



Overview of 2017 Verification Assessments

Lindt & Sprüngli Farming Program

Background

The [Lindt & Sprüngli Farming Program](#) aims to improve the livelihoods of farmers and their families, by improving agricultural, social, environmental and business practices at the field level. Initiated in 2008, the program forms the cornerstone of Lindt and Sprüngli's sustainable sourcing strategy in the cocoa supply chain, and is in place in Ghana, Ecuador, and Madagascar for the 2016-2017 cocoa season. The Farming Program comprises 4 key components:

1.	Traceability & Farmer Organization	Farmers are organized in structures that suit the local characteristics. Traceability is built up to community, and where feasible, up to farm level. This step also includes the gathering of baseline data, on which the capacity creation & training, as well as improvement activities are based on.	TRACEABILITY
2.	Training & Capacity Building	Farmers are – if necessary – trained in good agricultural, environmental, social and business practices. Other people involved in our programs receive the required capacity creation and training.	IMPROVEMENT ACTIVITIES
3.	Farmer Investments & Community Development	Farmer and community development is – if necessary – supported with investments in farm extension services (e.g. plant protection products, personal protective equipment, nurseries & new plants) and community development activities (e.g. boreholes, health services).	
4.	Verification and Continuous Progress	<p><u>Internal Monitoring & Performance Management:</u> Internal monitoring and performance management systems verify if farmers follow good farming practices (agricultural, environmental, social and business), evaluate improvements and define corrective actions.</p> <p><u>External Assessments:</u> The Programs, including the functioning of the internal monitoring & performance management system is externally assessed, and corrective actions defined.</p>	VERIFICATION

The [Lindt & Sprüngli Verification Guidance Document](#) is the mechanism for defining principles, setting goals and prioritizing voluntary requirements to drive innovation and improve practices in the field. The goal of verification is to assure the effectiveness of the Program and to monitor its progress.

TFT's role is to evaluate how **local direct suppliers create, manage, and adapt systems for traceability; farmer training; farmer investments & community development**, and **internal monitoring & performance management** in response to changing local conditions.

This summary of verification activities points out the most important findings (challenges and strengths) and recommendations.

Abbreviations

CO	Commercial Officer
COCOBOD	Ghana Cocoa Board
FA	Farmer Association
FOFIFA	Madagascar government research institution
FT	Field Trainers
HCV	High Conservation Value
IMS	Internal Management System
KPIs	Program Key Performance Indicators
LF	Lead Farmer
L&S	Lindt & Sprüngli
PC	Purchasing Clerk
PO	Program Officers
SOPs	Standard Operating Procedures
TFT	The Forest Trust

2017 Overview

TFT conducted seven assessments in 2017 in three different countries, Ghana, Ecuador and Madagascar, each in different stages of program implementation. In Ghana, the Lindt and Sprüngli Farming Program works with 2 suppliers sourcing from over **60,000 smallholders**. In Ecuador, the Program now works with 2 suppliers which source from over **5,000 smallholders** in the Coastal Region. While in Madagascar the supplier sources from over **1000 farmers**.

Ghana

Project Overview – Ghana Supplier 1

Farming Program initiated in	February 2008	Visit timeframe	30 th October-2 nd November, 2017	3 rd TFT assessment
General description	<p>At the time of TFT's visit, Supplier 1 worked with over 56,000 participating farmers from around the country. The main focus of the company has been ensuring traceability, providing direct trainings to farmers, and developing additional livelihood activities and trainings to compliment the farmer's investment and the community development aspects of the program. The company is strong in terms of innovation, creating solutions from the ground and piloting them to scale. Presently, their largest challenge will be to streamline and consolidate data collection for analysis, solicit meaningful feedback from the farmers, and continue to strengthen their framework for monitoring in order to highlight continuous improvement.</p> <p>During its visit, TFT met with farmers and visited 7 farms, 6 purchasing clerks and 6 groups of field trainers from a sample of five societies that range from centrally located, top production areas, to remote communities located close to the forests. TFT followed the supply chain from the producing communities to the five district offices and warehouses and met with the commercial and sustainability teams. In addition, TFT visited Supplier 1's cocoa and shade tree nurseries, demonstration plots, farm management pilot projects, farm shops, and diversified livelihoods, including snail farming and tilapia farming. Also TFT met with other key stakeholders in order to get a good understanding of the supplier's approach</p>			

TRACEABILITY & FARMER ORGANIZATION

STRENGTHS

- TFT undertook a successful test of Supplier 1's traceability system, which tracks the sale of cocoa beans from the growing districts through the commercial buying centres. At present, 56,914 farmers and 90,733 farms are included in Supplier 1's traceability system- the sustainability staff's platform.
- Progress has been made since last year in terms of ensuring that there is understanding and compliance with the traceability procedure from the Purchasing Clerk (PC) to the warehouse level. Similarly, Supplier 1 continues to improve its monitoring systems and has redefined the role of Program Officers (POs) and Regional Managers to include more traceability and program oversight.

