

# Overview of 2019 external verification assessments



Lindt & Sprüngli  
Farming Program

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# Abbreviations

CHED	Cocoa Health and Extension Division of Cocobod
COCOBOD	Ghana Cocoa Board
CPB	Cocoa Pod Borer
DAL	Department of Agriculture and Livestock in Papua New Guinea
EF	Earthworm Foundation
EO	Extension Officer
FOFIFA	Madagascar government research institution
HCV	High Conservation Value
HELVETAS	independent Swiss development organization
KPIs	Program Key Performance Indicators
LF	Lead Farmer
L&S	Lindt & Sprüngli
NAQUIA	National Agriculture Quarantine Inspection Agency in Papua New Guinea
PC	Purchasing Clerk
PNG	Papua New Guinea
PO	Program Officers
PPE	Personal Protective Equipment
RM	Regional Manager
SAQF	Service Approvisionnement Qualité et Formation



# Background

The **Lindt & Sprüngli Farming Program** aims at decent and resilient livelihoods of today's and future cocoa farmers and their families, and a sustainable intensification of agriculture. This shall be achieved through:

- Higher productivity of farms
- Diversified incomes and increased resilience of farmers
- Conservation of biodiversity and natural ecosystems
- Reduction of the risk of child labour
- Improved community infrastructure

Initiated in 2008, the Program forms the cornerstone of Lindt & Sprüngli's sustainable sourcing strategy in the cocoa supply chain, and is in place in Ghana, Ecuador, Madagascar, Papua New Guinea and Dominican Republic for the 2019/20 cocoa season.

The Farming Program comprises 4 key components:

1.	<b>Traceability &amp; Farmer Organization</b>	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 improvement activities are based on.	TRACEABILITY
2.	<b>Training &amp; Capacity Building</b>	Farmers are – if necessary – trained in good agricultural, environmental, social and business practices. Other people involved in the Programs receive the required capacity creation and training.	IMPROVEMENT ACTIVITIES
3.	<b>Farmer Investments &amp; Community Development</b>	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, school refurbishments).	



4.	Verification and Continuous Progress	<u>Internal Monitoring &amp; Performance Management:</u> Internal monitoring and performance management systems verify if farmers follow the trained good farming practices (agricultural, environmental, social and business), evaluate improvements and define corrective actions. <u>External Assessments:</u> The Programs, including the functioning of the internal monitoring & performance management system is externally assessed, and corrective actions defined.	VERIFICATION
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The Lindt & Sprüngli **Verification Guidance Document** is the mechanism for defining principles and minimum requirements, 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.

EF's role is to independently evaluate how **supply chain partners 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 following the 4 components of the Farming Program.

The **Lindt & Sprüngli No Deforestation and Agroforestry Action Plan** spells out the actions which Lindt & Sprüngli suppliers put in place to reach the target of a deforestation free cocoa supply chain by 2025. Implementation of this Action Plan was assessed during the visit conducted by EF teams. As this Action Plan is also structured under the 4 pillars of the Farming Program, the findings and recommendations related to this Action Plan are included within this annual report.



# Methodology

The verification assessment process is carried out in four main phases: 1/planning, 2/preparation, 3/field visit, and 4/analysis and reporting. These phases are described in detail below:



The outcome of the assessment is a summary of the supplier's implementation status or progress, and a set of recommendations aimed at improving their performance. By following a continuous improvement approach, we look to enable mutual learning and co-create locally embedded solutions. As such, no pass or fail certification is handed out, as the assessment is not intended to serve the purpose of an audit.

For more details about the methodology, please click on the link [HERE](#)



# 2019 overview

EF assessed **eight Farming Programs** in **five different countries** in 2019, each one of them being in a different stage of implementation.

- In Ghana, the Lindt & Sprüngli Farming Program is implemented by 2 suppliers. Collaboration with the first supplier started in 2008 and includes today over **64,000 farmers**. The second supplier joined in 2016 and implements a sustainable cocoa butter Program with **6,239 farmers**
- In Ecuador, the Program now works with 2 suppliers and over **7,847 farmers**.
- In Madagascar, the Program now works with 2 suppliers and **2,021 farmers**.
- In Papua New Guinea, new country of origin in scope since 2017, the Program works with 1 supplier and **2,669 farmers**.
- In the Dominican Republic, new country of origin in scope since 2018, the Program works with 1 supplier and **457 farmers**.



This report provides a summary of the Assessment Reports. Origin countries are listed in alphabetical order.





# Dominican Republic



*Map: areas visited during EF's 2019 assessments*

Farming Program initiated in	2018	EF visit timeframe	30 September – 7 October 2019	2 <sup>nd</sup> visit
<b>General description</b>				
<p>The visited company in Dominican Republic is a supplier of fine flavour cacao to Lindt &amp; Sprüngli and started implementing the Lindt &amp; Sprüngli Farming Program in 2018. Today, the Farming Program implemented by the supplier involves 457 farmers.</p> <p>In 2004, the company created a Foundation that is in charge of implementing the Lindt &amp; Sprüngli Farming Program with the supply base.</p> <p>EF's 2<sup>nd</sup> and most recent assessment visit to the company was undertaken from 30 September to 7 October 2019. It covered the provinces of Duarte, Sanchez Ramírez and Samaná with a special focus on new areas of development i.e. in Samana.</p> <p>During the visit, EF met and exchanged with a various stakeholders including 60 farmers of which 20 were interviewed individually.</p>				

## TRACEABILITY & FARMER ORGANIZATION

### PROGRESS SINCE THE PREVIOUS VISIT

- The company has a traceability system to the farms, through the distribution of labelled bags to intermediaries and farmers, and keeps cocoa for Lindt & Sprüngli separate at all times. Traceability data is being managed by the company's quality control centre.
- A protocol for the correct handling of the Farming Program's cocoa supply has been established and shared with intermediaries. The protocol clarifies requirements for both farmers and intermediaries.
- The Foundation in charge of implementing the Farming Program on behalf of the company has a list of farmers engaged in the Program (total of 457 farmers)
- The intermediary visited maintains a well-structured register and archive of all the supplying farmers that form part of the Program.
- The traceability test performed during this external assessment (upstream and downstream) was successful. A test on the historical data of suppliers was requested but could not be completed during the visit as it was not delivered on time.



- The majority of the farmers visited during this assessment are keeping the receipts handed out either by intermediaries or directly by the company.

## RECOMMENDATIONS FROM EF TO THE DOMINICAN REPUBLIC SUPPLIER

- The list of farmers forming part of the Lindt & Sprüngli Farming Program needs to be completed with missing information. This includes a revision and actualization of the GPS points (single farm points or farm polygon points where needed). For a clear distinction between farmers who provide cacao under the Farming Program and farmers who have only recently joined the Program, it is recommended to update the list of farmers periodically.
- It is recommended that intermediaries weigh all cocoa received under the Farming Program, including cases where the price is defined by volume and not by weight. This will allow to compare initial weight delivered to intermediary with final weight received by the company.
- Participation of women in the Program stands currently at 10%. It is hence recommended to raise awareness among the company's own staff about the importance of women's participation and discuss options on how this participation can be further strengthened.

## TRAINING & CAPACITY BUILDING

### PROGRESS SINCE THE PREVIOUS VISIT

- Farmers appreciate the training provided to them and the opportunity to improve their knowledge in cocoa cultivation.
- During the attended field training, EF observed a good management of didactic methods and group organisation by the extension officers (EO).
- The high frequency (once per month) and regularity of group training contributes to a positive group dynamic; farmers were fully aware of the dates and times for these events.
- The EOs employed by the Foundation are assigned to designated areas which allows to create a close relationship and trust between farmers and EO.
- The content of the awareness raising workshop on biodiversity, attended by EF, was well connected to the farmers' reality and the cocoa production.



- EF conducted a workshop on the No-Deforestation and Agroforestry Action Plan and the HCS/HCV approach for field technicians and personal of different areas of the company.

## RECOMMENDATIONS FROM EF TO THE DOMINICAN REPUBLIC SUPPLIER

- While technical training, for example on pruning is well-received and relevant, it is recommended to ensure a balance between the different topics covered during training events.
- External experts providing support in capacity building should show a good knowledge about the reality and context of farmers and align their focus, content and messages to this context. Guidance provided by the Foundation's management and EOs to external experts will help to ensure that their efforts contribute to the overall objectives of the Farming Program (e.g. workshop related to the engagement of women).
- To widen the focus of training and support across all cocoa farms and farmers, it is recommended to strengthen the team's capacity to analyse and integrate social aspects of the Program.
- The well-tested and applied participatory methods in field training could also be effective when used in workshops that cover topics not directly related to agricultural practices.

## FARMER INVESTMENTS & COMMUNITY DEVELOPMENT

### PROGRESS SINCE THE PREVIOUS VISIT

- Farmers appreciate receiving incentives, both in-kind and cash. In-kind premiums are chosen based on the needs and wishes of farmers and respond to the value of cocoa supplied to the company.
- There is a strong investment undertaken for the rejuvenation of cocoa plantations. Preparation and distribution of cocoa plants and shade trees is organized through company-owned or externally contracted nurseries.
- Farmers sign receipts for premiums and plants received from the Foundation. These receipts are kept and digitalized.
- Drinking water filters have been distributed according to necessities identified by the Foundation, including both access to water and economic situation of families.



