

# Overview of 2018 verification assessments



Lindt & Sprüngli  
Farming Program

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# Abbreviation

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



# 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 2017/18 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.	<b>Verification and Continuous Progress</b>	<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.	VERIFICATION



		<u>External Assessments:</u> The Programs, including the functioning of the internal monitoring & performance management system is externally assessed, and corrective actions defined.	
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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

## 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:



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



# 2018 overview

EF conducted **eight assessments** in 2018 in **five different countries** and each in different stages of Program implementation.

- In Ghana, the L&S Farming Program initiated in 2008 and currently with 1 supplier, sourcing from over **63'000 farmers**. Since 2016, another supplier was added to the Programme, implementing a sustainable cocoa program for cocoa butter with **4000 farmers**.
- In Ecuador, the Program now works with 2 suppliers which source from over **6,500 farmers** in the Coastal Region.
- In Madagascar, the program now works with 2 suppliers which sources from over **1,900 farmers**.
- In Papua New Guinea, new country of origin in scope in 2018, the program works with 1 supplier sourcing from **1,116 farmers**.
- In the Dominican Republic, new country of origin in scope in 2018, the program works with 1 supplier sourcing from **200 farmers**.



This report provides a summary of the Assessment Reports; origin countries in alphabetical order.



# Dominican Republic



Map: areas visited during EF's 2018 assessments

Farming Program initiated in	Signed in 2017, actions start in 2018	EF visit timeframe	10 – 16 September 2018	1st EF visit
General description				
<p>The visited company in Dominican Republic is a supplier of fine flavour cacao to Lindt &amp; Sprüngli and started implementing the L&amp;S Farming Program in April 2018. At the time of the assessment, the company's programme involved 200 farmers.</p> <p>This first assessment visit of EF to the company covered five areas: Atabalero, Ramonal, Demajagua, La Peña y San Francisco de Marocís.</p>				

## TRACEABILITY & FARMER ORGANIZATION

### FINDINGS

Traceability tests conducted during visits to farmers and collection centres provided evidence that the traceability system is working. Although there is need for improvement in labelling and separation of fine flavoured cacao in collection centres and during transport, dates, volume and origin of purchased cocoa beans can be tracked down to farm level.





For the expansion of the program, the traceability system needs to be adjusted to accommodate new farmer and middlemen data. Given the company's long experience and strong system of traceability for organic cocoa, improving the system shouldn't be a big challenge. Additionally, the agricultural technicians know the producers, who are organized by groups, by zones and/or by buying centres.

## RECOMMENDATIONS

The company must complete the system design of traceability for cocoa and implement it ensuring among other actions, the physical separation of cocoa during the purchase and transport, as well as the documented record of the entire process.

## TRAINING & CAPACITY BUILDING

### FINDINGS

The company has defined its approach and methodology for the agricultural field schools to ensure capacity building of producers. The companies' technicians, trained in the approach and methodology, are evaluated prior to directing a training in the field. The methodology allows for active participation of producers. Overall, the company is undertaking a promising process of forming a team of qualified trainers who undergo a formal process of education and evaluation. As this is at an early stage of implementation, the company has the opportunity to improve and complement contents, materials and the baseline of stakeholders for capacity building.

## RECOMMENDATIONS

Although the methodology used to strengthen capacities with producers provides important educational benefits, it must adapt and include contents linked to the L&S project, such as traceability, gender equality, crop diversification, among others. Promoting the active participation of women in the training process is also required. Finally, it is recommended to deal with environmental and gender issues in a transversal manner throughout the Program.

## FARMER INVESTMENTS & COMMUNITY DEVELOPMENT

### FINDINGS

Appropriate incentives have been selected responding to the needs, circumstances and interests of the producers; these include distribution of seedlings and water filters. A community diagnosis is providing further insights into existing needs and circumstances.



## RECOMMENDATIONS

EF recommends to document the system of selection and delivery of incentives, define criteria and avoid decisions based on personal criteria. This recommendation also extends to action plans, for which it will be necessary to develop indicators and goals consistent with the Lindt & Sprüngli Farming Program.

In relation to the community diagnosis, it is necessary to deepen environmental issues (including HCV and protection of water sources).

## VERIFICATION & CONTINUOUS PROGRESS

### FINDINGS

The company has a long experience in internal monitoring and data collection processes, and is developing a digital tool to improve these procedures. The company also undertakes internal quality audit (verification) in the data collection.

Despite these tools implemented by the company, the EF team has identified that the technical team and farmers do not fully know the objectives of the Farming Program.

### RECOMMENDATIONS

EF recommends to the company to review and improve their performance measurement and monitoring system of the Farming Program to have clear targets and track progress consistently. The objectives of the program must be socialized within the company and among the producers.

Regarding data collection tool, it is important that the survey be improved in such a way that subjectivity is avoided. All processes, including internal monitoring and quality control, should have a defined procedure to follow.

For reasons of transparency, it is necessary to ensure that producers have a copy of the internal monitoring document.

## CONCLUSIONS AND OUTLOOK FOR THE SUPPLY CHAIN TRANSFORMATION

Considering that the company is in its first year of implementing the Farming Program, there exists – in general terms – a good basis related to the experience of the team, the assistance given by technicians to producers and the existing tools that will help to reach the program's objectives. Most of the actual challenges can be addressed without further difficulties in the current design phase. It is recommended to pay particular attention to the traceability tool, the diagnostic tools and the monitoring system.



In this first year of collaboration with the company, EF positively noted big efforts undertaken by the entire team to advance in the implementation of the Farming Program. One of the outstanding achievements that merits special mentioning is the process of forming a team of qualified trainers, who undergo a formal process of education and evaluation.



# Ecuador



Map areas visited during EF's 2018 assessments in Ecuador

## Project Overview – Ecuador Supplier 1

Farming Program initiated in	2014	EF visit timeframe	13 to 18 August 2018	4th EF visit
General description				
The visited company in Ecuador is a supplier of fine flavour cacao to Lindt & Sprüngli and started implementing the Lindt & Sprüngli Farming Program in 2014. Today, the company's programme involves 4,717 farmers.				



EF's 4th and most recent assessment visit to the company covered three provinces and consisted, following EF's methodology, of interviews and visits.