- Regarding farmers' organization and trainings, Supplier 1 continued with the Field Trainers' model (FT) and the development of farmer associations. The FT model has improved communication and the delivery of trainings.

RECOMMENDATIONS

- At present, there is considerable variation between the content and style of teachings used by FTs, and the ways in which POs and regional managers monitor FTs. Moving forward, the FT model can be strengthened by ensuring that a consistent approach to training, coaching, and monitoring is implemented across regions and districts.
- Similarly, the FA model has the potential to collectively support farmers and encourage program loyalty. It will be necessary to define the global objectives of the FA model, then provide guidelines and training for the FTs and POs to support program development.
- The FT model allows for close and constant collaboration with farmers, which Supplier should capitalize on by collecting and integrating farmer's feedback towards designing a more targeted and effective program. There has been considerable progress in program design, but Supplier 1 will continue to ensure progress from the ground-up by focusing on integrating farmer feedback.

TRAINING & CAPACITY BUILDING

STRENGTHS

- The recruitment and introduction of Field Trainers (FT) and the establishment of a new training schedule have had a very positive impact on the training approach.
- This year, much more emphasis was placed on the follow-up of the training activities by integrating on-farm visits into FTs' weekly schedule. The training curricula and calendar are developed by Supplier 1's sustainability staff, based on the COCOBOD (Ghana Cocoa Board) calendar, and then adapted to the district and society context. Trainings cover practical topics related to cocoa production (e.g. weeding, harvesting, input usage, etc.), but increasingly include new topics related to livelihood diversification and farmers' general wellbeing (e.g. plantain propagation, health and blood pressure, biodiversity and hunting calendar, etc.).
- These trainings were very well received by the farmers as well in the more remote communities, who have received no prior training, as in the more connected communities, where trainings have been offered by various entities for several years now.

RECOMMENDATIONS

- Develop streamline reporting and ensure that data is analyzed. Work towards the integration of training reports, weekly recaps, feedback from training events, and farm visits in one single form for easier analysis and convergence with online data tools.
- Provide on-going training in the use of Excel templates for field agents at district level. The introduction of new reporting tools should be associated with Excel training.
- Gender balance guidelines need to be integrated into FT and Commercial Officers' (CO) training and program planning. This could be mainstreamed in societies and districts through communication materials (as child labor guidelines are currently, for example).
- Recommendation from 2016: Facilitate and encourage exchange visits and innovation by COs and POs to learn from each other and design new trainings.
- Recommendation from 2016: Ensure that training needs are addressed by designing a training plan based on analysis of the feedback and data collected from farmers.

FARMER INVESTMENTS & COMMUNITY DEVELOPMENT

STRENGTHS

- Instead of direct monetary incentives and bonuses, Supplier 1 channels investments through the different components of the Farming Program, including: i) training and extension program, ii) input distribution, iii) cocoa seedlings and shade tree nurseries, iv) farm shops with access to subsidized inputs, v) demonstration plots and livelihood projects, v) community investments in water and education.
- Supplier 1 has progressed in both its methods of targeting community investments, and in its efforts to innovate creative approaches that will generate lasting impacts for individual farmers beyond the program's core cocoa activities. In 2017, Supplier 1 did not make any community investments (boreholes, schools) because it was conducting a needs assessment, revisiting its approach to community projects and awaiting the approval from funding entities. Instead, the various aspects of the farming program, such as strengthening the FT visits, input distribution, etc., constituted the farmer and community investment.
- Supplier 1 is currently exploring alternatives to provide individual, in-kind incentives in a less standardized manner, giving farmers the opportunity to select the incentive that they receive based on a predetermined menu.

RECOMMENDATIONS

- Reflect on a revision of the incentive schemes to enthruse participants in the program. There may be potential for program support from partner organizations.
- One challenge faced is that cash incentives are being used aggressively by competitors, and farmers are very sensitive to them. The Farming Program's value proposition of supporting farmer's through in-kind training and incentives and additional projects must be well communicated, implemented, and understood by farmers. It is imperative that incentives arrive on time accompanied by transparent communication.

VERIFICATION & CONTINUOUS PROGRESS

STRENGTHS

- Supplier 1 is assessing each farmer based on how well they apply the farming, environmental, social and financial practices promoted by the Farming Program.
- There are tangible advancements in the internal verification and program ownership by all operational departments. Concerning sustainability staff operations, FTs have been a strong support to program delivery and enable greater oversight and reflection by COs and Regional Managers. On the data analysis side, the completion of farm mapping and registration (and necessary data cleaning) has provided a reliable database that will serve as the foundation for the integrated analysis that can be used to set goals and define activities from 2018 onward.
- From an organizational point of view, the proposed organogram for the coming year introduces two new Regional Managers responsible for the oversight of all the districts, as well as two other regional managers supporting the sustainability team. This differentiation of activities and responsibilities will enable to more clearly define project management roles and encourage internal monitoring. Likewise, the reconfiguration of the PO role to include quality control and monitoring functions goes in the right direction of active monitoring and continuous improvement. The creation of a new Data Analysis senior management position - which will help interpret IMS findings at the ground level, on the one hand, and use field observations to inspire data mining, on the other hand - is a very appropriate and timely addition.

