



**Cocoa &
Forests
Initiative**



**World Cocoa
Foundation**

Progress Progress Report 2018 - 2019

1. FOREWORD

Barry Callebaut is committed to defining a structural solution to deforestation in the cocoa supply chain in Côte d'Ivoire and Ghana, and we are proud to have been one of the first signatories to the CFI Frameworks for Action. CFI is critical to achieving our [Forever Chocolate](#) commitment to become forest positive by 2025. Our progress in 2019, shows that we, together with the support from our customers, partners and governments, are creating impact on the ground to end deforestation and promote forest restoration and protection in the cocoa supply chain.

To address both our CFI and Forever Chocolate commitments, our approach in 2019 has focused on innovative projects and combining big data and technology to support the scaling of our efforts. We are building a unique cocoa farmer database, we are providing tailor-made farm services and we are on the way to establishing traceability in our supply chain.

CFI is a best practice example of how governments, industry and societal organizations can agree and coordinate priorities, ensuring optimal use of resources and, most importantly, have an impact.

Pablo Perversi

Chief Innovation, Sustainability & Quality Officer; Global Head of Gourmet, Barry Callebaut

2. KEY FACTS & FIGURES

- 222,723 farms now mapped in Côte d'Ivoire and Ghana in our direct supply chain
- over 286,000 farmers trained in Good Agricultural Practices (GAP)

- over 1.2 million cocoa seedlings distributed in Ghana
- over 750,000 shade trees distributed Côte d'Ivoire and Ghana
- more than 125,000 farmers participating in programs focusing on improving productivity and income
- 22,548 Farm Business plans delivered to farmers

3. WHAT IS THE COCOA & FORESTS INITIATIVE?

The Governments of Côte d'Ivoire and Ghana and the world's leading cocoa and chocolate companies [signed landmark agreements](#) in November 2017 to end deforestation and promote forest restoration and protection in the cocoa supply chain.

This public-private partnership – called the [Cocoa & Forests Initiative \(CFI\)](#) – has been organized by the World Cocoa Foundation (WCF), IDH - the Sustainable Trade Initiative, and The Prince of Wales's International Sustainability Unit (ISU), in partnership with the Governments of Côte d'Ivoire and Ghana. The Prince of Wales [launched CFI](#) in March 2017 and reviewed implementation progress in November 2018.

The Frameworks for Action for [Côte d'Ivoire](#) and [Ghana](#) define core commitments, verifiable actions, and timebound targets required for a deforestation-free and forest-positive supply chain.

The Governments of Côte d'Ivoire and Ghana establish national strategies, policy environments, and governance structures for CFI implementation. They ensure that CFI is linked to similar initiatives with other commodities, and fully aligned with the national REDD+ strategies and other relevant national strategies and plans. They provide key operational guidance, and baseline economic, environmental, and social data, to help companies identify and plan the most effective and efficient private investment activities for CFI.

The Governments have prepared comprehensive National Implementation Plans ([Côte d'Ivoire](#), [Ghana](#)) that outline public sector priorities, actions and timelines. Since 2017, both governments have fulfilled commitments on the key building blocks for successful CFI implementation, including important revisions to the legal framework for sustainable forest management, adoption of World Bank environmental and social safeguard standards, and preparation and sharing of up-to-date boundary maps of protected areas.

In March 2019, 34 CFI signatory companies¹, accounting for about 85% of global cocoa usage, released initial action plans for 2018-2022. These initial plans detail how the private sector will deliver the commitments spelled out in the Frameworks for Action. Each company explained how they will support the Framework objectives, based on their role in the supply chain, their strategic priorities, and their cocoa sustainability goals. WCF published a summary of the initial action plans for the cocoa and chocolate industry ([Côte d'Ivoire](#), [Ghana](#)).

On the 2020 International Day of Forests, the Cocoa & Forests Initiative companies and governments of Côte d'Ivoire and Ghana reported on the first year [two years of implementation](#). Companies published individual reports on progress and outcomes related to the

¹ Arysta Callivoire, Barry Callebaut, Blommer Chocolate Company, Cargill Cocoa and Chocolate, Cémoi, Chocolats Halba, Cocomanet, Cococo Chocolatiers, ECOM Group, Fazer, Ferrero, General Mills Inc., Godiva Chocolatier Inc., Guittard Chocolate Company, The Hershey Company, Indecresa, Kuapa Kokoo Lindt & Sprüngli Group, Marks & Spencer Food, Mars Wrigley Confectionery, Meiji Co. Ltd., Mondelez International, Nestlé, Olam Cocoa, PBC Limited, Sainsbury's, SIAT, Sucden, Tesco, Toms Group, Touton, Unilever, Valrhona, and J.H. Whittaker & Sons

implementation of their specific actions. The following is the aggregate progress report of company actions.