## TRACEABILITY & FARMER ORGANIZATION

### FINDINGS

Traceability tests conducted during visits to providers and to the company's commercial centers provided evidence that the traceability system continues to be thoroughly implemented and the fine flavour cacao beans are kept physically separate during all processes (fermentation, drying, storing, transport). Dates, volume and origin of purchased cocoa beans can be tracked down to farm level.

As in previous years, farmers' organization is promoted through the distribution of premiums (e.g. shared tools) to groups of farmers, the organization of learning groups and through diversification projects. Technical staff and supervisors are responsible for a set amount of farmers' groups and work with them individually and in groups.

### RECOMMENDATIONS

Recommendations of previous years have been implemented. No further improvements to the currently established system are considered necessary.

## TRAINING & CAPACITY BUILDING

### FINDINGS

The company recognizes the importance of capacity development and hence, continues to pay attention to the implementation of a comprehensive capacity building programme based on group activities and individual follow-up, combining practical and theoretical training. The application of participatory training methods and the overall structure of learning sessions has improved considerably. An improvement was also noted in the range of topics addressed through capacity building. They include both, improvements in the cultivation techniques for cacao and improvements in overall farm management, including social, environmental and diversification aspects. Further development of training material is underway which address even more sustainability issues like the protection of water ways.

### RECOMMENDATIONS

EF encourages the company to continue with the application of participatory learning methods and base training on the experiences and knowledge of farmers. The use of technical terms



could be reduced to a minimum and financial analysis of the application of new techniques maintained but simplified. Issues of gender equality and equal participation of women and men in all activities could be mainstreamed across all activities, considering the trainer function as role model.

## FARMER INVESTMENTS & COMMUNITY DEVELOPMENT

### FINDINGS

The distribution of Lindt & Sprüngli Farming Program in-kind premiums to farmers, in close collaboration with the local suppliers, is considered a good practice, as it fosters the relationship among all supply chain actors. Another positive component, increasingly developed since EF's last visit, are projects focusing on diversification of income and crop cultivation. They include, among others, community vegetable gardens, the production of organic fertilizers, compost, and other more specific activities like beekeeping. Important to mention in this context, is the effort made to create market linkages to facilitate financial returns on these additional activities. Both, diversification for new income generation and for food production clearly contribute positively to the resilience of farmers.

### RECOMMENDATIONS

The continuous implementation of diversification projects is considered crucial for the improvement of farmers' resilience. Model farms could be used to pilot and demonstrate the effect of diversification projects. Farms of individuals, that show high diversification, could be used as role model to inspire others. And finally, diversification projects could aim at identified target groups that either show a particular potential or need to diversify.

In interviews with farmers, it was perceived that there exists a certain lack of understanding on the frequency, logic and protocol to receive in-kind premiums. While the distribution is set up well, there is the opportunity to better explain its structure and logic to the farmers.

## VERIFICATION & CONTINUOUS PROGRESS

### FINDINGS

The internal monitoring and performance management system set up by the company is solid and implemented rigorously. As suggested after previous EF assessments, all information collected during surveys is fed into the company's data management system. It currently contains data from 4,717 farmers enrolled in the Lindt & Sprüngli Farming Program.

Additionally, internal audits are carried out on a regular basis, using standard questionnaires combined with field visits. Local suppliers are included in the regular audits. The results of the audits are digitalized and used to identify challenges and continuously improve the implementation of the Farming Program.



## RECOMMENDATIONS

To further improve the verification system, it is suggested to allow peer-to-peer learning amongst internal monitors. Internal monitoring could also benefit from measuring the wider impact, changes that are created independently from the Farming Program but based on the changes introduced by it.

## CONCLUSIONS AND OUTLOOK FOR THE SUPPLY CHAIN TRANSFORMATION

In general terms, the implementation of the Farming Program by the company has reached a good level of maturity. The traceability as well as the monitoring systems are implemented well. These advances have not slowed down any efforts for continuous improvement. One example is the development of new training material on climate resilience and diversification; the latter with a view to potential market linkages.

In terms of future development, we are looking forward to see the implementation of planned efforts in protecting water streams and sources, in increasing the application of organic fertilizers, in diversification and in promoting more peer-to-peer exchange among farmers, strengthening the farming community. The planned analysis on gender equality will allow introducing this issue as a cross-cutting component into various activities of the Farming Program.

One of the outstanding achievements that merit special mentioning is the trust relationship fostered between farmers, buying agents and the company's technical and managerial staff.

### Project Overview – Ecuador Supplier 2

Farming Program initiated in	2015	EF visit timeframe	27 August to 01 September 2018	4th EF visit
General description				
The visited company in Ecuador is a supplier of fine flavour cacao to Lindt & Sprüngli and started implementing the Lindt & Sprüngli Farming Program in 2015. Today, the company's programme involves 1,782 farmers. EF's 4th and most recent assessment visit covered two provinces, Ríos y Bolívar.				



### FINDINGS

Traceability tests conducted during visits to providers and to the collector commercial centres provided evidence that the traceability system continues to be thoroughly implemented and the fine flavour cacao beans are kept physically separate during all processes (fermentation, drying, storing, transport). Dates, volume and origin of purchased cocoa beans can be tracked down to farm level.

The company promotes the organization of farmers by providing tools to groups of farmers. The company started to work with cacao producers' associations, improving their capacity to work as commercial collecting centres.

### RECOMMENDATIONS

The work started with producer's associations requires that joint work plans be made - it is important to clarify expectations between the company and the producers' associations. It will also be helpful to improve procedures for traceability with farmers' associations to ensure correct application. The implementation of these procedures has to be accompanied by a capacity building process with the associations.

## TRAINING & CAPACITY BUILDING

### FINDINGS

EF recommendations of previous years, such as provision of individual farmer recommendations, as well as time for feedback and questions from farmers, was taken into account.

The company made big efforts to improve the capacity building process with farmers, bringing experts from the local governments, including peer education techniques, developing of audio-visual tools and the continuous training of the field technicians. The experts from the government institutions bring specialized knowledge to the capacity building process on topics such as breeding of bees and fish.

### RECOMMENDATIONS

The organizations that contribute to the capacity building process for farmers, as trainers, need to know and practice the principles of the company and the Program. It is suggested that the company improves the process of dissemination of information with allied organizations.