RECOMMENDATIONS

- Support data management capacity at all levels through:
 - Development of unified data collection templates where all aspects of the program could be regularly reported in the minimum number of forms possible (trainings, trainings visits, farmer organizations created, meetings held, child labor cases, grievances, alternative livelihood)
 - Provide training to COs, POs and FTs, in use of Excel and/or in tablet use and management.
- Generate specific performance reports for the use of Regional Managers and POs.
- Establish clear Program Key Performance Indicators (KPIs) for the use of Regional Managers and to support reporting to L&S.
- Ensure that warehouse keepers are monitored and held to same Standard Operating Procedures (SOPs) as Supplier 1's staff.
- Provide opportunity for Regional Managers, POs and COs to work with Data Analysis Manager to provide ideas for data mining and interpretation.

Conclusion and Outlook for the Supply chain transformation

This year's assessment constituted TFT's third monitoring visit to observe the development of Supplier 1's development of the Lindt & Sprüngli (L&S) Farming Program. Our overall impression from 2017 aligns with our observations from the preceding years: Supplier 1 is a progressive company, earnestly seeking to build strong relationships with supplying farmers and communities, in clear alignment with the L&S vision. During our visit, it was apparent that significant progress had been made since last year in some aspects of the program, while at the same time, there are other aspects that will require strategic attention moving forward.

The 2018 year will be an exciting one for the L&S Farming Program, as Supplier 1 will work towards full integration of collected data from the farmers (farm size, farmer characteristics), operations data (production volumes, sales), and field (information trainings, farm visit). With the integration of this data, Supplier 1 can begin to analyze the impact of different programs and interventions. Again, in order to maximize the potential of data integration, Supplier 1 will need to ensure that its current procedures for data collection are well-targeted, streamlined, and compatible. At the same time, it will be important to continue to encourage the exchange of ideas between the office and the field, and between centralized and local personnel. We encourage Supplier 1 to tap into its strength in innovation to find the best approach to data-based program design, grounded in farmers' needs.

Project Overview – Ghana Supplier 2¹

Farming Program initiated in	October 2016	Visit timeframe	June 19-23, 2017	1 st TFT assessment
General description	<p>Working with more than 1,300 farmers, mostly in one district in Ghana's Central region, the Farming Program has to date mostly focused on traceability and farmer organization, as well as training and capacity building.</p> <p>TFT visited several farmers, 9 lead farmers, and 7 purchasing clerks in seven communities that were selected at random upon arrival with the objective of including a variety of different experiences, representing villages both near and far from the warehouses, with larger and smaller farmer groups, and some near the forest reserve.</p>			

TRACEABILITY & FARMER ORGANIZATION

STRENGTHS

- TFT undertook a review of Supplier 2's traceability system which highlighted some areas of improvement. At the time of the visit, Supplier 2's traceability system included 14 PC's who buy from 1,364 farmers in 14 different societies.
- In terms of farmer traceability, at the time of the visit, farmer's profiles were being collected and entered in the Farmer Information System to establish a supplier database.
- Farmer groups were organized through the Lead Farmer (LF) and the PC (there were previously no farmer groups in the societies) and at this point, they are unified, have good participation in activities, and have successfully made joint decisions.
- There are contracts between Supplier 2 and PCs, that detail PC's responsibilities and provide metrics for assessing PC performance (for example, rewarding PCs for high volumes, etc.).
- Farmers take ownership as a group for the selection of Lead Farmers: they select their own LFs and are confident in the appointment process and expectations of the LFs.

RECOMMENDATIONS

- Ensure alignment of the procedures in the Traceability Manual and the procedures practiced on the ground. This could be encouraged by linking the Procurement team performance standards and the Sustainability team objectives (e.g. reward scale based on volume and fulfillment of traceability records).
- Ensure that the trainings provided to the PCs and LFs support implementation of the Traceability Manual procedures at the ground level. For example, scales in the PC sheds should be monitored; traceability sheets and Waybills should use the same measurement, and internal verification measures should be put in place to periodically check that the two documents match.
- The contracts between Supplier 2 and PCs, could include traceability components (for example, rewarding PCs for accurate traceability documentation, etc.).
- PCs or LFs should provide the farmers with necessary documentation to support them in managing

¹ This program is part of L&S activities for sustainable cocoa butter (not certified), and not a Farming Program for cocoa beans.

their farms/businesses, including:

- Proof of payment (kg, sale price);
- Yield or cumulative production (total kg, total sales);
- GPS maps or at least total farm size.