- The Foundation also reached out to and supports schools to raise awareness among youth on biodiversity, recycling and environmental protection.

## RECOMMENDATIONS FROM EF TO THE DOMINICAN REPUBLIC SUPPLIER

- The Farming Program list of enrolled farmers, as stated above, needs to be regularly updated to be able to verify that the names of farmers who have signed receipts of premiums are identical with the names on the farmer list. This will also allow to better understand which farmers already supply cocoa for Lindt & Sprüngli and which farmers are in the preparation phase.
- In the same way, it is recommended that the digital system is kept updated for better oversight, control, historical data per farmer.
- Premium receipts signed by farmers should be duly filled out and indicate the monetary value of in-kind premiums to allow for greater transparency. This information is already available in the Foundation's documentation system.
- A distribution strategy of plants and shade trees based on the farm diagnostics and monitoring data will allow to optimize resources and ensure better alignment with farmer needs and with the objectives of the Lindt & Sprüngli No-Deforestation and Agroforestry Action Plan.

## VERIFICATION & CONTINUOUS PROGRESS

### PROGRESS SINCE THE PREVIOUS VISIT

- The Foundation is in the process of digitalizing the field data collection, i.e. initial diagnostic and regular monitoring activities. This will also allow to update and verify GPS data. To date, the manually collected data has been uploaded to a digital data base.
- Internal monitoring is done regularly and at minimum once per farmer per year. Randomized control monitoring visits are additionally conducted.
- The Foundation's internal procedures are sufficiently flexible to allow EOs to adjust their visit and training agendas when required.



## RECOMMENDATIONS FROM EF TO THE DOMINICAN REPUBLIC SUPPLIER

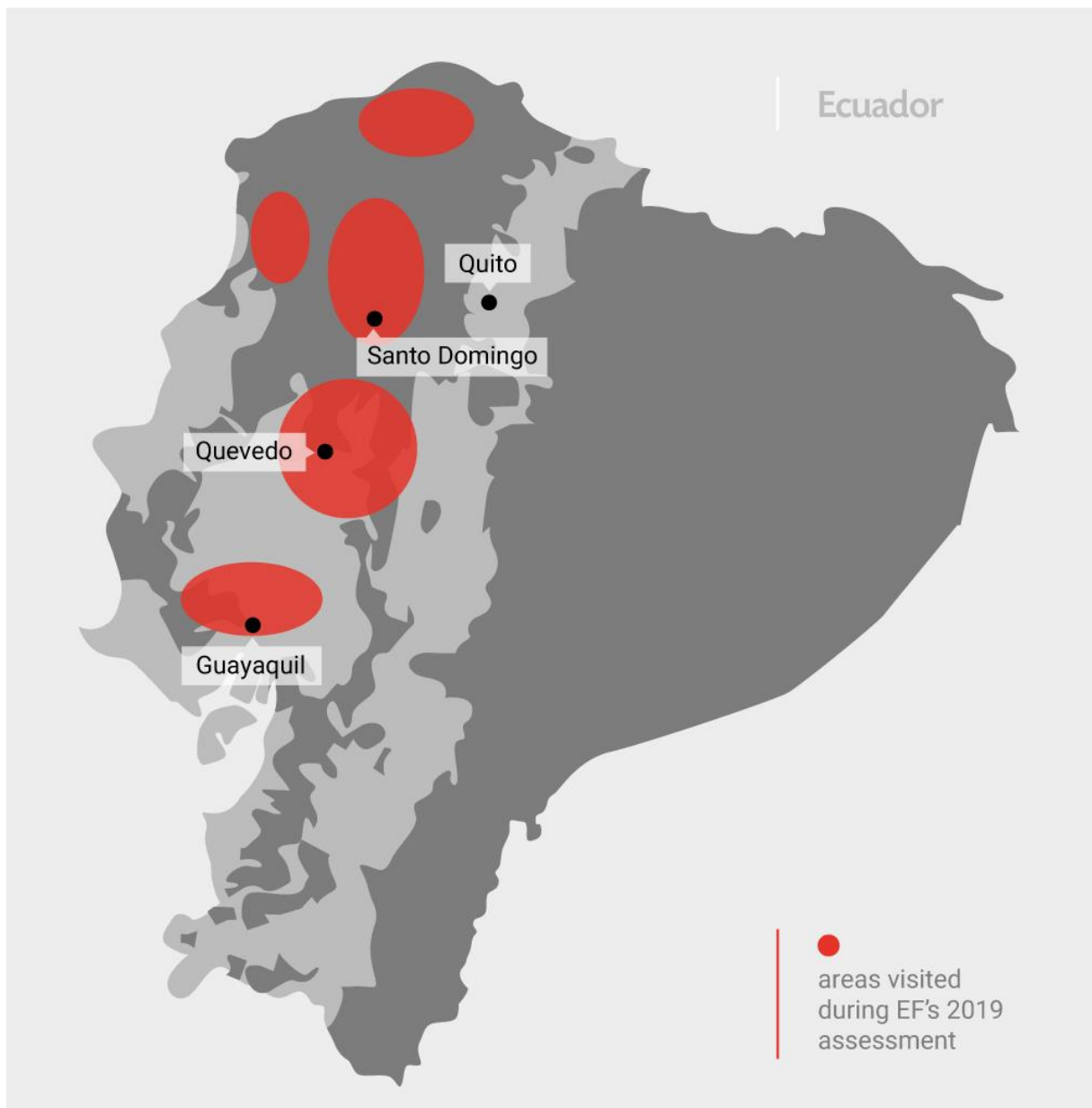
- It is recommended to apply holistic farm perspectives, as done during initial diagnostic, during monitoring. For example (i) to identify the use of chemicals in neighbouring plantations that can impact entire farm, (ii) to protect water streams and avoid washing of chemical recipients in water streams and (iii) to identify measures for the protection of slope areas with high risk of erosion.
- To respond to key indicators as set out by the Farming Program, revise data collected during diagnostic and monitoring and identify for which indicators there is available data. In the same way, identify potential data gaps that may still exist in diagnostic and monitoring, but would be required to respond to Farming Program indicators considered as most relevant for the Dominican Republic.
- Consider strengthening the diagnostic and monitoring data with collection of some key additional aspects during the upcoming process of digitalization:
  - Not only type but also estimated number of shade trees in farms (simplified estimation method required), relevant to control reduction of overall number and to gain insights about farm diversification
  - Possible HCV areas; slopes, rivers, water springs to identify monitoring measures
  - Use of non-authorized chemicals (on cocoa farms and on neighbouring farms) to protect soils and water streams
  - Evaluation questions on Farming Program to understand perception, understanding, and recommendations from farmers.

## CONCLUSIONS AND OUTLOOK FOR THE SUPPLY CHAIN TRANSFORMATION

The company and its associated Foundation are just in their second year of the Farming Program. Yet, in certain areas of the Program, the Foundation has already reached a considerable level of maturity. The relationship with farmers, the traceability to farm level, the organisation of farmers' groups, the quality of the agricultural training provided to farmers, and the company's commitment to supply quality cocoa are among the most relevant achievements to mention. Naturally, there are also areas for improvements such as an updating of the GPS points, the updating of the list of farmers enrolled in the Program, the documentation of incentives handed out, and a stronger focus on the participation of women farmers.



# Ecuador



*Map areas visited during EF's 2019 assessments in Ecuador*

## Project Overview – Ecuador Supplier 1

Farming Program initiated in	2014	EF visit timeframe	29 <sup>th</sup> July – 05 <sup>th</sup> August 2019	5 <sup>th</sup> EF Visit
<b>General description</b>				
<p>The visited company in Ecuador is a supplier of fine flavour cacao to Lindt &amp; Sprüngli and started implementing the Farming Program in 2014. Today, the Farming Program implemented by the supplier involves 5,847 farmers and 45 intermediaries-</p> <p>EF's 5th and most recent assessment visit to the company was undertaken from 29 July to 05 August 2019. It covered three provinces, North of Manabí, Santo Domingo de los Tsachilas, and Esmeraldas, with a special focus on new areas of development.</p> <p>During the visit, EF met and exchanged with various stakeholders including 70 farmers of which 30 were interviewed individually.</p>				

### TRACEABILITY & FARMER ORGANIZATION

#### PROGRESS SINCE THE PREVIOUS VISIT

- The company has a traceability system that includes GPS identification points of every farm which is part of the Farming Program.
- Cocoa beans are kept physically separate and well labelled during all processes (fermentation, drying, storing, transport).
- The intermediaries keep well organized files, registry and receipts, even in the new purchasing zone.