The different events, like workshops or field training, also the audio visual tools (video, power point) need to maintain an easy and comprehensible language. The educational process requires permanent update of contents based on self-evaluation of the company trainers. Some





tools and training activities can be improved, based on popular education techniques. The good practices can be documented and shared to transmit the results of the programme. Also, as financial analysis is a key issue in all trainings it seems important to provide respective examples in each module.

To obtain more integral results, the training programme needs to shift the focus from organic production to an agro-ecological approach. This means covering more axes of sustainability and agricultural resilience, including topics such as the relationship of agricultural practices with the ecosystem, good soil and water management practices, diversity and others.

Mainstream the gender balance approach throughout the entire programme: activities, capacity building of technical staff, the procedures of the company, etc. It should be considered as a key issue relevant to all areas of the company and its operations.

## FARMER INVESTMENTS & COMMUNITY DEVELOPMENT

### FINDINGS

There are an increasing number of projects that focus on diversification of income and crop cultivation, including among others, family vegetable gardens, production of organic fertilizers, compost, and irrigation.

An adequate incentive programme, flexible, clear and accessible for small producers, keeps the farmers motivated. Both diversification for new income generation and for food production clearly contribute positively to the resilience of farmers.

### RECOMMENDATIONS

EF recommends to use the concept of integral farm planning for productive projects. Such a conceptual framework allows the technical assistance to go beyond the single crop focus.

It seems necessary to quantify opportunities and/or needs of renewal of cocoa plantations and define targets for replanting, in order to have an orderly plan of growth and clear expectations of cacao production.

## VERIFICATION & CONTINUOUS PROGRESS

### FINDINGS

The internal monitoring and performance management system set up by the company is solid and implemented rigorously. Analytics and statistic reports are made. Stronger monitoring of demonstrative farms is developed by technicians of the company.



## RECOMMENDATIONS

During the baseline data collection process, the company technicians can provide more information to farmers about the objectives and purpose of the questionnaire used for this purpose. EF recommends to improve the questionnaire, including some open questions about the difficulties and expectations of farmers.

The work on and results of model farms can be communicated more effectively when compared with results of “control farms”, farms where no improvements in management practices have taken place.

## CONCLUSIONS AND OUTLOOK FOR THE SUPPLY CHAIN TRANSFORMATION

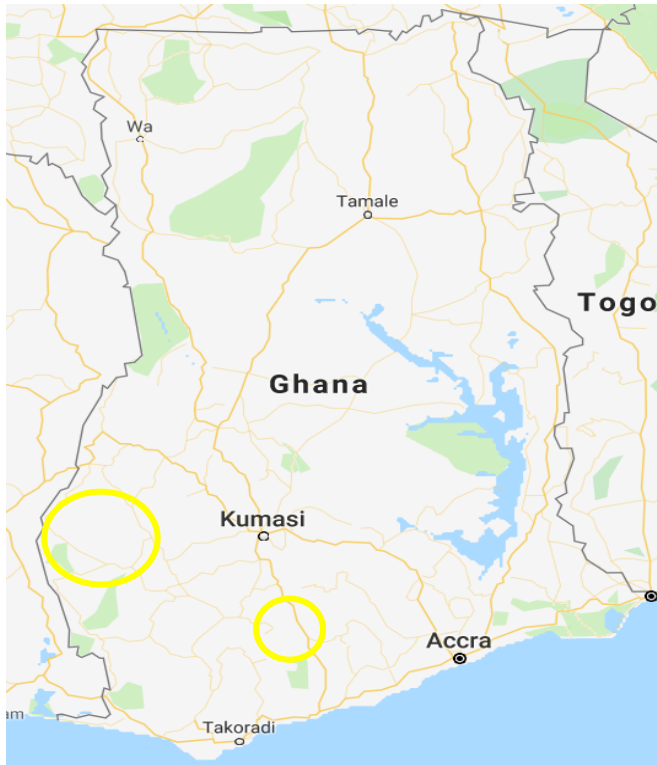
In general terms, the implementation of the Farming Program by the company shows a strong commitment. The traceability and the monitoring systems are working well. The company demonstrates creativity to create alliances to improve the capacity building process. This includes engagement of farmers as trainers to show experiences that can be considered as good practice.

In this process of continuous improvement, some challenges will require more effort. For example, the challenge of mainstreaming gender equality goes beyond specific action and requires a structural change in the company. Also, to define, preserve and protect the HCV areas probably will take time and external expertise and support. Both gender equality and HCV protection demand a continuous learning process, and the company shows commitment to do it.

EF is looking forward to seeing the implementation of planned efforts in protecting water streams and sources, in diversification, in the application of integrated farm planning tools, and the strengthening of producer associations.



# Ghana



Map: areas visited during EF's 2018 assessments

## Project Overview – Ghana Supplier 1

Farming Program initiated in	November 2008	EF Visit timeframe	29 <sup>th</sup> October-5 <sup>th</sup> November, 2018	4 <sup>th</sup> EF assessment
General description				
<p>The supplier is part of Lindt &amp; Sprüngli Farming Program in Ghana since February 2008. The company buys dried cocoa from a network of farmers organized around Purchasing Clerks. Today the program has 60,350 farmers distributed across 49 districts and 1,644 communities in the Western Region of Ghana.</p>				

## TRACEABILITY & FARMER ORGANIZATION

### FINDINGS

There is good traceability documentation from the Purchasing Clerks to the warehouse. Actors (farmers, Purchasing Clerks, Field Officers, Field Coordinators, Field Trainers, Regional Managers, Franchise Holders, warehouse keepers, etc.) are trained in traceability and understand the program procedure and rationale. 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. Several Purchasing Clerks mentioned new farmers' interest and adding farmers in 2019.

The company communicates well about the program; information is posted at Purchasing Clerks sheds and district warehouses; regular meetings are being held with farmers, Purchasing Clerks, and the commercial team. Farmers seem to have a good relationship with their Purchasing Clerks and the company. A sample of farmers are invited to join the quarterly review of the program where farmers share their opinions for program improvement.