Ensure that the trainings and the monitoring procedures of the program include this aspect.

- Ensure that the system for anticipating shortages and delivering new supplies (Purchasing Clerk and Depot supplies, such as burlap bags, Ledgers, ink for stamps, etc.) in a timely manner is functioning.
- The Farmer information system should be continuously improved, for example, by ensuring that farm and farmer details are accurately and consistently recorded. Likewise, all farmers should receive their individual maps and they should look for ways to share important information with farmers. For example, communicating the exact farm size with a farmer has an impact on farm management (purchasing inputs, labor, etc.).

TRAINING & CAPACITY BUILDING

STRENGTHS

- Farmers' feedback regarding the trainings is positive; they have good recall of the content transmitted and can comment on the trainings they find most and least valuable.
- Most Lead Farmers have taken ownership for their responsibilities and profess interest in continuing and improving their work.
- The targets for outreach have been met (the program has a strong distribution across the area) and the training schedule remains on track.
- Farmers' willingness to participate in the Farming Program and enthusiasm for attending is not linked to price premium incentives.

RECOMMENDATIONS

- Identify the farmers needs in terms of training and build on the lessons learned from the 1st year of the program.
- Adapt the message of the trainings by communicating the reasoning behind new practices (the "why") and the benefits of adoption, as opposed to highlighting what should not be done (the "no" approach).
- Incorporate the Commercial team's observations (recurring problems, inefficiencies) into on-going trainings by the Sustainability team.
- Provide LFs with training to equip them with skills to offer on-going coaching to farmers to support them in the continuous improvement of their farms. Create procedures to identify farmers' needs and interests beyond Best Practices to ensure that trainings continue to address themes that are relevant to the communities. Transform the current follow-up visit strategy used by LFs into an on-going coaching approach. This will require mentoring LFs in how to coach.
- Create a more formal procedure for collecting and recording feedback from the farmers (could be during internal monitoring) to integrate it into future training.
- Ensure that PC trainings are practical and administered on a continuous and frequent basis.

FARMER INVESTMENTS & COMMUNITY DEVELOPMENT

STRENGTHS

- At the time of TFT's visit, the investment and community development component had not yet come into effect because the program is so new that the annual premiums had not yet been compiled and

assessed. Supplier 2 is planning to use the data collected on their monitoring platform, as well as collaboration with other regional stakeholders, to ensure that community investments are well targeted and support, rather than duplicate, existing projects. The database currently includes information about the water and sanitation, health, and educational services available to participating farmers, and it is likely that future investments will target the areas of greatest need with regard to these crucial topics.

- It is important to note, however, that while presenting the Farming Program and inviting farmers to register, the price premium and investment in communities were never mentioned. As such, the high levels of participation and the obvious enthusiasm of participating farmers is not tied to an expectation of a payout.

RECOMMENDATIONS

- Analyzing the data collected using the farmer information system will help in designing the farmer investments and community development program element.
- Provide training for management where the farmer information system technology is not intuitive, or work with colleagues who are experienced in data analysis.
- Ensure that managers in the field are aware of the type of information that the farmer information system can provide and how it can be integrated into their trainings and individual coaching.
- Communicate openly with other stakeholders in the area to avoid duplication and support joint efforts on community development projects/investments.

VERIFICATION & CONTINUOUS PROGRESS

STRENGTHS

- Again, the Verification and Continuous Progress component has not been a major focus of the Farming Program up until this point in time. Supplier 2 has begun to build the infrastructure (management, software) that will allow serve as the basis for verification and program development.

RECOMMENDATIONS

- Create a system of "check-ins" to monitor progress, including with line managers/ management and include sustainability in the internal audits.
- Create an implementation plan with achievable, time-bound milestones to track progress.
- Work towards ensuring that the internal performance monitoring approach will bring value for Supplier 2 (providing valuable information to support progress, as opposed to a certification style that seeks to "tick off all the boxes").

Conclusion and Outlook for the Supply chain transformation

Supplier 2 is new to the Lindt Program and has clearly invested a great deal of time and energy into farmer organization, data collection, and traceability procedures. It will be key to ensure that appropriate and ongoing training for traceability is supported at all levels, including incorporating feedback and monitoring to identify and immediately address challenges as they arise. At the same time, the farmer information system holds great potential for the analysis of important farmer data and in the future, for integrating the commercial and sustainability aspects towards strong and targeted program design. It will be essential to ensure the farmer information system is well understood and utilized to its full potential to make the most of the insights that it can afford. Similarly, it will be important to collect and analyze farmers' feedbacks of the organizational and training components of the program to ensure that they are relevant, targeted, and impactful.