#### RECOMMENDATIONS FROM EF TO THE ECUADOR SUPPLIER 1

- Develop and apply a protocol for farmers in protected areas which includes steps to: document the existing permissions for farming in the protected area, map and categorize all supplying producers in protected areas, and take GPS points of the farm polygon.
- Develop and apply a protocol for the relationship and incorporation of indigenous communities in the supply chain. Steps in the protocol will allow for the company to





follow the FPIC (Free Prior and Informed Consent) principles and to complete mapping and characterization of the communities.

## TRAINING & CAPACITY BUILDING

### PROGRESS SINCE THE PREVIOUS VISIT

- The company continues improving the implementation of a comprehensive capacity building program based on group activities and individual follow-up. The Program combines practical and theoretical training. The company also applies an innovative participatory method through which some farmers are also the trainers (peer education approach).
- The overall structure of learning sessions has improved considerably, showing a clear link between different aspects of the agricultural activity (financial, diversification, social and environmental).
- The farmers are involved in the organization of the training by collaborating with the company EO to prepare the site for the training and invite farmers to the event.
- The company is developing a categorization of farmers according to different capacity parameters and levels of application of good practices. This categorization will lead to more focused trainings in accordance to the different categories of farmers.
- EF conducted a workshop on the No-Deforestation and Agroforestry Action Plan and the HCS/HCV approach for field technicians and personal of different areas of the company.

### RECOMMENDATIONS FROM EF TO THE ECUADOR SUPPLIER 1

- Reinforce and take the opportunity of the field workshops to show the correct way to use PPE (Personal Protective Equipment).
- Establish an incentive for farmers who offer their time as co-trainers (possibly non-monetary).
- Small actions can be undertaken to mainstream a gender- sensitive approach to the entire Program. For example, training on use of agricultural machines for women, supporting women in getting access to new technology, or implementing methods of popular education to permit the effective participation of woman in training.



## FARMER INVESTMENTS & COMMUNITY DEVELOPMENT

### PROGRESS SINCE THE PREVIOUS VISIT

- The company selects appropriate machines and supplies for the premium program. The machines and suppliers are oriented towards improving sustainable production and to strengthening the group organization. This approach keeps farmers motivated.
- Part of the investments are used for the construction of community nurseries to produce cocoa seedlings and shade-tree species. Capacity building also takes place as it relates to establishment of the nurseries. Prior to handing out the plants to the farmers, the company visits the farms to see the places where they will be planted.
- Farmers in the Farming Program know how the premium program works.
- Established community projects generate opportunities to create new alliances (NGOs, local governments, etc.) and to implement projects at landscape level (for example, protection of riparian zones).

### RECOMMENDATIONS FROM EF TO THE ECUADOR SUPPLIER 1

- Find ways for intermediaries to buy and store small quantities of fine flavoured cocoa beans and to record the associated premium for small farmers. Discuss alternatives on how to avoid that these small volumes of cocoa beans are treated as conventional.
- Ensure that farm renovation plans consider aspects such as HCS (High Carbon Stock) / HCV (High Carbon Value). This is especially relevant as it relates to management guidelines for protected areas and differentiated work with indigenous communities.
- Define an incentive scheme for farmers who have HCV / HCS on their farms and are making management and conservation efforts.

## VERIFICATION & CONTINUOUS PROGRESS

### PROGRESS SINCE THE PREVIOUS VISIT



- The company has a solid digital data management system that allows for the capturing, aggregating, and analysis of data from farmers to support Program implementation. The company uses data in the data management system to monitor progress of activities.
- The company has an auditors team in charge of completing the internal monitoring of intermediaries and farms
- The internal auditing team have quarterly meetings to exchange information and progress

### RECOMMENDATIONS FROM EF TO THE ECUADOR SUPPLIER 1

- Perform more high level analysis of data captured on digital data management system. With greater frequency, use this data to better guide intervention at farm level. Currently, this is done once a year.

## CONCLUSIONS AND OUTLOOK FOR THE SUPPLY CHAIN TRANSFORMATION

The implementation of the Farming Program by the company has reached a good level of maturity demonstrating strong commitments with farmers and continued improvement. The traceability and internal monitoring systems are well implemented. Several improvements were made on training methods (for example, peer education as a way to explain concepts in local expressions). Agricultural tools given to farmer groups have various positive impacts such as strengthening of the community, improving productivity and reduction of working hours, and especially safety for the farmers.

At the same time new challenges were identified. These include principally the need to use GPS data to characterize sourcing areas and develop a work approach with indigenous peoples and others whose farms are located in or near protected areas or HCVs. Additionally, a gender sensitive approach is another important aspect to consider for the overall improvement of implementation of the Farming Program. Through a more gender sensitive approach, female farmers can benefit in the same way as male farmers from the support and advice provided.



## Project Overview – Ecuador Supplier 2

Farming Program initiated in	2015	EF visit timeframe	27 <sup>th</sup> August-2 <sup>nd</sup> September, 2019	5 <sup>th</sup> EF assessment
General description				
<p>The visited company in Ecuador is a supplier of fine flavour cacao to Lindt &amp; Sprüngli who started to implement the Lindt &amp; Sprüngli Farming Program in 2015. Today, the Farming Program implemented by the supplier involves 2,000 farmers.</p> <p>EF's 5th and most recent assessment visit to the company was undertaken from August 27<sup>th</sup> to September 2nd, 2019. It covered the provinces of Los Ríos and Bolívar.</p>				

### TRACEABILITY & FARMER ORGANIZATION

#### PROGRESS SINCE THE PREVIOUS VISIT

- The company has a traceability system that traces back to farms.
- Fine flavour cocoa beans are kept physically separated by color of bags, starting at farm or collection centres, and throughout the entire process (fermentation, drying, storing, transport).
- A traceability test from warehouse to farm was performed, which was successful.
- The company determines and calculates delivery quotas of cocoa beans from each farmer, based on the production capacity of their farms.
- The company has a GPS identification point of every farm which is part of the Farming Program.

#### RECOMMENDATIONS FROM EF TO THE ECUADOR SUPPLIER 2

- An important number of farms are located in Abras de Mantequilla which is classified as a Ramsar site (i.e. a wetland of international importance). Capturing the full GPS



boundaries of these farms is highly recommended. This polygon data can also help to improve the calculation of cocoa delivery quotas.

- Identify and prioritize conservation actions with farmers located in or around the Ramsar “Abrás de Mantequilla” site, in alignment with legal framework and the strategic plan for the development of the community of municipalities for the management of the Abrás de Mantequilla. Also, request additional information from the Ministry of Environment of Ecuador as needed.
- More detailed and frequent monitoring of data of cocoa delivery by Lindt & Sprüngli producers is needed in order to adjust the quotas (how much cocoa the producer can produce and deliver based on the size of the farm) during the year.
- Analyse the annual information obtained from the evaluation and monitoring records to create relevant progress indicators, including to identify potential cases where cocoa beans from non-Program farmers are being added to volumes from farmers in the Program.
- Make sure that members of associations that have started some entrepreneurship commercial initiatives under the Lindt & Sprüngli Farming Program, socialize and communicate information about this in order to reduce the risks of developing internal conflicts in the organization.

## TRAINING & CAPACITY BUILDING

### PROGRESS SINCE THE PREVIOUS VISIT

- The company has incorporated the use of facilitation techniques from popular education methods and has included them as part of their capacity building process, demonstrative plots, and field days. The farmers are highly motivated to participate in the activities of the Lindt & Sprüngli Program.
- The company facilitates the technical training of farmers in various aspects of cocoa management, with the support of specialized institutions like the National Institute of Agricultural Research (INIAP).
- The company provides agricultural and entrepreneurship training focused on diversification (e.g. swine production, beekeeping, aquaculture, organic fertilizers, financial education, business plan, etc.).
- The company has a technical assistance program, which is accessible for farmers through the use of a call centre.
- The company has incorporated the topics of agroforestry, HCV/HCS and gender focus into its training modules.



- The company ensures equal access for women to trainings.
- EF conducted a workshop on the No-Deforestation and Agroforestry Action Plan and the HCS/HCV approach for field technicians and personal of different areas of the company.

## RECOMMENDATIONS FROM EF TO THE ECUADOR SUPPLIER 2

- Standardize the training methodology by developing a facilitation guide, which includes:
  - Learning objectives
  - Key message delivered by each activity and training session.
  - Structure of the training session (schedule)
  - Training materials
  - Closing / next steps
  - Two types of evaluations: a) learning results by farmers and b) satisfaction regarding the trainings
- As trainers gain increased knowledge on new subjects, progressively incorporate new content into the training process.
- Use more colloquial language to ensure farmers understand the training sessions and the technical assistance visits.
- Explain to farmers the importance of the different types of HCV/HCS with examples that demonstrate the benefits they represent for agriculture (e.g. conservation of water sources means water for irrigation).

## FARMER INVESTMENTS & COMMUNITY DEVELOPMENT

### PROGRESS SINCE THE PREVIOUS VISIT

- The premium system established by the company allows farmers to decide what type of agricultural supplies or tools they want to acquire
- The agricultural supplies delivered by the premium system have been used to promote the adoption of a more sustainable agriculture systems, in alignment with the practices promoted by the Program.
- The company distributes organic fertilizers through the premium/incentives system. The fertilizers are made by an association of producers who benefited from the entrepreneurship incentive of the Lindt & Sprüngli Farming Program. This is a good way to close the cycle and increase the sustainability of the venture.
- The company provides incentives to the farmers for the delivery of agrochemical containers that have been drilled through and triple washed.