### RECOMMENDATIONS

Relevant information from the Regional Managers and Franchise Holders (good practices, success stories, commercial issues, etc.) can be shared with Field Coordinators, Field Officers, and Field Trainers without increasing reporting (e.g. through the established WhatsApp platforms).

Weekly reports (Field Officers, Field Coordinators, Regional Managers) should include follow-up on the recommendations of the previous reports' challenges that are not yet resolved or are still on-going.

Template with guidelines for the monitoring of the Field Trainers by the Field Officers (aspects to monitor, feedback to Field Trainers, follow-up) can be introduced.

## TRAINING & CAPACITY BUILDING

### FINDINGS

The training content provided is relevant and materials are adapted to the context. Farmers stated that they understand and apply many aspects of the trainings, such as best practices (production, post-harvest), farm management (e.g. plastic, buffer zones), health and safety (e.g. chemicals, PPE), income management, especially for farmers participating in the daily record-keeping program. Farmers reported to be happy to be part of the program for many reasons, including the benefit they derive from training and coaching; they also reported to appreciate the trainings on diversification.



Staff in charge of training receive internal training which is well-targeted and is a source of motivation for the team. The staff also appreciate participating in workshops where they share their experience and knowledge. The reporting of training has a good structure and it is integrated into the supplier's internal database, with the potential to be analysed and used at the field level. Technical training (excel, reporting) for Field Coordinators has been successful, they are now able to analyse data at their level before sending the report. Reports written by Field Officers are streamlined using a single Excel template and analysed weekly and quarterly by the Regional Manager. Feedback for improvements are given to Coordinators and cascaded to Field Officers on a weekly basis, and to all program staff on a quarterly basis. Quarterly meetings are organized for all program staff to share learnings and exchange ideas. Generally, the company's internal communication system (WhatsApp, weekly reports, meetings, trainings) works well.

## RECOMMENDATIONS

Further improvements can be achieved by creating a procedure for planning and monitoring on-farm coaching. If Information collected by tablet is available at the field level, it will improve Field Trainers training delivery and help the farmers track their progress. EF also recommends the company to check that all farmers are correctly registered in farmer training register and to ensure that Field Trainers have appropriate means for mobility.

With support of Lindt & Sprüngli or other stakeholders, the company can reinforce a market access approach to diversification activities.

## FARMER INVESTMENTS & COMMUNITY DEVELOPMENT

### FINDINGS

Farmers appreciate the incentives given out by the company; i.e. farmers appreciate the 10 cedi "top-up" (cash incentive) and several Purchasing Clerks commented that they believe that it has had an impact on the volumes received. This decision to pilot a "coupon" program for incentive distribution is a good example for building on feedback received from farmers.

The approach to collecting information on community needs (survey) is appropriate and allows the community to be aware of and involved in the process. Investments made through the Program and the rationale for choosing community investments and in-kind incentives are communicated during "farmer durbars", local radio station advertisements, and at local meetings with farmers. Based on the training done by the company, some societies have formed savings groups with the main objectives of supporting farmers.

The cost breakdown for Farm Management Services for farmers registered in 2018 has been clarified in farmer contracts.



## RECOMMENDATIONS

EF recommends the company to ensure regular and on-going communication on the status of community infrastructure investments.

Continuous information to farmers about how the “premium” is distributed in cash, as in-kind incentives, and in the program delivery will create better understanding. Farmers already value the program components and it can be expected that they will be receptive to this information.

## VERIFICATION & CONTINUOUS PROGRESS

### FINDINGS

The company’s monitoring visits address all of the pillars of the farming program. There are several levels of oversight and monitoring of the program personnel (Field Trainers, Purchasing Clerks, Field Officers, Regional Managers and Franchise Holders). The integration between the commercial and sustainability sectors works well and that helps to streamline reporting across departments.

Internal monitoring is well-received by the team: they are open and see it as an opportunity for improvement. Internal training and promotion has contributed to a strong team. There is a smart approach to piloting and then scaling successful program elements. The Regional Managers and Coordinators have a clear understanding of the program’s targets and objectives and how to report them to L&S. Progress reports are generated and shared with all staff during quarterly meetings.

### RECOMMENDATIONS

Further improvement is possible in ensuring that all requirements of the internal monitoring are fully met by the company staff and that the results of monitoring visits are accessible at the appropriate level in order to support continuous improvement. An action plan based on the recommendations would be helpful to ensure follow-up at the appropriate level of implementation.

## CONCLUSIONS AND OUTLOOK FOR THE SUPPLY CHAIN TRANSFORMATION

In general, the progress made in implementing the program is significant. There has been a real improvement in the oversight and monitoring, despite the size of the program, and we can appreciate it both through the streamlined reporting and the meetings held at different levels with stakeholders involved in the program. The enthusiasm of the participating farmers indicates a well-targeted program design and the appropriate collection and integration of farmer feedback. There has been major progress in the digitization of data collection and there is a clear vision and strategy for how to continue to improve collection procedures and analyse



data. The additional recommendations formulated are intended to consolidate the achievements and to highlight the transformation underway in the Lindt & Sprüngli supply chain.

## Project Overview – Ghana Supplier 2

Sustainable Cocoa Butter activities initiated in	2016	EF Visit timeframe	17 <sup>th</sup> -22 <sup>nd</sup> September, 2018	2 <sup>rd</sup> EF assessment
General description				
<p>This programme is part of Lindt &amp; Sprüngli activities for sustainable cocoa butter since 2016. Currently, the company purchases cocoa from 3,938 farmers organized across 62 societies in the Assin Fosu district of Central Region, Ghana. The activities operated by the company focus on ensuring full traceability from farm to warehouse and providing training and on-farm coaching to farmers. In 2018, activities expanded upon several components, including: the provision of agricultural inputs as premiums; support for nurseries and quality seedling distribution; community investments in infrastructure and health; and savings and loans and women's empowerment groups.</p>				

## TRACEABILITY & FARMER ORGANIZATION

### FINDINGS

Extension Officers (EOs) implement the organization, outreach, and training of farmers and Lead Farmers (LFs). The EOs' on-going presence in their designated areas supports interaction with farmers and Purchasing Clerks (PCs) and improves communication flows.

There is good traceability from the farmer and PC's shed to the District Warehouse level. Traceability documents were completely filled, accurate, and well-organized, with few minor errors.