Ecuador

Project Overview – Ecuador Supplier 1

Farming Program initiated in	October 2014	Visit timeframe	July 24-29, 2017	3 rd TFT assessment
General description	<p>The L&S supplier in Ecuador purchases fine flavor cocoa grown along the Coast stretching from Esmeraldas to Guayas. As of July 2017, it purchases fine flavor cocoa from 33 licensed buying agents, who in turn purchase, process and store cocoa from 3,711 farmers enrolled in the program. The project aim is to establish a traceable and sustainable fine flavor cocoa supply chain in Ecuador and offer agricultural products and services to a total of 5,175 fine flavor cocoa farmers by end of 2019, enabling them to professionalize their farming practices, leading to increased yields and income, and ultimately improve their livelihoods.</p> <p>With the objective of providing recommendations for the continuous improvement of Supplier 1's supply chain, TFT visited its facilities and interviewed its staff; visited and interviewed 5 licensed buying agents (intermediaries) and 9 farmers; participated in 3 training events organized by Supplier 1 for farmers and interviewed the participants; as well as visited a communal nursery and a model farm.</p>			

TRACEABILITY & FARMER ORGANISATION

STRENGTHS

- TFT undertook a successful test of Supplier 1's traceability system. The system reliably tracks the sale of fine flavor cocoa from 3,711 individual farms to 33 Licensed Buying Agents and to one of Supplier 1's commercial buying center.

TRAINING & CAPACITY BUILDING

STRENGTHS

- Farmers value the variety and content of trainings – field visits, field schools, and field days – and are using new knowledge to actively manage their farms (pruning, applying fertilizer, and other best practices).

RECOMMENDATIONS

- Supervisors should continue to provide regular feedback to farmer trainers on their capacity building skills (public speaking, participatory methods for training, and the structure of a training), as well as providing regular coaching. Farmer trainers have different levels of experience with leading public educational talks and benefiting from capacity building will help them increase their impact during training sessions and individual farm visits.
- In addition, Supplier 1 should provide regular trainings to farmer trainers about social and environmental issues affecting smallholders and their cocoa management. TFT found that farmer trainers have strong agricultural knowledge and training, but less experience with social and environmental issues.

FARMER INVESTMENTS & COMMUNITY DEVELOPMENT

STRENGTHS

- This component has distinct investment mechanisms: i) in-kind premiums (personal or collective) to promote best farming practices and volume of sales; ii) supporting the community nurseries on private land; iii) supporting the maintenance of Model Farms; iv) pilot project to install solar dryers and gray water filtering systems.
- Supplier 1 provides in-kind investments to each farmer participating in the program. The investments, selected by Supplier 1's technical team, include tools and inputs from farmers that help to increase productivity in cocoa plots (for example inputs and pruning kits). Farmers told TFT that they highly value the in-kind premiums which are delivered several times per year, and are aligned with the agricultural calendar. Supplier 1 has made some initial investments in community development, including the installation of 30 grey water systems.

RECOMMENDATIONS

- Supplier 1 should consider giving bonuses to farmers that demonstrate the implementation of best practices on his/her individual cocoa parcel, thereby incentivizing others to implement the content of the trainings (recommendation of previous visit).

VERIFICATION & CONTINUOUS PROGRESS

STRENGTHS

- Supplier 1 is using its own software to manage agronomic, economic, social and environmental information about each participating farmer in the L&S Farming Program, and has collected baseline data about 2,599 participating farmers (70% of total) using a mobile application. The data is currently undergoing a quality control process, and is increasingly being used as part of annual monitoring and evaluation processes.
- Supplier 1 is assessing each farmer based on how well they apply the farming, environmental, social and financial practices promoted by the Farming Program.

RECOMMENDATIONS

- Revise the questions of the L&S Annual monitoring and evaluation questionnaire, as well as Supplier 1's internal audit form to ensure that the monitoring staff understands the questions and applies them in a standardized and consistent format. TFT observed that farmer trainers who collect this data via the supplier software had some contradictory interpretations of the content, inhibiting their ability to answer in a consistent format across regions and/or farms.
- Complete the farmer baseline survey in the software for all participating farmers in the L&S Farming Program.

Conclusion and Outlook for the Supply chain transformation

TFT once again observed that Supplier 1 in Ecuador is engaged in a continuous improvement process, undertaking corrective measures, and using program feedback to orient the growing L&S Farming program in Coastal Ecuador. With nearly 30% growth in the number of participating farmers over the past year, the program has implemented a variety of checks and balances to ensure that the values of L&S and Supplier 1 are transmitted and implemented at each step of the supply chain. Most of the recommendations issued by TFT in the previous visit have been implemented, or are in the process of being implemented. The recommendations provided are to improve future program management, efficiency, and outcomes, while also recognizing the work accomplished to date.