CFI has been supported by several global development partners, including the United Kingdom's Department for International Development, the Dutch Ministry of Foreign Affairs, the German Federal Ministry of Economic Cooperation and Development, the World Bank, the International Finance Corporation, the Global Environment Facility, and the Green Commodities Program of the United Nations Development Program.

CFI is coordinated closely with a wide range of global and local environmental organizations and partnerships, including the Tropical Forest Alliance, Amsterdam Declaration Partnership, Partnerships for Forests, the Rainforest Alliance, and World Resources Institute.

The industry is committed to ending deforestation and forest degradation throughout the global supply chain. Already in 2018, we have expanded CFI from West Africa to Latin America, with the signing of a new Framework of Action in Colombia in July 2018.

4. WHAT ARE THE KEY COMMITMENTS IN THE COCOA & FORESTS INITIATIVE?

Cocoa & Forests Initiative activities proceed from three priorities: (1) forest protection and restoration, (2) sustainable production and farmers' livelihoods, and (3) community engagement and social inclusion.

The first priority is the protection and restoration of forests that have been degraded. To this end, the governments and companies have pledged no further conversion of forest land for cocoa production and have committed to the phased elimination of illegal cocoa production and sourcing in protected areas.

Both countries are introducing a differentiated approach for improved management of forest reserves, based on the level of degradation of forests. In 2019, the government of Côte d'Ivoire adopted and published a new forest code which, among other things, put forth policies for the promotion of cocoa agroforestry to restore degraded land, improve forest cover, and promote sustainable livelihoods and agriculture in the classified forests and rural zones. The Ivorian government is currently finalizing the operational decrees that provide further guidance on the new forest policies. Both governments have shared maps on forest cover and land-use, and are currently updating the maps, including socio-economic data on cocoa farmers, which will further inform private sector investments.

To ensure effective implementation and monitoring of these commitments, companies have pledged to develop verifiable monitoring systems for traceability from farm to the first purchase point for their own purchases of cocoa, and to work with governments to ensure an effective national framework for traceability encompassing all traders in the supply chain. The companies will similarly share information with the national satellite monitoring platforms (in development) to effectively monitor progress on CFI, as well as proactively address threats of new deforestation.

The next critical priority is sustainable agricultural production and increased farmer incomes. These are essential pre-requisites for reducing pressure for agricultural encroachment into forests and strengthening the resilience of cocoa farmers to climate change.

The governments and companies are accelerating investment in long-term productivity of cocoa in order to grow "more cocoa on less land." Key actions include provision of improved planting

materials, training in good agricultural practices, soil fertility, land tenure reform, and capacity building of farmers' organizations. Sustainable livelihoods and income diversification for cocoa farmers are being accelerated through food crop diversification, agricultural inter-cropping, and development of mixed agroforestry systems and shade-grown cocoa.

The final area of focus is strong community engagement and social inclusion, with a particular focus on women and youth. The governments and companies have committed to full and effective consultation and participation of cocoa farmers in the design and implementation of key actions, and promotion of community-based management models for forest protection and restoration. The governments have adopted social and environmental safeguards are assessing and mitigating the social impacts and risks of any proposed land-use changes on affected communities.

The set of public-private actions represent unprecedented commitments on forest protection and restoration, and sustainable cocoa production and farmer livelihoods. These combined actions, which are aligned with the Paris Climate Agreement, will play a crucial role in sequestering carbon stocks and thereby addressing global and local climate change.

5. BARRY CALLEBAUT COCOA & FORESTS INITIATIVE RESULTS

Forest protection and restoration

Barry Callebaut was one of the leading signatories to drive the CFI Frameworks for Action, and we are committed to defining a structural solution to deforestation in the cocoa supply chain in Côte d'Ivoire and Ghana. Furthermore, CFI is critical to achieve our [Forever Chocolate](#) commitment to become forest positive by 2025. Our progress in 2019, shows that we, together with the support from our customers, partners and governments, are creating impact on the ground to end deforestation and promote forest restoration and protection in the cocoa supply chain.

To address both our CFI and Forever Chocolate commitments, our approach in 2019 has focused on innovative projects and combining big data and technology to support the scaling of our efforts. We are building a unique cocoa farmer database, we are providing tailor made farm services and we are on the way to establishing traceability in our supply chain.

In terms of progress towards our CFI commitments, mapping the location of the farmers we are sourcing from in our direct supply chain is the first step to ending deforestation, and we have undertaken this as a matter of priority. Understanding where farms are geographically located allows us to assess if a farm is at risk of sourcing from a protected forest area. Our focus on mapping aligns with the work the Ivorian and Ghanaian governments have undertaken in 2019, which includes the sharing of maps on forest cover and land-use. These maps are currently being updated to include socio-economic data on cocoa farmers, which will further inform private sector investments.