PCs understand the sustainability objectives and rationale and are very comfortable with most of the procedures. EF observed an improved integration of the Sustainability and the Commercial teams, including continuous communication and information exchange regarding traceability aspects. The scales in the PC's shed are internally verified each month during the main crop season and quarterly during the lean season.



## RECOMMENDATIONS

EF recommends the company to continue to support PC's to completely and correctly fill their records, in particular the receipts for farmers. This could also include on-going sensitization of farmers to request receipts and to keep receipts/ records.

EF further recommends to continue to distribute maps to farmers: and print forthcoming maps on more durable material. Farmer passbooks (or alternative) can be provided to farmers and filled by PCs to help them keep personal records and identify any traceability issues.

A record of the issues that the commercial team encounters with cocoa and the remediation actions taken could support on-going training of PCs.

Farmers' volumes are calculated by the PCs and commercial team, and should be recorded and integrated into the farmer database (by the commercial team). This information can be used by EOs to analyse and discuss productivity with individual farmers and society-wide productivity with PCs, LFs, and farmers.

## TRAINING & CAPACITY BUILDING

### FINDINGS

The training content is well-organized and understood by EOs. EF observed an improvement in the field teams' ownership of the training program. The management team and EOs are confident in their roles and have the internal capacity to achieve goals.

Farmers appreciate the trainings. They are able to identify the training concepts that have been most useful for them and describe how they implement them on their own farms. The EOs have the logistic means required to perform their work in field, including motorbikes and smartphones. On-farm visits and group trainings follow the curriculum prescribed and verify the implementation of training concepts and are also adapted to address specific farmer needs and interests.

EOs also engage actively with other stakeholders to complement the training program and provide farmers with access to outside training and resources. There is a procedure for monitoring and providing feedback to EOs and LFs to improve their training delivery.

### RECOMMENDATIONS

To support coaching, a specific strategy could be developed to better plan and schedule individual farm visits by EOs. Analysing the farmer database will allow to incorporate relevant findings into the upcoming training agenda. Additionally, a more formal procedure for collecting, recording, and integrating farmer feedback could also feed back into future trainings.

EF further recommends to continue to support women's group formation and activity and provide recognition to encourage success. In this regard, it would also be beneficial to consider





potential for scaling the women's savings groups approach with other farmer groups. Exchange of information and activities with CHED will further improve collaboration.

## FARMER INVESTMENTS & COMMUNITY DEVELOPMENT

### FINDINGS

Significant investments were made for much-needed renovations in several communities (three boreholes, one primary school). The company actively involved societies in deciding how to use in-kind premiums individually and/or collectively.

There is good collaboration with other stakeholders and awareness of external community projects. This strategic engagement with other stakeholders has helped farmers to access available training and resources that contribute to community empowerment, including Farmer Business School; additional livelihoods; and women's empowerment and savings groups.

### RECOMMENDATIONS

EF recommends to put in place a mechanism to identify community projects, including methodology to identify projects, criteria for investment selection (including farmer database analysis), inclusion of feedback of the community.

Analysing farmer database will also help in designing the community development investments in a coordinated manner.

## VERIFICATION & CONTINUOUS PROGRESS

### FINDINGS

Weekly reports provide on-going communication and oversight between the sustainability and commercial teams, from the EO level and above. There is a 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. Verification of traceability documents are completed on a weekly basis at the warehouse.

The company has a proactive approach to monitoring forest encroachment by identifying at-risk farms, engaging with the Forestry Commission, and sensitizing farmers and communities. Progress has also been made by the creation of a performance monitoring template that is used to support EO and LF capacity. All farmer data is stored in a centralized farmer database, which allows for on-going, real-time monitoring and data-driven program design.



## RECOMMENDATIONS

The monitoring can be used to feed into the annual employee appraisal. A schedule with a report template for verification of traceability activities to the PC and/or farmer level would also ensure standardization.

The information of the centralized farmer database can provide useful general insights and direction when updating the program, including adapting the training content, selecting community investment sites, etc.

EF recommends the company to develop a template to be filled on individual farm visits in order to track farmers progress in a systematic way. KPIs specifically focussing on training objectives would also allow to monitor the progress and impact of individual trainings and coaching.

## CONCLUSIONS AND OUTLOOK FOR THE SUPPLY CHAIN TRANSFORMATION

There has been significant progress in the supplier's implementation of sustainability activities in the past year. The consolidation of a strong sustainability field team that is well-trained and equipped has resulted in a good community presence and the active engagement of farmers. EF observed progress in the integration between the sustainability and procurement teams that has led to improved traceability and sourcing capacity. At the same time, community investment via development projects and in-kind farmer premiums is based on the needs of the farmers and is well-deployed. If the supplier continues to strengthen and systematize its internal monitoring and verification procedures, integrate farmer feedback, and utilize collected data (quantitative and qualitative), the program will continue to grow and improve with a good potential for attracting additional farmers



# Madagascar



Map: areas visited during EF's 2018 assessment

## Project Overview – Madagascar Supplier 1

<b>Farming Program initiated in</b>	October 2017	<b>EF Visit timeframe</b>	30 <sup>th</sup> May 2018-2 <sup>nd</sup> June, 2018	1 <sup>st</sup> EF assessment
<b>General description</b>				
<p>As part of the Lindt &amp; Sprüngli Farming Program, the supplier visited buys semi-dried cocoa from a network of collectors, sub-collectors, and farmers. Today around 502 farmers are part of the program. After weighing, sorting and drying, the cocoa is bagged and sent to Diego.</p> <p>The Lindt &amp; Sprüngli Farming Program with the supplier in Madagascar started in October 2017 and for the first year the program has focused on Traceability and Training.</p>				



During this mission, EF team visited the three largest villages of the haut-Sambirano concerned by the Lindt & Sprüngli Farming Program with the supplier in Madagascar (Maevatanana, Antsirasira and Marovato).

## TRACEABILITY & FARMER ORGANIZATION

### FINDINGS

The company has lists of farmers under the farming programme, including the codification of farmers. Further, the company and its suppliers also have the necessary traceability documents (producer's notebook, semi-dried cocoa receipt sheets, treatment tracking log, packing list, delivery note).