Project Overview – Ecuador Supplier 2

Farming Program initiated in	October 2015	Visit timeframe	June, 21-24, 2017 and November, 14-20, 2017	2nd and 3rd TFT assessment
General description	<p>The L&S supplier in Ecuador purchases fine flavor cocoa from smallholder farms located in the coastal province of Los Ríos. As of June 2017, Supplier 2 purchased cocoa directly or indirectly from 1,285 farmers and as of November 2017, from 1,440 farmers. The project aim is to establish a traceable and sustainable cocoa supply chain for fine flavor cocoa from Ecuador and offer agricultural products and services to a total of 2,000 fine flavor cocoa farmers by the end of 2020, enabling them to professionalize their farming practices with fine flavor cocoa, leading to increased yields and income, and ultimately improve their livelihoods. TFT made two visits during 2017 with the objective of providing recommendations for the continuous improvement of Supplier 2's supply chain. During these visits, TFT conducted an inspection of Supplier 2's facilities and interviewed its leaders and employees; visited 8 farms and interviewed 21 farmers and 6 workers; participated in 2 training events organized by Supplier 2 for the producers, and in 3 visits of technical advice in the field; finally, TFT visited an environmental education project with some children.</p>			

TRACEABILITY & FARMER ORGANISATION

STRENGTHS

- The traceability system is based on i) basic information about each farm, ii) a traceability protocol, iii) tools to help identify and separate fine flavour cocoa sold to L&S from other cacao received at the collection centres, iv) and an Excel database that contains all the traceability data. The database is used to ensure that the suppliers are supplying in line with the productive capacity of their farms. TFT performed a traceability test, which was successful.

RECOMMENDATIONS

- Considering that suppliers plant fine flavor cacao side-by-side with CCN within their properties or interspersed with other crops, TFT recommends continuing to provide farmers with training on the importance of not mixing CCN and fine flavor beans at the point of sale. Furthermore, in consideration that some minor problems were found in the application of the traceability system, TFT recommends that Supplier 2 carries out periodic internal monitoring of the established protocol to ensure its correct implementation.
- Further develop the training program for Supplier 2's technical staff by including a traceability component that is continuously updated.

TRAINING & CAPACITY BUILDING

STRENGTHS

- The training modules are focused on meeting the objectives of the L&S Farming Program. TFT highlights here the incorporation of gender and productive diversification as part of the training content.

- Furthermore, the trainings have a good focus on the use of organic rather than chemical inputs. The training is theoretical and practical. The establishment of demonstration parcels has begun. TFT interviewed some producers who had already graduated from the training program, and noted that they have a good level of understanding.
- The main recommendations from the visit in June, 2017 that have been implemented are: i) the creation of a training program for the technical team incorporating various themes that needed improvement; ii) the improvement of the content and delivery of the farmer training program in order to maximise uptake among farmers of practices promoted during the trainings, iii) the inclusion of a training module covering Supplier 2's policy and the objectives and indicators of the Farming Program.
- The extension services provided by the technical team are perceived to be very useful by farmers. Key services that are highly valued are: i) farm management assessment reports that include recommendations for improvement; ii) soil analyses that include recommendations on how to improve soil health; iii) face-to-face sessions in which the extension officers present the report findings and recommendations to farmers.

RECOMMENDATIONS

- Continue to provide training for technical staff and strengthen their knowledge of management of training events, environment and gender; they already possess strong knowledge of good agricultural practices.
- For training events, (i) use simple charts to explain complex topics; (ii) promote and increase farmer's participation; (iii) improve Field Day logistics to make better use of time, and (iv) take advantage of Field Days to focus more on the practical topics and training.
- When the extension officers visit a farm, recommendations made based on assessments and analyses should be further custom-designed for each farmer, be handed over in person, and time should be taken to explain the recommendations in detail. Listening to the opinion and feedback provided by farmers is very important and should be strengthened.

FARMER INVESTMENTS & COMMUNITY DEVELOPMENT

STRENGTHS

- This component has distinct investment mechanisms: i) direct incentives/bonuses to farmers; ii) loans of agricultural machinery; (iii) support for community education projects; (iv) support for demonstration farms; (v) soil analyses on participating farms; vi) support for new business units of producers; vii) delivery of dryers and fermentation boxes; delivery of seedlings and support for the establishment of nurseries; and viii) support with emergency showers and ecological filters for gray water management.
- Farmers highly value the incentive program. There are two ways to receive incentives: (i) volume/quality; and (ii) the active participation of farmers in program activities.
- Based on the recommendations made during the previous TFT visit, Supplier 2 has created a protocol with rules for the management of all incentives and premiums provided by the Program. This protocol has been shared with all of Supplier 2's staff and is already operational.
- Supplier 2 is running a project of environmental education and organic garden development in a school in Potosí, which is attended by children whose parents are farmers. TFT considers this program compliment the environmental awareness-raising that Supplier 2 performs directly with farmers and contributes to developing the entrepreneurial spirit in children.

RECOMMENDATIONS

- TFT recommends that Supplier 2 prioritizes the creation of incentives for reforestation and the protection of riparian buffer zones and water sources or river heads on farms. In addition, it is recommended that incentives are developed to promote good environmental, social and agricultural practices.