- Investments made by groups or associations are previously agreed between the parties.
- Clear communication is maintained with farmers about the functioning of the premium, rewards, and incentives system.
- The supplies and equipment delivered as incentives for the participation of training events are correctly aimed at allowing the implementation of what has been taught in the trainings.
- Training processes encourage productive diversification and provide tools and technical capabilities to farmers to obtain additional income through service offerings.
- The company is supporting the reforestation of riparian areas on the farms of its suppliers.
- The company recommends a minimum shade of 25 trees/ha and part of the incentives for participation includes the delivery of forest species.

## RECOMMENDATIONS FROM EF TO THE ECUADOR SUPPLIER 2

- Use the concept of integrated farm planning for the planning and implementation of income diversification projects and model farms.
- Quantify opportunities and needs for farm renovation and define individual renovation plans for farmers. Renovation plans are to include consideration of HCV/HCS criteria.
- Strengthen conservation actions of water sources and riparian areas.

## VERIFICATION & CONTINUOUS PROGRESS

### PROGRESS SINCE THE PREVIOUS VISIT

- Quite vast information on the initial situation of the farms (baseline) and their year-to-year status (monitoring) has been collected.
- Some staff has been committed to the transcription and summary of data collected, they also verify the quality of the information collected in the field
- An annual monitoring plan has been implemented by the company.

## RECOMMENDATIONS FROM EF TO THE ECUADOR SUPPLIER 2

- Within the framework of the Program, develop a set of key performance indicators (KPIs) that allows an assessment of the progress of the implementation of the recommendations made by the company's technicians to farmers.
- Explain to farmers the reason and objective for which data collection is carried out and explain how this information will be used, in order to enhance farmers' confidence.



- During the baseline data collection, provide basic informative material about the Program and main elements of the Lindt & Sprüngli Code of Conduct to farmers, especially material related to allowed/non-allowed agrochemicals.

## CONCLUSIONS AND OUTLOOK FOR THE SUPPLY CHAIN TRANSFORMATION

The implementation of the Farming Program by the company, especially through the implementation of past recommendations, shows a strong commitment from the company. The traceability and the monitoring systems are strong but can be improved with more frequent analysis of the producer's data. The company has established important alliances with national technical agricultural institutions to improve the capacity building of farmers. The need for organic cocoa beans has been well linked with the incentives and economic alternatives for farmers associations. Gender has a place in the capacity building process.

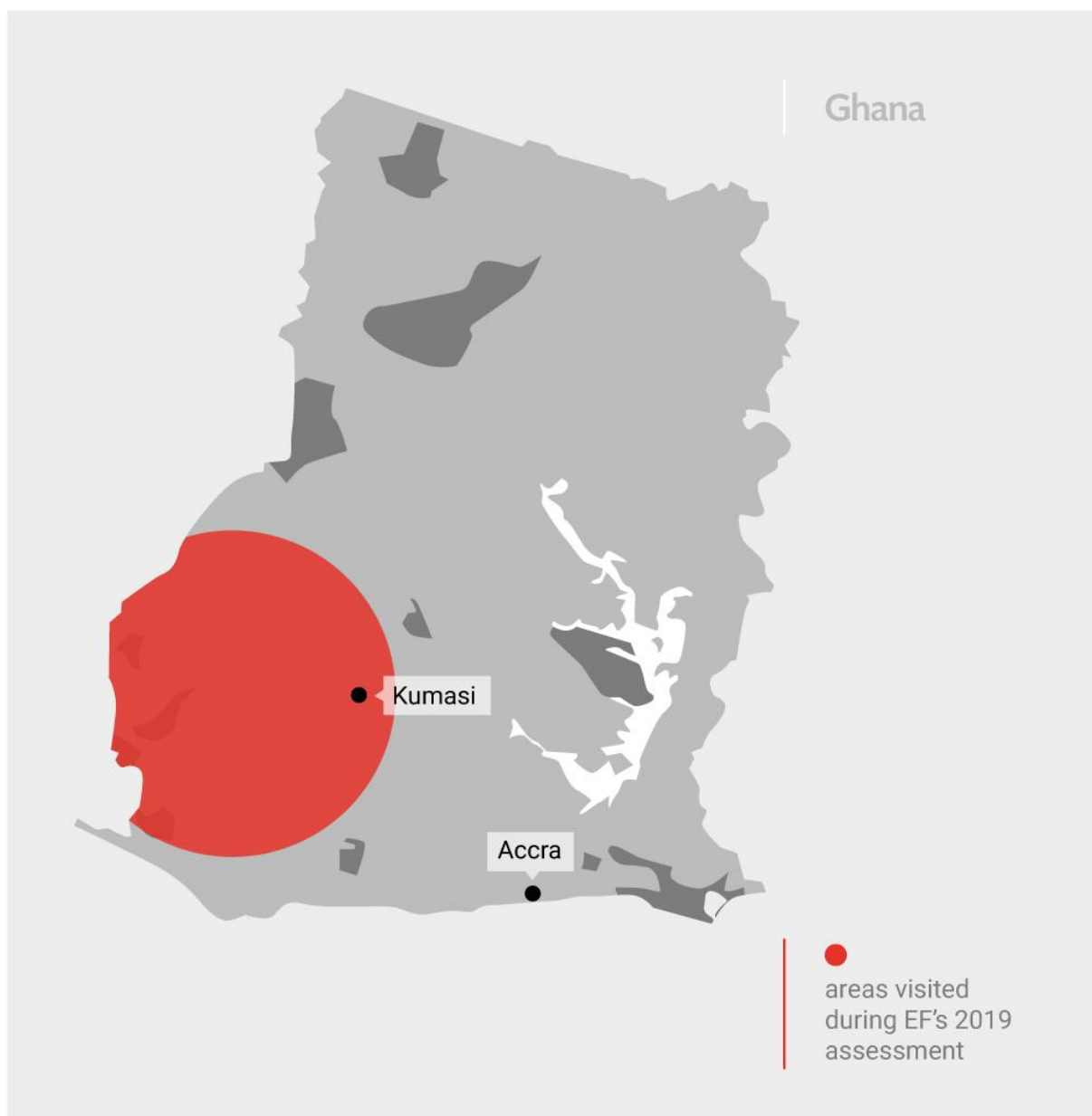
With the expansion of the Lindt & Sprüngli Farming Program framework to include the No-Deforestation and Agroforestry Action Plan, new challenges present themselves. Given implementation priorities, the company should define, preserve, and protect HCS/HCV areas which are found in or around the farms of farmers in the Farming Program. This is especially true for the Ramsar site "Abrás de Mantequilla" through which the relationship between farm and ecosystems can be better understood. Additionally, full GPS boundaries of farms is highly recommended. This is part of a continuous learning process, and the company is committed to doing this.

The company has taken big steps year after year on the back of improvement challenges. To keep improving the training program, topics such as water resources preservation and gender should be reinforced over the medium term.





# Ghana



*Map: areas visited during EF's 2019 assessments*

## Project Overview – Ghana Supplier 1

Farming Program initiated in	February 2008	EF visit timeframe	14 <sup>th</sup> October-21 <sup>st</sup> October, 2019	5 <sup>th</sup> EF assessment
General description				
<p>The supplier is part of Lindt &amp; Sprüngli Farming Program in Ghana since February 2008. The supplier buys dried cocoa from a network of farmers organized around Purchasing Clerks (PC) who buy the cocoa beans directly from farmers. Today the Farming Program implemented by the supplier has around 64,000 farmers distributed across five regions, 51 districts and 1,786 communities in Ghana.</p> <p>During this visit, the EF team held an opening and closing meeting with management of the company, visited 4 districts warehouses, 9 societies, 4 individual farm visits, 5 PC sheds, 1 alternative livelihood activity site (production of snails), and 1 school under construction. Through our group and individual farmer meetings, we engaged with a total of 191 farmers. Visits took place throughout the Western North, Ahafo, Western, and Central regions of the country.</p>				

### TRACEABILITY & FARMER ORGANIZATION

#### PROGRESS SINCE THE PREVIOUS VISIT

- Generally, there was evidence of good traceability documentation and process managed by the PCs and the depot keeper at the warehouse of the company.
- Village Savings and Loans Associations (VSLA) have been formed and there was a general satisfaction from farmers. Many of them recently joined the groups or were planning on doing so. The Program had assisted the creation of 58 VSLAs and many societies (farmer groups) were in the process of establishing their VSLA.



- Overall there is good Program communication: information posted at PCs sheds and district warehouses; regular meetings between farmers, PCs, and the commercial team. This Includes good internal communication within the company (use of WhatsApp, weekly reports, etc.).
- Field trainers have been trained on data collection with tablets and have been issued tablets to collect data digitally. EF observed that Field Trainers know how to collect data with tablets.
- A pilot HCS assessment was ongoing and will help to refine the approach on No-Deforestation.