The scales used are calibrated by the legal metrology service to weigh cocoa. Physical separation by collectors during drying and fermentation is implemented to avoid mixing between beans from farmers inside and outside the program. Bags are marked for transport (initial collector and batch number). Physical separation of cocoa is also happening at the supplier-level, during drying, to avoid mixing.

The mapping of cocoa farms has started, at the moment of the assessment 194 farms were GPS mapped.

The company has dedicated staff for the monitoring of the Lindt & Sprüngli Farming Program (recruitment of two additional field staff for traceability & monitoring).

### RECOMMENDATIONS

EF recommends to further complete the identification of the farmers with first and last names as written on their ID cards, age of farmers and age of the farms. Once the list of farmers is updated, each farmer can be provided with a unique code.

It is further recommended that each farmer receives a notebook that includes all the operations performed by him/her (weighing results, price, total volume, etc.) for transparency during the calculation of in-kind bonuses. Further when the needs of actors in the supply chain are collaboratively identified, it will allow to provide most appropriate bonuses.

To facilitate traceability, steps should be undertaken to shorten or simplify the supply chain. Today's system bears the risk of "pollution" because farmers of sub-collectors are not identified in the list. Farmers of sub-collectors should be identified and the links between the different intermediaries formalized.

For collectors, a simplified purchasing book can be put in place to record date, signature, code, identification, clear distinction between dry and fresh cocoa and cumulative transactions. In case of interest, collectors could be motivated to equip themselves with fermentation. Further,



collectors need to get trained on the filling of traceability documents (receipts, treatment follow-up books).

It is recommended to continue the process of counting cocoa plants per farm in order to estimate the production and use this data to ensure consistency with delivered quantities. It is also recommended to continue the process of mapping the plots of the farmers and establish a robust monitoring system to ensure that they do not extend their plantations into the Tsaratanana National Park located around the production basin.

## TRAINING & CAPACITY BUILDING

### FINDINGS

Training needs among farmers has been identified thanks to a gap analysis conducted by HELVETAS. Going forward, the experience gained by HELVETAS in similar projects taking place in the same area will be beneficial.

Three trainers have been recruited by the company and HELVETAS will support the transfer of training skills to these new trainers. Training material is available and implemented training is evaluated to ensure effectiveness.

### RECOMMENDATIONS

Defining required skills and qualification for trainers will facilitate future recruitment. Results of training skills assessments need to be communicated to trainers to allow continuous improvement. Theoretical training of trainers should be spread over time to ensure better absorption of content.

EF recommends the company to reflect about the equipment to be made available to farmers in order to enable them to implement the learning outcomes. Further, besides of continued tracking of training activities, setting up a monitoring mechanism for producers and collectors who attend training sessions would allow to collect relevant data to evaluate the implementation of learning outcomes (for example: periodic visits of collectors or farmers' facilities). Organizing farmers in groups could facilitate any activities, such as the value creation, the training and any community development efforts.

## FARMER INVESTMENTS & COMMUNITY DEVELOPMENT

### FINDINGS

Up until the assessment visit, no community development investments have been made, but a rehabilitation of the drinking water supply system was planned for Fokontany, Marovato East and Marovato West.



Collectors and sub-collectors set the rules (prices) and farmers just have to follow.

### RECOMMENDATIONS

The method of calculating in-kind bonuses should be communicated more clearly to farmers and collectors. Additionally, there is potential to initiate with farmers a discussion on the opportunity to increase value of cacao at farm-level (for example, with the extension of fermentation and drying): For this, it will be necessary to identify farmers who would like to do the treatment and to provide them with the required equipment.

## VERIFICATION & CONTINUOUS PROGRESS

### FINDINGS

Internal monitoring is not yet implemented. The company has planned to have it done by the traceability agents (mentioned above) who at the same time are busy filling out the traceability documents with the collectors. The questionnaire that will be used for internal monitoring is not yet available.

### RECOMMENDATIONS

It is recommended to develop a procedure for internal monitoring, including questionnaire for farmers, collectors and the analysis of findings of verification. It is further recommended to set up a grievance management mechanism for producers and collectors and to establish direct channels of communication between the company and farmers.

## CONCLUSIONS AND OUTLOOK FOR THE SUPPLY CHAIN TRANSFORMATION

The results obtained confirmed that two pillars namely (1) Traceability and farmer organization and (2) Training and capacity building are being deployed in the Lindt & Sprüngli Farming Program in Madagascar. The other two pillars that are (3) Investments for community development; and (4) Verification and continuous improvement are not yet implemented.

## Project Overview – Madagascar Supplier 2

Farming Program initiated in	November 2015	EF Visit timeframe	June 4 to 10, 2018	4th Assessment of EF
General Description				



The supplier is part of Lindt & Sprüngli Farming Program since November 2015. This fourth external assessment visit of EF, in early June 2018, comprised 8 villages (5 in the Haut-Sambirano and 3 in the Bas-Sambirano). The sample of sites to visit was guided by the spatial distribution of farmers in the production area. At the moment of EF's visit, 1450 farmers formed part of the Program.

## TRACEABILITY & FARMER ORGANIZATION

### FINDINGS

The company has a strong database with information on farmers that takes into account: the date of issue of the ID Card, date of birth, etc. The company has a cartography software necessary for the GPS mapping of farms.

The structure of the farmer's notebooks has improved compared to previous years, i.e. on making a distinction of the fresh weight column and the dry weight column and on the integration of a space where the production sold by the farmers can progressively be added. Today, all farmers in the network have farmers' notebooks.

Extension officers have updated lists of farmers that they are monitoring and they are supported by their supervisor to specifically monitor traceability documentation of collectors and farmers. This contribute to good record keeping by the farmers and collectors.

The analysis of data in the purchase books held by the collectors and the books held by the farmers shows a consistency of the data in the documents at different levels in the supply chain (farmers and collectors). The implementation of document materializing the transaction between sub-collectors and collectors ensures identification of the sub-collector in the supply chain (there is a delivery note and a treatment manual at the sub-collector level);

The people filling purchase books at the level of the collectors have been trained on how to fill in the traceability documents.