VERIFICATION & CONTINUOUS PROGRESS

STRENGTHS

- Supplier 2 has developed the program's Strategic Plan as well as a Monitoring Plan, both of which have impact and performance indicators focused on the objectives of the L&S Farming Program. The company has a database with complete information, allowing them to report on indicators, as well as permitting a future data analysis to provide feedback on the program, for example, regarding the content of training, or the priorities established to receive incentives. Additional data on agronomic, social, environmental and economic aspects are collected as well.
- The main recommendations implemented by the time of the November 2017 visit were: i) the database used to monitor progress made by the Farming Program is being completed and can already process information and generate summary statistics; ii) there now exists a monitoring protocol; iii) Supplier 2 is assessing each farmer based on how well they apply the farming, environmental, social and financial practices promoted by the Farming Program. These assessments are logged in the monitoring database.

RECOMMENDATIONS

- The monitoring information in the database has not yet been analyzed. Therefore, TFT recommends that Supplier 2 analyzes the information collected to evaluate the progress of the Program, and above all, to provide feedback on program strategy and/or action plans. For example, this analysis may be useful to show which training topics have a lower degree of implementation in the field and therefore need to be reinforced, or if the program needs to review some activities to achieve the stated objectives.
- TFT recommends that Supplier 2 revises their current list of indicators to ensure that all are still relevant and feasible to measure.
- In addition, TFT recommends that Supplier 2's leadership team hold regular discussions with the technical team in order to discuss the results provided by the monitoring system. Their feedback will help improve the activities of the Farming Program.
- Finally, in order to improve the use of surveys related to the program a number of recommendations are made: i) develop a standard introduction to each survey; ii) add follow-up questions where relevant to ensure that the respondent actually knows the answer to any given question rather than only answering yes/no; iii) include questions on the presence of waterways, water sources and riparian zones; iv) perform internal audits in order to control the quality of the surveys.

Conclusion and Outlook for the Supply chain transformation

One aspect that has caught TFT's attention is that the price of cocoa is 40% lower than last year. This situation, in addition to diminishing the income of farmers, also decreases the possibilities of farmers' investment in inputs and labor, as well as the application of best farming practices. In this context, the decision of Supplier 2 to promote the productive diversification of farms takes on greater importance, as it will increase farmers'

resilience to market fluctuations. Likewise, the L&S Farming Program incentives motivate the implementation of good practices that are taught within the Training and Capacity Building component.

From a general perspective, TFT observes that Supplier 2 is on a continuous improvement process. 70% of TFT's recommendations given in its previous visit have been/ are being implemented. TFT also highlights Supplier 2's proactivity on implementing other improvements. Based on the visits conducted during 2017, TFT recommends that Supplier 2's Action plan is updated and that the supplier keeps implementing it.

TFT also identified, as a main challenge, the correct management of HCV areas such as watershed, water bodies and riparian zones. The recommendation is to consult TFT or another specialized organization to define particular activities to promote the conservation of these areas.

Madagascar

Project Overview – Madagascar Supplier 1

Farming Program initiated in	October 2015	Visit timeframe	April 24 -30, 2017 and September 25 - 29 2017	2 nd and 3 rd TFT assessment
General description	<p>The L&S supplier in Madagascar purchases fine flavor cocoa from a network of 16 collectors present in Sambirano, who in turn, collect cocoa from approximately 1100 producers.</p> <p>The project aim is to establish a traceable and sustainable fine flavor cocoa supply chain in Madagascar, including a total of 698 farmers by the end of 2015/2016 season and 1088 farmers by the end of 2016/2017 season, enabling them to professionalize their farming practices, leading to increased yields and income, and ultimately improve their livelihoods. With the objective of providing recommendations for the continuous improvement of the Supplier 1 and its supply chain, TFT visited the facilities of Supplier 1 and interviewed its leaders and staff; met with the organization responsible for training the extension officers; visited and interviewed 9 licensed buying agents (intermediaries) as well as 7 villages where meetings with farmers have been held.</p>			

TRACEABILITY & FARMER ORGANISATION

STRENGTHS

- TFT undertook a successful test of Supplier 1's traceability system. The impact of trainings and especially the close support to farmers by technical officers since the first follow up visit have shown consistent results. The traceability is well mastered along the supply chain from the farmers up to Supplier 1.
- The Lindt & Sprüngli supply chain has been named PROJET KASAVA in order to differentiate it from other cocoa, as the collectors handle cocoa destined for Lindt & Sprüngli supply chain and other cocoa. Rigorous segregation was observed at collector and sub-collector level from the bean reception process from the individual farmers to the delivery of dried cocoa beans to Supplier 1 via the fermentation, drying and bagging processes. The cocoa beans excluded from the PROJET KASAVA are mainly those that do not come from farmers among the established list, or those that are not respecting the right fermentation or drying process.
- New farmer's handbook with columns mentioning the status of the cocoa beans sold (WET or DRY) and the cumulative volume sold each day have been printed. Almost all the farmers have received their handbook and are proud of it. This has really developed the feeling of belonging.
- Good filling of traceability document observed at the farmers level and the collector level.