### RECOMMENDATIONS FROM EF TO THE GHANA SUPPLIER 1

- Ensure that minimum requirements to be fulfilled by the farmers before joining the Lindt & Sprüngli Farming Program are clearly understood by Field teams. Also, ensure that farmers are not declared “active” (i.e. able to sell cocoa into the Program) until the minimum requirements are met.
- Check the functioning of the traceability system in place by periodically checking to ensure that appropriate tags are put on bags of cocoa.
- Conduct a periodic check to ensure that the quantity of cocoa bought by the PC is equivalent to the quantity of cocoa stored in the PC shed.
- Distribute maps of farms to the farmers.
- Review methodology for farm mapping and ensure that field teams are mapping 100% of the farmer’s farm area.
- Put in place a monitoring system to avoid extension of farms located within the buffer zone of forest reserve (e.g. periodic visit with report, collaboration and periodic feedback from the administration in charge of protected areas).
- Use a landscape approach (i.e. landscape level mapping/monitoring and working with multiple actors) in order to effectively implement a No Deforestation approach.
- Extend the HCS/HCV assessments to other priority landscapes
- Develop approach to handle cases where farmers have farms within protected reserves. This should include a triage approach which will see different approaches (e.g. immediate suspension, transition to agroforestry, phase out over X amount of years, relocation with support of community chief, monitoring of admitted farms to avoid



extension, etc.) based on different circumstances (year of farm establishment, year in which protected reserve was legally established, etc.).

## TRAINING & CAPACITY BUILDING

### PROGRESS SINCE THE PREVIOUS VISIT

- Farmer coachings are adapted based on real needs of each farmer (e.g. a farmer whose farm suffers from flooding would receive training on drainage)
- As observed in the previous visit, the training material was appropriate to the context.
- Training records were available.
- Just as during the previous visits farmers were happy about the trainings and they were able to easily describe the benefits derived from the trainings (Positive changes on the health of the farmers and their family members, good management of their incomes, increase in yields)
- Trainings on additional or alternative livelihood systems (e.g. snail rearing, aquaculture, maize/rice production) has diversified incomes of farmers.
- 30 Additional motorbikes have been provided to EOs.
- Senior EO have been trained on climate smart agriculture approach.
- EF conducted a workshop on the No-Deforestation and Agroforestry Action Plan and the HCS/HCV approach for field technicians and personal of different areas of the company.

### RECOMMENDATIONS FROM EF TO THE GHANA SUPPLIER 1

- Segment farmers (for example, by size, years in Program, volume of cocoa, issues) to provide more tailored and impactful trainings to farmers.
- Integrate the training topics into the workplans managed by the senior EO.
- Continue the collaborations with other stakeholders to bring out new and improved ways of treating pests and diseases.
- Ensure that refresher trainings for EO are based on their current needs and consider also the output of their evaluation during the identification of their training needs.
- Capture farmer feedback in the training report and periodically analyze that information to put in place appropriate actions when necessary.



## FARMER INVESTMENTS & COMMUNITY DEVELOPMENT

### PROGRESS SINCE THE PREVIOUS VISIT

- 29 schools are under construction.
- Just as during the previous visit, farmers appreciate the cash premium system per bag of cocoa sold.
- The approach to collecting information on community needs (survey) is appropriate and allows the community to be aware of and involved in the selection process of community project.

### RECOMMENDATIONS FROM EF TO THE GHANA SUPPLIER 1

- Analyze data on community needs identified during internal monitoring in order to improve relevance of community investments.
- Re-evaluate strategy of offering "promotional" articles (define criteria, define articles, etc.) and track distribution to ensure that there is no confusion with previous "in-kind" premium of the Program.
- Evaluate the impact of illegal mining on the cocoa supply chain and use the results of that study to engage discussion with key stakeholders.
- Review Memorandum of Understanding (MoU) template for school investments and ensure contributions from community (i.e. their contribution to the project) and company are clearly documented and incorporated into the MoU.

## VERIFICATION & CONTINUOUS PROGRESS

### PROGRESS SINCE THE PREVIOUS VISIT

- EO have been trained on how to use tablets to conduct internal monitoring.
- The annual objectives of the Program are linked to performance indicators that are calculated and analyzed quarterly.
- Grievance procedure and the grievance form are available.



## RECOMMENDATIONS FROM EF TO THE GHANA SUPPLIER 1

- Ensure that action plans are made available for follow up after each meeting between Regional Manager (RM), Franchise Holder (FH) and senior EO.
- Ensure compliance with the requirements of the "Verification guidance document of August 2018" developed by Lindt & Sprüngli (e.g. conduct an internal verification of each farmer at least once a year; classify findings (immediate action, medium term, long term) and define with the farmer the deadlines for implementing recommendations).
- Complete grievance form in case of complaint and periodically analyse the grievance register to put in place appropriate actions if necessary
- Develop report dashboards to present farmer and Program progress in an easy and visual way to the company's field teams.

## CONCLUSIONS AND OUTLOOK FOR THE SUPPLY CHAIN TRANSFORMATION

In general, the progress made in implementing the Program is significant. Despite the large size of the Program, there is a clear enthusiasm from participating farmers. Trainings and coaching to farmers are leading to real improvements in farm management (pruning, identifying and managing diseases, etc.) which is resulting in improved yields and revenues for farmers. This is then complemented with trainings on revenue diversification activities (i.e. non-cocoa activities) for farmers. As seen in previous years, the collection of data from farmers via the company's digital application was also a great step forward.

Work as relates to implementation of the No-Deforestation and Agroforestry Action Plan is currently at an early stage, with a first HCS assessment being conducted in a pilot area. Learnings from this first experience is critical for refining the company's approach to No-Deforestation, including working with other stakeholders in key landscapes, creating and rolling out incentive/disincentive mechanisms to farmers to prevent future deforestation, dealing with legacy cases where farmers are present in forested areas, and rolling out a monitoring mechanism to track progress.

The Program can now look to enter into a new phase of maturity which will see it make increasing use of its robust digital platform to better tailor interventions (trainings and community investments) and innovation as it relates to implementation of its No-Deforestation commitment.



## Project Overview – Ghana Supplier 2

Farming Program initiated in	October 2016	EF visit timeframe	08 <sup>th</sup> October-12 <sup>th</sup> October 2019	3 <sup>rd</sup> EF assessment
General description				
<p>The company is has been implementing a Lindt &amp; Sprüngli Sustainable Cocoa Butter Program in Ghana since October 2016. The supplier buys dried cocoa from a network of farmers organized around a PC (Purchasing Clerk: local actor who buys the cocoa beans directly from farmers). Today the Farming Program implemented by the supplier is composed of 116 PCs, and 6,239 farmers distributed in the Assin Fosu district in the Central Region of Ghana.</p> <p>During this assessment, the EF team visited 5 societies (farmer groups). A total of 131 farmers and 5 PCs of the network were met.</p> <p>Additionally the EF team visited 1 demonstration plot, 2 farms, and 1 community project (a public toilet under construction by the company).</p>				

### TRACEABILITY & FARMER ORGANIZATION

#### PROGRESS SINCE THE PREVIOUS VISIT

- More farmers are interested in joining the Program. The number of farmers has increased from 3,925 last year to 6,239 farmers for the 2019/2020 season.
- The number of societies (farmer groups) has increased from 60 last year to 116 for the 2019/2020 season.
- Two new EO were hired. The Program now has four EOs.
- As observed in the previous visit, good traceability documentation is in place and globally well filled by the PCs and the depot keepers.
- Criteria for the selection of Lead Farmers (LFs) are formalized in the training manual.
- There is a plan to extend the Program to a new district.



- With the support of the Program, VSLA have been formed and there is a general satisfaction from farmers. Five VSLA have already been set up in five communities

## RECOMMENDATIONS FROM EF TO THE GHANA SUPPLIER 2

- Continue mapping of farms, especially for farmers who are supplying the Program and whose farms are not yet mapped.
- Keep records of all cocoa bags brought to the warehouse for reconditioning and avoid storing dangerous goods in the cocoa warehouse.
- Put in place a monitoring system to avoid extension of farms located at the boundary of protected areas (periodic visit with report, collaboration and periodic feedback from the legal entity in charge of protected areas at the local level, satellite monitoring tool, etc.).
- Develop an approach with key stakeholders on how to handle cases where farmers are found to have farms inside protected areas. This should include a triage strategy which will see different approaches (e.g. immediate suspension, transition to agroforestry, phase out over X amount of years, relocation with support of community chief, monitoring of admitted farms to avoid extension etc.) based on different circumstances (year of farm establishment, year in which protected areas was legally established, etc.).

## TRAINING & CAPACITY BUILDING

### PROGRESS SINCE THE PREVIOUS VISIT

- Contrary to the previous visits, trainers are evaluated periodically and the results are shared with them.
- Training records are available and farmer feedback is collected after each training session and used to plan or improve the next session.
- Two new EOs have been trained and equipped to train farmers.
- In order to reinforce the practical aspect of training, but also to allow farmers to assess the impact of the implementation of learning outcomes, 12 demonstration plots have been established with farmers.
- EF conducted a workshop on the No-Deforestation and Agroforestry Action Plan and the HCS/HCV approach for field technicians and personal of different areas of the company.