### RECOMMENDATIONS

EF recommends to complete the mapping of the farms. Today, there are still farms that are not georeferenced but deliver to the company collectors who are part of the project. Continuous and specific monitoring of some collectors who still have difficulties to fill their traceability documents (erasure, calculation error, etc.) will also allow to close the last gaps in this aspect. Volume consistency check should be set up from the actual data (productions sold) of the farmer's network (Data of the sold productions of the farmers of the network and data from purchase books and collector preparation books.)



## TRAINING & CAPACITY BUILDING

### FINDINGS

Group training is accompanied by individual coaching of farmers and collectors. Training is done according to the mapping of training needs of each zone and training modules have been updated according to these needs in each zone of Bas-Sambirano and Haut-Sambirano. The transfer of competence from HELVETAS to the company is on track.

The company attests that training, particularly on post-harvest modules, had a net positive impact on the quality of the beans and this can be verified at the reception of the products delivered by the collectors and at the control. Equipment endowments are informed by factual data (example: donation of fermentation tanks and volumes processed).

The company has five extension officers and one supervisor responsible for training and monitoring.

### RECOMMENDATIONS

If results of training assessments are communicated to trainers, it allows them to understand difficulties and improve skills. An action plan for implementing and monitoring observations from individual coaching would equally feed back into improvement efforts. Further, we recommend to continue to train collectors on how to fill traceability documents.

## FARMER INVESTMENTS & COMMUNITY DEVELOPMENT

### FINDINGS

A water well and the water tower of Maevatanana are under construction and the inauguration is scheduled for June 14, 2018.

6,586 cacao plants in Haut-Sambirano and 2,500 plants in Bas-Sambirano have been distributed. The provision of seedlings for the establishment of new farms is accompanied by measures to avoid extensions in protected areas. There is a map of the new areas to be developed.

Traceability data, particularly volume data, is used to inform decision-making concerning the in-kind bonuses;

### RECOMMENDATIONS

EF recommends to follow up on the seedlings distributed in collaboration with the farmers. Further, it is recommended to perform physical, chemical and bacteriological analysis of the water project in Maevatanana before distribution to communities for consumption.





Feedback from users of fermentation tanks and dryers, that have been distributed, can be used to improve future designs of these tools. In this regard, the company could also evaluate the possibility of transferring to collectors the skills for the design and the realization of dryers and fermentation tanks.

## VERIFICATION & CONTINUOUS PROGRESS

### FINDINGS

Farmers, forming part of the farming program are made aware of the purpose of the internal monitoring. There is a system for monitoring the concerns of farmers and collectors and it seems to be working well for all partners. The trainers collect the concerns and needs and bring them to their supervisor. Boards were distributed to each collector to ensure communication to farmers and collectors, or between the company and the collectors. Internal monitoring is performed by the extension officers and monitored by the supervisor.

### RECOMMENDATIONS

During internal monitoring operations, extension officers could also visit areas where they are not responsible for monitoring traceability to have a view of what others are doing in their areas and get inspired.

It is recommended to involve trainers and field workers in defining the criteria for monitoring the impact (changes) of the training provided. The company could capitalize on the achievements of the pilot year in terms of training in order to refocus interventions that take into account real needs in the different production areas.

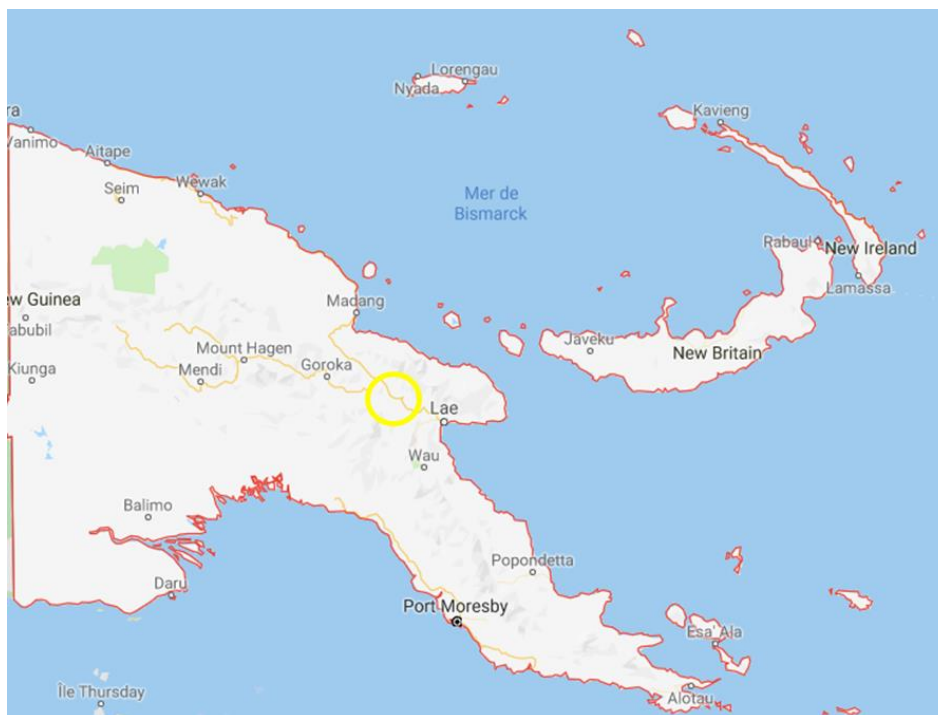
## CONCLUSIONS AND OUTLOOK FOR THE SUPPLY CHAIN TRANSFORMATION

In general, EF observed a remarkable progress in implementing the program. There has been a real change in traceability and innovations. Innovative solutions included for example new provisions for farmers (bins for collection) or better use of electronic devices (tablets for internal monitoring). The enthusiasm of the beneficiaries of the program is real.

The additional recommendations formulated are intended to consolidate the achievements to highlight the transformation under way in Lindt & Sprüngli's supply chain.



