from breeding chickens and designed to benefit female household members within the overall Tsara Kalitao programme.
The goal was to provide these women with assets that can generate additional household income and assist the family during the lean financial period from January to April. Two women from each village were selected to participate in the pilot and were provided with the animals, the requirements for housing, basic husbandry training and a supply of chicken feed.

However, high animal mortality rates and a range of other factors have resulted in limited success for this element of the programme. In 2018, we discontinued this approach and have begun to look at other ways in which we can achieve our objectives. This includes through the use of greater support for women on financial management and budgeting, helping women to avoid debt, facilitate savings and achieve a greater degree of financial independence.

**Education**

A key enabler of economic development is access to education and under the Tsara Kalitao programme, Kerry is working to unlock future opportunities for the regions children. Child labour can be associated with the cultivation of Vanilla, even though education is mandatory up to the age of 14, which is also the legal age for employment.

One obvious barrier to education is cost. Financial pressure can make it difficult for farmers to meet the expense of their children’s school fees. This is a relatively simple problem to overcome and Kerry pays the school fees for all children of farmers who have met the programme criteria.

When looking at the other challenges faced by children in the project region, we noted that 80% dropped out of school between the age of 12 and 13. The difficulty here was not a financial one, instead it is caused by the fact that pupils had failed the national test. The Certificat d’Études Primaires Élémentaires (CEPE) examination that children undertake at age 12, certifies completion of primary education and is a mandatory requirement for students wishing to stay within the school system. Without access to continuing education, children are forced to go back to work in the fields perpetuating a cycle of poverty and subsistence farming.

Under the education pillar, Kerry established a pilot programme in July 2016 focused initially on three schools in a single participating village. The schools have a student body of approximately 700 children ranging in age from 4 to 12 years old.

Following a detailed needs analysis, Kerry implemented a number of measures across these schools, aimed at improving educational performance. For students we provided assistance with school fees, equipped them with necessary school supplies and we established a library across the 3 locations with 600 books to support their learning.

However, we also recognise the role that teachers and the educational system can play in a pupils level of achievement. To adopt a more holistic approach, we looked at how we could work with teachers and the system in which they operate.

In partnership with relevant stakeholders, we agreed the introduction on new performance measures to help establish a different way of working. These measures were designed to promote greater structure and assure optimal use of class time. To reward teachers we introduced a programme of incentives that helped to encourage best practice.

Our objective was to increase the number of children who passed the final exam at 12 years of age, enabling them to continue their education. In this way we hoped to help move more children away from working on farms, keeping them in school and providing them with greater opportunities.

From the initial results, we have seen a marked increase in the attainment rates for children attending the selected schools. Encouraged by this success, in 2018 we took the decision to broaden the scope of the programme.

**Percentage Exams Pass Rate by Kerry Project (Started 2016)**

**Sambava**

In 2019, with the support of external and independent expertise, we will work with 19 primary schools across the 11 villages involved in Tsara Kalitao. Through the extension of this initiative we aim to positively impact on the lives of almost 4,000 children, helping them to secure a better and brighter future.