## RECOMMENDATIONS FROM EF TO THE GHANA SUPPLIER 2

- Ensure that more individual farm visits and coachings are done.
- Continue the collaborations with other stakeholders to bring out new and improved ways of treating pests and diseases.
- Analyze the results of trainer evaluations and put in place appropriate action.
- Develop and sign an agreement with the owners of the demonstration plots and explain to them all the positive and negative aspects related to the provision of their plots for the demonstrations.
- Keep record of the monitoring of the demonstration plots.
- Provide awareness training to farmers, LFs and PCs on the HCS / HCV approach and the Lindt and Sprüngli No-Deforestation and Agroforestry Action Plan.

## FARMER INVESTMENTS & COMMUNITY DEVELOPMENT

### PROGRESS SINCE THE PREVIOUS VISIT

- Construction of a 12-seat public toilet for Atwereboanda is in progress.
- Contrary to the previous visit, a guideline for identification of community investment is available.
- In-kind premiums were distributed through the PCs after need assessments were done with societies.
- During the last season, 65,984 cocoa seedlings were distributed to 123 farmers and the monitoring reports are available.

## RECOMMENDATIONS FROM EF TO THE GHANA SUPPLIER 2

- Ensure communication on status of community infrastructure investments (timeline, challenges, etc.) to relevant communities.
- Continue to inform farmers on how the premium is calculated.
- Define and formalize at the PC level the criteria for the distribution of in-kind premiums.



- Keep appropriate records for the distributions of in-kind premium (name of the farmer, article, signature, etc.)
- Ensure that EO are monitoring the distribution of in-kind premiums to farmers at the PC level.

## VERIFICATION & CONTINUOUS PROGRESS

### PROGRESS SINCE THE PREVIOUS VISIT

- The annual objectives of the Program are linked to performance indicators that are calculated quarterly.
- As observed in the previous visit we continue to notice good use of the “WhatsApp” communication platform as an adaptive and effective way to connect the sustainability team and allow for oversight and follow-up.

### RECOMMENDATIONS FROM EF TO THE GHANA SUPPLIER 2

- Continue to inform EO on the necessity to record grievances, to follow up until resolution, and to periodically analyze the grievance register.
- Formalize the improvement actions to be implemented following the quarterly analysis of the KPIs.
- Continue to increase the number of EO and train the LFs on how to carry out internal monitoring and other activities performed by the EO.
- Develop and implement an internal verification questionnaire that takes into account all pillars of the Program and during the internal verification process, ensure compliance with the requirements of the “Verification guidance document August 2018” developed by Lindt & Sprüngli (e.g. conduct an internal verification of each farmer at least once a year; train EO on the internal verification process; classify findings (immediate action, medium term, long term) and define with the farmer deadlines for implementing recommendations)



## CONCLUSIONS AND OUTLOOK FOR THE SUPPLY CHAIN TRANSFORMATION

In general, progress have been made in the implementation of the Program. Farmers are happy to be part of the Program because they receive training which helps them to improve their production yield and quality of the cocoa; they also receive seedlings and in-kind premiums. However, with the increasing number of farmers, there is a real need to hire more EO (currently there is an average of 1,560 farmers per EO).

Since last year, the digital platform used by the company to manage implementation of the Program is facing technical issues. As such, there is a real need to solve these technical issues so that the Program data can be analysed periodically and used as part of the continuous improvement process of the Program.



# Madagascar



*Map: areas visited during EF's 2019 assessment*

## Project Overview – Madagascar Supplier 1

Farming Program initiated in	October 2017	EF visit timeframe	17 <sup>th</sup> June-21 <sup>st</sup> June, 2019	2 <sup>nd</sup> EF assessment
General description				
<p>The supplier is part of Lindt &amp; Sprüngli Farming Program in Madagascar since October 2017. The company buys dried cocoa from a network of farmers organized around collectors and sub-collectors. Today, the Farming Program implemented by the supplier has 3 collectors, 10 sub-collectors and 565 farmers distributed in three large villages of the haut-Sambirano.</p> <p>During this visit, EF team visited the three large villages of the haut-Sambirano. EF met with a total of 50 farmers, the 3 collectors of the network and 2 sub-collectors. Additionally the team visited 3 farms (including a new extension farm and a demonstration farm).</p>				

### TRACEABILITY & FARMER ORGANIZATION

#### PROGRESS SINCE THE PREVIOUS VISIT

- There is an improvement regarding traceability documents. During the previous visit, the sales book describing the sales operations of the farmers was held by the collector or sub-collector. Moreover, the farmers had no documentation of the transaction between him and the collector or sub-collector. During this visit, the EF team noticed that sales books were made available to farmers. These documents capture important information such as the results of the weighing (kilos) and the price of the cocoa sold.
- Contrary to the previous visit it was noted that the company no longer uses the sub-sub-collectors. This means that the supply chain has been shortened.
- The company's data base of farmers enrolled in the Farming Program has been improved with the attribution of a code to each farmer. Further to this, the geolocation of farms is ongoing.



## RECOMMENDATIONS FROM EF TO THE MADAGASCAR SUPPLIER 1

- Identify by village all the existing local savings groups known as GEC (Groupe d'Épargne Communautaire) in the supply network and the farmers or collectors who are members. The company should better understand how these GECs function and then evaluate if they should be recommending farmers and collectors to join the GECs.
- Clarify who within the company has the responsibility and authority as it relates to communication of price to collectors
- Prior to any extension, verify the location of the plot to collect GPS coordinates as required by the Lindt & Sprüngli No Deforestation and Agroforestry Action Plan.
- Ensure that the farmer's sales book is only filled in for cocoa purchases that will be delivered to the supplier as part of the Program.
- Provide traceability officers and trainers deployed in the field with appropriate resources (motorcycles to facilitate transportation

## TRAINING & CAPACITY BUILDING

### PROGRESS SINCE THE PREVIOUS VISIT

- As observed in the previous visit, the farmer greatly appreciate the quality of the training provided by the training officers who were trained by Helvetas (a Swiss based NGO operating in Madagascar).
- A questionnaire that will track the impacts of the training has been developed for each training module.
- During the previous visit, theoretical training was done outdoors. In the case of rain, the trainer was obliged to interrupt the training session. As a remedy, two technical training centres have been built and equipped by the company (fermentation tanks, drying area, and a set of agricultural tools are found at these training centres).
- Training materials have been developed in Malagasy language and distributed to some farmers.
- EF conducted a workshop on the No-Deforestation and Agroforestry Action Plan and the HCS/HCV approach for field technicians and personal of different areas of the company.



## RECOMMENDATIONS FROM EF TO THE MADAGASCAR SUPPLIER 1

- When building the technical training centres, to avoid overloads take into account the number of farmers in the area and put in place a schedule for the utilisation of the training room in case the training has to be carried out over several sessions.
- Set up a form for recording and monitoring coaching activities.
- Develop and sign an agreement with the owner of the demonstration plot and explain to him all the positive and negative aspects of the provision of his plot for the demonstrations.
- Develop technical itineraries for demonstration plots.
- Provide awareness training to farmers and collectors on the HCS/HCV approach and the Lindt & Sprüngli No Deforestation and Agroforestry Action Plan.

## FARMER INVESTMENTS & COMMUNITY DEVELOPMENT

### PROGRESS SINCE THE PREVIOUS VISIT

- Contrary to the previous year where there was no community development investment made, EF noted that several initiatives to strengthen the resilience of farmers and collectors were initiated by the company. These include, among others:
  - 4 improved dryers have been constructed and 14 standard dryers are under construction. These dryers allow the products to be sheltered from the rain.
  - The distribution of 9 fermentation tanks to the collectors
  - The distribution of 1,994 cocoa plants
- Incentives have been distributed to farmers and collectors (equipment for farmers and cash for collectors).
- The drinking water supply system in a rural municipality has been inaugurated and it is now operational.

## RECOMMENDATIONS FROM EF TO THE MADAGASCAR SUPPLIER 1

- Actively consult farmers to ensure that the in-kind premiums provided meet their needs.
- Set up doors on the dryers already delivered to facilitate access and provide doors during the construction of the new dryers.
- Develop and implement a follow-up schedule for the seedlings that have been distributed, taking into account the following aspects among others: dead plants, identified diseases, identified pests.



- Define and formalize the selection criteria of the farmers who will receive the fermentation tanks and dryers.
- Integrate access to drinking water through the connection to the drinking water supply network as part of the package for in-kind premiums.

## VERIFICATION & CONTINUOUS PROGRESS

### PROGRESS SINCE THE PREVIOUS VISIT

- The questionnaire for internal monitoring that was not available during the previous visit was developed but doesn't cover Program pillars like Farmer investments and community development
- Annual Program objectives are associated with performance indicators that are calculated quarterly (Quarterly report).