# Papua New Guinea



Map: areas visited during EF's 2018 assessment

Farming Program initiated in	October 2017	EF Visit timeframe	30 July – 2 August 2018	1st EF assessment
General description				
<p>EF visited the Lindt &amp; Sprüngli (L&amp;S) Farming Program implemented by the company, in Papua New Guinea (PNG), for the first time from 30<sup>th</sup> July to 2<sup>nd</sup> August 2018, to provide feedback on the pilot year program design and implementation.</p> <p>The company sources all cocoa at Mutzing (and overall in PNG) 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 or with the company. The company has been operating in PNG since 2000 and is now based in 8 locations with 50 employees and 80 seasonal workers.</p>				



## TRACEABILITY & FARMER ORGANIZATION

### FINDINGS

All fermentary owners in PNG must be registered with the Cocoa Board and use their unique ID during sale (Receipt and Quality Assessment Report). This allows the company to track the sale of all cocoa from individual fermentary owners onto the company's commercial buying centre at Mutzing through their input-output ledger for all supply (not only LS supply). As such, the company supply to L&S is traceable to fermentary level.

The company has established a large network of fermentaries (87) and farmers (1,116) registered to participate in the program from four village clusters. Each cluster has one Extension Officer based full time in the cluster.

### RECOMMENDATIONS

EF recommends strengthening traceability between fermentary and farmer with purchase record keeping by fermentary and receipts provided to farmers to better monitor volumes and income of both. This effort should be accompanied by training that includes also business/financial aspects for increased understanding about the benefits of traceability.

## TRAINING & CAPACITY BUILDING

### FINDINGS

Training to date has focused on large scale awareness and has reached 1,116 registered farmers as well as many more community members who attend village trainings.

Training program has commenced on modules 1-4 (cocoa production aspects) by Extension Officers while modules 5-6 (environmental and social issues) are to be developed in partnership with external expert trainers.

Farmer feedback on completed trainings is positive and some initial results of training are apparent (e.g. improved yield noticed after pruning). Initial capacity of newly hired Extension Officers appears good.



## RECOMMENDATIONS

Further needs assessment is recommended at the farm and fermentary level on needs/barriers (such as on pest/disease impact and distribution, transportation/market-access). The delivery of training should be recorded and new hired Extension officers could benefit from additional training (train the trainer).

L&S and the company to review the effectiveness of developing more one-to-one training with suppliers/farmers most willing to learn/implement/record, and based on their individual and group (e.g. village or cluster) needs. Such an approach could also allow more women empowerment if targeted for engagement, as women are generally underrepresented in training and household decision making.

Further, lead fermentary owners and farmers (e.g. 1-5 within each village/hamlet) who demonstrate an entrepreneurial mind set i.e. a willingness to learn, invest and implement, could lead by example and inspire others. These lead farmers can become leaders among their communities, disseminating knowledge and helping set up projects e.g. investment in new fermentary design (e.g. solar rolling top), tools and equipment (e.g. fermentary could lend these out to farmers), nurseries and seedlings. Increasing the number of women leads should also be encouraged (e.g. min 30% in each cluster or as high as is practically achievable/realistic, with rational for the target recommended), as women are under-represented in program participation and decision making.

## FARMER INVESTMENTS & COMMUNITY DEVELOPMENT

### FINDINGS

The company has distributed a set of cocoa farming tools per 25 farmers kept at the agreed central location (often the fermentary) to help farmers apply best practice.

Monetary incentive (e.g. cash premium) will be paid out by the end of the year to farmers and fermentary owners who have successfully participated in the program as per the registration form.

The program will distribute quality planting material (clone cocoa species) as approved by the Cocoa Board of PNG to the farmers with the company establishing two nurseries (approx. 20,000 seedlings per year per nursery).

### RECOMMENDATIONS

The company is recommended to review the effectiveness of each type of investment to ensure farmers feel a sense of ownership over the program and there is economic viability into the long term (diminishing support). Subsidised tools, seedlings and community development infrastructure and participatory research programs into cocoa production and other livelihood



enhancements, as opposed to cash premiums and free tools, could encourage further understanding of the merits of the program.

L&S and the company can consider further encouraging and helping to establish model fermentaries and farmers to work with their communities together in groups towards common goals, such as using a percentage of fermentary revenue towards building a water well and purchasing farming tools.

EF also recommends to carry out a locally an appropriate cost-benefit analysis of farming tools and fermentary-dryer designs.

## VERIFICATION & CONTINUOUS PROGRESS

### FINDINGS

The company is using a 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 participating farmers using the software mobile application. The data is currently undergoing a quality control process, and is increasingly being used as part of annual monitoring and evaluation processes.

### RECOMMENDATIONS

EF recommends to complete the farmer GPS survey in the software for all participating farmers in the L&S Farming Program.

Further needs assessment should study Cocoa Pod Borer (CPB) and fungus rates of occurrence and distribution, crop damage and cost (to farmer), to establish a baseline, assess causes and mitigation control.

The company could also consider ways to encourage self-reporting of farmers (e.g. only those who keep accurate records of farm/fermentary activities/sales/costs and who can access subsidised tools and participatory research projects on farmers/fermentaries to compare/design tool options)

The establishment of a grievance procedure is needed for farmers and fermentary owners who participate in the program and sell to the company.

As seen in other L&S Farming Programs in other countries for the same company, consider adopting and adapting where necessary the L&S annual monitoring and evaluation questionnaire, as well as the company's internal audit and including evaluation of why or why not training is implemented (e.g. understanding of training, time to implement, other barriers such as transport, resources etc.).

L&S and the company to consider how verification of continuous improvement could best include both outputs (e.g. number of people trained) and outcomes/impact indicators (i.e. actual change, such as increases in yields and incomes, reduction in costs and other barriers, improvements in community needs).



## CONCLUSIONS AND OUTLOOK FOR THE SUPPLY CHAIN TRANSFORMATION

EF observed that the company at Mutzing has successfully established a network of fermentary owners and farmers to participate in the program. Good quality training material has been developed on core cocoa production aspects, with appropriately qualified extension officers recently hired to deliver training, who appear well received in the local communities. Additional training modules and collaborations to support program implementation are under development. Some initial improvements in fermentary design and farmer practices have been observed (e.g. pruning). The provision of clone seedlings through the establishment of nurseys appears likely to increase yields per hectare of new planting or re-planting areas in the future. The company and L&S are recommended to continue to consider ways to enhance supplier/farmer ownership of the program, such as further targeting training and incentives based on individual/cluster needs, local cost/benefit analysis of options, and individual willingness to implement, invest and record activities.