RECOMMENDATIONS

- Mapping of the cocoa farms has started and is ongoing. TFT team has received the data but they haven't visited the mapped plantations to access the quality of the work in progress.

- The farmer's handbook should document the transaction between the collectors and the farmers; including the buying price depending on the season of the year and the volume.

TRAINING & CAPACITY BUILDING

STRENGTHS

- The impact of training and capacity building since the beginning of the program has been huge, especially on the traceability and the fermentation aspects. The speed of adoption by farmers has been high. The process of capacity transfer is ongoing between the organization responsible to train the technical officers and the technical officers of Supplier 1. Since the beginning of 2017, the technical officers are henceforth in charge of farmers' trainings on traceability, harvesting, fermentation and storage.
- While the modules content was not really adapted to the audience and to the context, the revision process was ongoing with the organization responsible for training the technical officers, in collaboration with FOFIFA (Madagascar government research institution) to ensure proper adaptation.
- This is crucial to ensure the alignment between the support brought through the program and the daily needs and realities of the farmers in the field. On this, the collaboration between FOFIFA and the organization responsible for training the technical officers has been successful as this helped meet some farmer's expectations.
- Supplier 1 testified that the training provided since the beginning has consistently contributed to improve the quality of beans delivered by farmers and collectors (quality of fermentation, quality of drying).

RECOMMENDATIONS

- It was realized that the training schedule, especially FOFIFA's one, is too tight to allow farmers to understand and adopt the practices. TFT recommends that the training schedule takes into consideration the farmers workload and the needs.
- The training schedule and topics must be reviewed and tailored to the farmers' needs. This has now been done, however, the farmers' feedback about previous training they have received or the program itself are not being considered.
- TFT team noticed that the training activities for farmers and collectors are not well scheduled between the different actors.
- The technical officers must develop more professionalism to ensure more efficiency for the training (punctuality when they invite farmers for training, frequency of training, one topic at once, etc.).

FARMER INVESTMENTS & COMMUNITY DEVELOPMENT

STRENGTHS

- Under this section, Supplier 1 has initiated different activities to increase the value creation at the farmers' level: i) improving fermentation and drying processes through use of better equipment (tanks and solar dryers) ; ii) increasing the quality of the seedlings by securing plantings from FOFIFA and iii) supporting some infrastructures renovation (road network).
- Fermentation and drying processes, previously ensured by the collector, are gradually also being handled at the farmers' level. By doing so, the farmers will be able to sell the dry beans, which will enable them to create more value, increase their purchasing power and thereafter contribute to more resilience.

- The organization responsible to train the technical officers has emphasized the distribution of small fermentation boxes. Distribution criteria have now been defined for more objectivity in the process: (i) attendance to the training sessions (ii) volume of cocoa bean produced (iii) farmers who used to sell dried cocoa beans, etc.
- Improved drying equipment that are locally manufactured, are under construction in some sites. Three have been constructed. It is planned to construct another 4 by the end of December 2017. The aim is to facilitate the drying process even during the rainy season.
- The organization responsible for training the technical officers, in collaboration with FOFIFA, are working to make cocoa seedlings available in the catchment areas and nurseries' extensions are under construction. The ongoing process of farm mapping is essential here, as it will help to avoid potential overlapping with existing forest reserves in the area.
- Part of Lindt's support to the communities after the cyclone was used for road rehabilitation. This facilitates the transport of cocoa beans during the rainy season and substantially contributes to the price reduction of cacao produced by farmers established in remote areas. This process was still ongoing in September 2017.

RECOMMENDATIONS

- As the incentive distribution is planned to be made in kind, it was discussed to brainstorm on the priority needs with farmers ; and make sure the incentives are correlated to the needs.

VERIFICATION & CONTINUOUS PROGRESS

STRENGTHS

- Following the first assessment recommendations, the questionnaire of internal verification has been reviewed by Supplier 1. This is now conducted by the technical officers. Almost all farmers have been interviewed at the time of the visit, and the data is being processed.
- Supplier 1 is assessing each farmer based on how well they apply the farming, environmental, social and financial practices promoted by the Farming Program.

RECOMMENDATIONS

- Based on the information collected during the internal verification process by the technical officers and built on their relationship with the farmers, Supplier 1 has to put in place a continuous improvement process integrating the weaknesses, the grievances and requests from the farmers.

Conclusion and Outlook for the Supply chain transformation

Globally speaking, in one year, the progress made in implementing the program is remarkable. There has been a real change in terms of enthusiasm at the level of the beneficiaries of the program, but also at the level of the actors responsible for implementation in the field.

The additional recommendations formulated are intended to consolidate the achievements for a genuine transformation in Lindt's supply chain.