### RECOMMENDATIONS FROM EF TO THE MADAGASCAR SUPPLIER 1

- Develop and implement an internal monitoring questionnaire in compliance with the requirements of the "Verification guidance document August 2018 developed by Lindt & Sprüngli.

Examples:

- Train field officers on internal monitoring process
  - Classify findings (immediate action, medium term, long term) and define with the farmer deadlines for implementing recommendations
- Formalize the improvement actions to be implemented following the quarterly analysis of the KPIs.
- Finalize and implement tools for managing of farmers and collectors concerns, as discussed during EF's visit and training on grievance mechanisms.

## CONCLUSIONS AND OUTLOOK FOR THE SUPPLY CHAIN TRANSFORMATION

Progress has been made in traceability and training. Overall, a dissatisfying number of the recommendations from last year have been implemented by the company.

Considering the above performance, it is urgent for the company to implement recommendations made during this and earlier years visits in order to boost the improvement of social and environmental practices in the supply chain.





## Project Overview – Madagascar Supplier 2

Farming Program initiated in	November 2015	EF visit timeframe	08 <sup>th</sup> June-15 <sup>th</sup> June, 2019	5 <sup>th</sup> EF assessment
General description				
<p>The company is part of the Lindt &amp; Sprüngli Farming Program in Madagascar since November 2015. The company buys dried cocoa from a network of farmers organized around collectors and sub-collectors. Today, the Farming Program implemented by the supplier has 12 collectors, 4 sub-collectors, 28 lead farmers and 1,456 farmers distributed in the haut-Sambirano and the bas-Sambirano.</p> <p>During this visit, the EF team visited 5 villages, 2 from the haut-Sambirano and 3 from the bas-Sambirano. A total of 34 farmers were met, plus 5 LFs, 6 collectors and 1 sub-collector of the network.</p> <p>Additionally the EF team visited 1 demonstration plot, 1 nursery site, and 1 reforestation site.</p>				

### TRACEABILITY & FARMER ORGANIZATION

#### PROGRESS SINCE THE PREVIOUS VISIT

- There is an improvement regarding farmer organization. During the previous visit, monitoring and training of farmers were carried out exclusively by the EO of the company. During this visit, EF noted that 28 LFs have been identified and have the following main tasks:
  - Identify with the farmers the farms for on-farm trainings and a shaded place for the group discussions;
  - Assist their peers and observe the strategic and technical choices they apply on the scale of their operation,
  - Participate in the animation of training sessions.



- An agronomist has been recruited to strengthen monitoring of cocoa quality, monitoring of nursery sites, and plantation extensions.
- Just as during the previous visit, the provision of seedlings for the establishment of new plots is accompanied by the collection of GPS data to avoid extension of cocoa plantations into protected areas. The map produced by the company for the haut-Sambirano shows that no farms linked to the Program have been extended into the Manongarivo reserve.
- The geolocation of farms is still ongoing.

## RECOMMENDATIONS FROM EF TO THE MADAGASCAR SUPPLIER 2

- Identify by village all the existing local savings groups, GECs, in the supply network and the farmers or collectors who are members. The company should better understand how these GECs function and then evaluate if they should be recommending farmers and collectors to join the GECs.
- Ensure that the weight of fresh cocoa, and not the dry weight equivalents, is actually recorded in the farmer's sales book.
- Establish a link between the process batch numbers (these are the tracking numbers created at the warehouse level) and the shipping batch numbers.
- Complete the geolocation of farmers' plots and make available to farmers the maps of their plots.

## TRAINING & CAPACITY BUILDING

### PROGRESS SINCE THE PREVIOUS VISIT

- As observed in the previous visit, the farmers greatly appreciate the quality of the training provided by the EO who were trained by Helvetas
- In order to reinforce the practical aspect of trainings, but also to allow farmers to assess the impact of the implementation of learning outcomes, a demonstration plot is in the process of being implemented with a farmer. The technical instructions for the demonstration plot have already been defined.
- Contrary to the previous visit, the criteria to monitor the impacts of trainings have been defined for each training module.
- As opposed to the previous visit, during this visit, the EF team noticed that a quarterly training program is now available.



- The EO are evaluated following training sessions and the results of the evaluation are shared with them so that they can improve their training skills.
- Farmer's coaching reports are available but action plans to follow up recommendations raised during coaching are not yet set.
- EF conducted a workshop on the No-Deforestation and Agroforestry Action Plan and the HCS/HCV approach for field technicians and personal of different areas of the company.

## RECOMMENDATIONS FROM EF TO THE MADAGASCAR SUPPLIER 2

- Develop and sign an agreement with the owner of the demonstration plot and explain to him all the positive and negative aspects of the provision of his plot for the demonstrations.
- Raise awareness of farmers and collectors on the Lindt & Sprüngli No Deforestation and Agroforestry Action Plan, including the HCS/HCV approach.
- Establish an action plan for implementing and monitoring observations raised during individual coachings of farmers.

## FARMER INVESTMENTS & COMMUNITY DEVELOPMENT

### PROGRESS SINCE THE PREVIOUS VISIT

- In addition to the installed water tower of Maevatanana, which is already operational, Anjiabory was also equipped with a water tower, inaugurated in July 2018.
- The process of strengthening farmers' resilience continues. EF noted the construction of 3 improved dryers and the distribution of 50 fermentation tanks.
- The collectors and the farmers were informed about the method to calculate the in-kind premiums and generally reported their satisfaction with what they received (equipment for the farmers, cash and material for the collectors).
- As part of the implementation of the Lindt & Sprüngli No Deforestation and Agroforestry Action Plan, the following initiatives among others have been implemented by the company:
  - A reforestation site has been established in Ankazomamy with the collaboration of a community;
  - The distribution of 15,685 cocoa plants as well as 2,896 shade trees;
  - Orders of cocoa plants for extension of plantations are automatically accompanied by shade tree seedlings representing approximately 20% of the number of cocoa plants ordered;



- Three relay nursery sites have been set up for the distribution of cocoa plants and shade trees.

## RECOMMENDATIONS FROM EF TO THE MADAGASCAR SUPPLIER 2

- Secure access to Anjiabory water tower (grid and gate with key) to avoid any destruction of equipment.
- Integrate access to drinking water through the connection to the drinking water supply network as part of the package for in-kind premiums.
- Develop and implement a monitoring plan for the reforestation site with clear responsibilities for each stakeholder (community, Helvetas, FOFIFA, etc.)
- With the community, define the management mode of the reforestation site.
- Extend the follow-up (diseases, rate of death, etc.) of the seedlings to all the farmers who received them and analyse the data in order to implement appropriate actions if necessary.

## VERIFICATION & CONTINUOUS PROGRESS

### PROGRESS SINCE THE PREVIOUS VISIT

- The questionnaire for internal monitoring was developed and integrated into the tablets of all EO and they were also trained on how to conduct internal monitoring.
- The annual objectives of the Program are linked to performance indicators that are calculated quarterly.
- Contrary to the previous visit, the quality control of the internal monitoring process is done and follow-up actions plans are implemented when needed.

## RECOMMENDATIONS FROM EF TO THE MADAGASCAR SUPPLIER 2

- Ensure that information collected on tablets during internal monitoring is available at the field level to enable the EO and farmers to track progress.
- During the internal monitoring, ensure that all the requirements of the "Verification guidance document August 2018" developed by Lindt & Sprüngli are taken into account.  
Example:
  - The classification of the findings (immediate action, medium term, long term)
  - The definition with the farmer of the deadlines for implementation of the recommendations



- Formalize the improvement actions to be implemented following the quarterly analysis of the KPIs.
- Finalize and implement tools for managing of farmers and collectors concerns, as discussed during EF's visit and training on grievance mechanisms.

## CONCLUSIONS AND OUTLOOK FOR THE SUPPLY CHAIN TRANSFORMATION

Remarkable progress has been made on all pillars of the Program. Some innovations have been implemented like the integration of LFs in the supply chain and the utilisation of tablets for the realization of the following activities: mapping, tracking traceability, creating farmer profiles, and internal monitoring.



# Papua New Guinea



*Map: areas visited during EF's 2019 assessment*

Farming Program initiated in	October 2017	EF visit timeframe	1-6 July 2019	2nd EF assessment
General description				
<p>EF visited the Lindt &amp; Sprüngli Farming Program in Papua New Guinea (PNG), from 1 to 6 July 2019. This was the second visit of its kind, covering the Morobe Province, around Mutzing and Lae. In total 54 interviews were conducted with farmers and fermentary operators, plus interviews with all 12 EO and additional company staff where relevant.</p> <p>The company sources all cocoa from independent fermentary suppliers, who source all their cocoa beans from independent farmers around their fermentary. All farmers and fermentary owners operate within traditional community structures, without any formal supplier-buyer purchasing contracts amongst themselves. The company has been operating in PNG since 2000 and is aware that any sustainability program must respect traditional community customs and structures to be successful within PNG.</p>				

## TRACEABILITY & FARMER ORGANIZATION

### PROGRESS SINCE THE PREVIOUS VISIT

- Traceability from fermentary to farmer level has increased through training and incentivising on record keeping. All farmers have a GPS point recorded.
- The Program has expanded to include suppliers from the Lae collection centre in addition to Mutzing, and increased from 1,116 farmers in 2018 (7% female) to 2,669 in 2019 (13% female), including 91 new fermentaries (6% female).
- As all farmers have a GPS point recorded, deforestation monitoring is made more feasible, while the risk of deforestation has increased with a wider sourcing/Program area.



## RECOMMENDATIONS FROM EF TO THE PAPUA NEW GUINEA SUPPLIER

- More accurate GPS mapping for farmers and EOs monitoring within an area with deforestation risk (including boundary mapping with 1-5m accurate GPS). The development of the required base map to monitor for forest cover change in the future is under discussion with Lindt & Sprüngli.

## TRAINING & CAPACITY BUILDING

### PROGRESS SINCE THE PREVIOUS VISIT

- A Farmer Guide Book has been developed, including practical information from the training modules.
- Six new EO have been hired (total of 12 of which 2 are lead EO; all 12 are male for 2,669 farmers (ratio 1:222). These EOs have a variety of qualification levels (from High School to Bachelor's Degree), undergo induction training, and join fortnightly group meetings with the Program Head.
- Training continues to be well received and appears to be leading to cocoa yield increases, particularly as a result of pest and disease management training implementation. Training on financial literacy and business management, was requested, particularly by female farmers. Husband and wife are encouraged to attend together with a target of a minimum of 50% female training attendance.
- Approximately 50 model farms have been identified providing an opportunity to demonstrate best practices and to focus training on those most willing to learn, adopt, record, and inspire.
- 28% of training attendees in 2019 are female (who do the majority of labour with cocoa production).
- The company has collaborated with local NGOs on social trainings for EO (incl. gender equality, violence, HIV/AIDS)
- EF conducted a workshop on the No-Deforestation and Agroforestry Action Plan and the HCS/HCV approach for field technicians and personal of different areas of the company.





## RECOMMENDATIONS FROM EF TO THE PAPUA NEW GUINEA SUPPLIER

- Many farmers are not aware of how many trees they have, exactly what proportion of them are infected with disease/pests, nor how this is changing over time. EF recommends further group and one-to-one trainings on the benefits of and how to conduct record keeping including counting trees, pest & disease, yield, income, cost, etc. (based on core training lessons). This will help farmers to understand how their farms are changing over time and the benefits of implementing trainings (e.g. savings, investing in tools, more clone seedlings). EF recommends to target that all model farmers do this record keeping in season 19/20. Also, results should be shared with the farmers (e.g. in trainings). All farmers should start record keeping over time. Incentives to encourage record keeping should be explored (e.g. subsidised tools / seedlings for completed farmer record books).
- EF recommends to look for more detailed trainings for EO by experts and NGO partners (i.e. research institutes, agronomists, NGOs specialized on social practices).
- Further encourage female participation in the Program via trainings and model fermentaries and farms
- Trial various shade trees including the following sorts: native species to the local area (ecological connectivity benefit), leguminous (nitrogen fixing), good fuel/burning (e.g. Eucalyptus), human consumption (e.g. Galip nut).
- While general training has and can be provided to all sourcing communities in alignment with the target training 100% of supplying fermentaries and farmers in the first year of participation in the Program, further trainings and support should be based on needs, barriers, and willingness.

## FARMER INVESTMENTS & COMMUNITY DEVELOPMENT

### PROGRESS SINCE THE PREVIOUS VISIT

- 3 out of a planned 25 solar dryers/fermentaries have been established in partnership with local suppliers, and 4 community investment projects launched (1 water supply project completed, 3 school renovations identified)
- One water rehabilitation program (with training) has been completed (impacting 500 households) and three school renovation projects have been identified (to impact approx. 570 households).



- The company continues to provide one free tool set to all new registered fermentaries and farmers and cash incentives to all new farmers after their first year in the Program. These incentives likely motivate farmers to join the Program.

## RECOMMENDATIONS FROM EF TO THE PAPUA NEW GUINEA SUPPLIER

- Community needs to be more accurately assessed in the Baseline Survey and on the ground in a consistent way.
- Community investment/development projects to be prioritised based on needs (across the supply chain) and community support ('sweat equity' or direct financial contribution) incorporated to ensure co-ownership and relevance.
- Consider carrying out a cost-benefit analysis of fermentary design (comparing cost, quality, labour, health and safety and environmental impact between solar, solar-combustion combination, combustion) and tools. It is recommended to discuss and wait for future guidance from the PNG Cocoa Board (approval for solar dryer design types) and then develop a training/support program based on this cost/benefit analysis. However, a cost-benefit analysis of other tools (e.g. pruning saws, gloves etc.) could be carried out immediately and integrated into training and potential support (e.g. keeping a stock at Lae and Mutzing).
- Lindt & Sprüngli and the supplier to review incentives including issuance of cash and free tools to ensure equitable distribution and long-term farmer outcomes, including to avoid further entrenching gender inequality (as the far majority of recipients are male) and a 'wait for free handouts' mentality rather than a more self-deterministic one.
- Encourage greater collaboration and benefit-sharing between fermentary and wet-bean supplier (e.g. community investments, tool sharing, wet-bean supplier bank accounts).

## VERIFICATION & CONTINUOUS PROGRESS

### PROGRESS SINCE THE PREVIOUS VISIT

- Online farmer database continues to provide the framework for Program monitoring, including the Baseline Survey, Annual Survey, and GPS point of each farmer.
- The Baseline Survey and GPS point collection is completed for 2,600 farmers (97%), while annual survey was done for first year Mutzing farmers (1,117). Second year annual survey will be conducted by end of September.



- Feedback on training has been collected through a sample of participants after training.
- An initial assessment into the prevalence of Cocoa Pod Borer (CPB) has been carried out for selected farms and communities.

### RECOMMENDATIONS FROM EF TO THE PAPUA NEW GUINEA SUPPLIER

- Clarify and strengthen the intensity and sampling approach to collect feedback on delivered trainings to feed into an update of the training plan (including for EO).
- Further develop the monitoring and evaluation process of the Program by strengthening the Baseline Survey and Annual Monitoring, and/or through additional processes (e.g. co-development of Program targets and outcomes with farmers or farmer-led reporting incentivised with subsidised tools if completed).

## CONCLUSIONS AND OUTLOOK FOR THE SUPPLY CHAIN TRANSFORMATION

The Program has more than doubled from 1,116 farmers in 2018 (7% female) to 2,669 in 2019 (13% female), including 177 fermentaries (6% female). Geographically there has also been expansion into a new sourcing region around Lae as well as into Mutzing. 6 additional EO have been hired over the past year meaning that a total of 12 EO are in place to support the 2,669 farmers.

Trainings are well received and leading to examples of yield increases (according to farmer interviews), particularly as a result of improved pest and disease management. The Program has reached out to local NGOs to assist with training on social topics including violence against women and children and HIV/AIDS. In terms of community development investments, the Program has established sun drier beds to reduce the use of wood and thus issues related to smoke and deforestation, a water rehabilitation project has been completed, and three school renovation projects are identified.

The Program can strengthen through prioritising engagement (training and investments/developments) based on farmer needs and willingness/buy-in within their entire supply chain in Lae and Mutzing to maximise impact and sustainability. Furthermore, a cost-benefit analysis of various tools, the review of hazards/risks within the entire Lae/Mutzing supply chain, and improved monitoring and evaluation based on an outcomes/impact/targets approach, is also recommended.



# Conclusion

Despite the differing levels of maturity and size of the different suppliers involved in the Farming Program, it can be said that generally there are strong farm-level traceability systems and internal monitoring systems which are in place at all origins. Additionally, farmers are generally satisfied with trainings on good agricultural practices, and during several of our visits farmers claimed that this has led to improvements in farm management practices (such as pruning and identification and treatment of pests and diseases) which result in better yields. Various innovations such as diversification of revenues have also been implemented by farmers through support of the Program.

In general, suppliers in the Program can continue to refine the tools they use to capture internal monitoring information of farmers. Vast amounts of farm level information is collected by suppliers; however, in general this information can be better utilized to improve interventions of the Program (such as more customized trainings and community investments) and to ultimately connect farmers to additional value-add services (farm service providers, input suppliers, trade finance, etc.).

Integrated farm management, especially for farms that are in or near protected areas is another area in which additional attention must be placed by suppliers. Additionally, improved mapping and identification of forest areas and then practical coaching to establish and implement farm management plans can help to ensure the protection of legally protected areas and other important conservation sites (HCS and HCVs).

Further taking into account topics such as the role of gender in the different farming communities and the impact that other economic activities (for example, mining in Ghana) in the same landscape can have on farmers can also help to strengthen the Program.

Importantly, the suppliers and their field teams should continue operating in such way that trust is continuously built with farmers. For some suppliers this may mean increasing the amount of extension officers in order to ensure more continuous engagements with farmers, especially as farmers generally cite many benefits from their interactions with the field teams that implement the Program.