In 2019 we made substantial progress with our mapping efforts. To date, we have now mapped 87,160 farms in Côte d'Ivoire and 135,563 farms in Ghana in our direct supply chain². This

² A challenge we have faced whilst undertaking the mapping of farms is the seasonal transitioning of farmers out of cooperatives. This fluctuation, particularly after the harvest season causes methodological issues to accurately calculate the numbers of farms in a given calendar year.

means that we have established traceability for the cocoa volumes coming from these mapped farms. The establishment of traceability for farms in proximity to protected areas will allow us to complete a harmonized risk assessment approach for all cocoa farms in Côte d'Ivoire and Ghana, it will allow the establishment of effective national regulatory structures and legal enforcement to ensure cocoa traceability to farm level across the cocoa supply chain. In order to remediate cocoa farming in protected forest areas, information about farmers located in designated National Parks and Reserves will be shared with the governments, provided there is a public guarantee to protect these farmers' Human Rights (by applying, implementing and monitoring compliance with the World Bank Social Safeguards) and a policy to provide these farmers with appropriate and documented alternative livelihoods.

In addition to farm mapping, and supported financially by our customers, in 2019 we distributed over 1.2 million cocoa seedlings in Ghana. We also distributed just over 750,000 shade trees in Côte d'Ivoire and Ghana. These figures, in addition to our efforts in previous years of over 1.8 million seedlings and almost 390'000 shade trees, shows that we are on track to reach our CFI commitment of 3.2 million seedlings and 1.2 million shade trees distributed by 2022.

To support monitoring of our commitments, we have continued our innovative work with [ETH Zurich \(Swiss Federal Institute of Technology\)](#), using a High Carbon Stock Approach and satellite imagery. This unbiased, objective, and automated system estimates different High Carbon Stock categories and warns if primary rainforest is deforested.

Our focus is not only to eliminate deforestation from our supply chain, we are also committing to forest restoration. The ISLA project in Côte d'Ivoire helps to protect the forest reserve of Cavally, a forest of high biodiversity value and aims to sensitize the local community on sustainable natural resource management. Together with the [Dutch Sustainable Trade Initiative \(IDH\)](#), Barry Callebaut has supported several monitoring missions by the Wild Chimpanzee Foundation and the Ivorian national forestry agency SODEFOR in the area. These missions have helped to protect 6,280 hectares of primary forest and restore 3,800 hectares of forest by removing illegal cocoa and allowing natural forest regeneration. Furthermore, in order to prevent the infiltration of cocoa farms into Cavally, ISLA aims to make cocoa production outside of protected areas more sustainable and productive.

Sustainable production and farmers' livelihoods

Lifting cocoa farmers out of poverty is a prerequisite to end deforestation in Côte d'Ivoire and Ghana. Barry Callebaut has committed to more than 500,000 cocoa farmers in our supply chain to be lifted out of poverty by 2025. To prevent further deforestation and increase sustainable production of cocoa, investment has been directed towards growing more on less land, and, understanding that a one-size-fits all approach will not lift farmers out of poverty. To increase the long-term productivity of cocoa in environmentally suitable areas, we have focused training on Good Agricultural Practices (GAPs), which includes agroforestry and biodiversity. Since the establishment of our CFI Action Plan in 2018, we have now trained over 136,000 farmers in Côte d'Ivoire, with over 107,000 financially supported by our customers. In Ghana, over 150,000 farmers have been trained in GAP, with over 6'000 financially supported by our customers. This total achievement exceeds our CFI commitment for 2022 of more than 193'000 farmers trained in GAP activities.

Our focus on big data and technology in 2019 has enabled us to scale our efforts. This has included building unique cocoa farmer databases and providing tailor-made farm services. By the end of 2019 we have now mapped the geographical location, as well as the size of 222,723 cocoa farms in Côte d'Ivoire and Ghana which are captured in our Katchilè database.

Our pilot projects in Côte d'Ivoire and Ghana have been developed to understand not just the effectiveness, but also the rate of adoption by farmers of fertilizers, productivity packages, farm rehabilitation programs, shade trees and crop and livestock diversification. Partnering with [Wageningen University](#), the world's leading agricultural university, has provided us with initial insights into the effectiveness of our pilots.

Our Farm Business Plans are designed to enable farmers to develop their cocoa farms into rehabilitated, diverse and professionally run farms over a period of several years. The Plans offer specific advice on the best mix of seedlings and fertilizers and help farmers to access labor and inputs on credit. In 2019, we have delivered 22,548 Farm Business Plans to farmers in Côte d'Ivoire and Ghana.

Community engagement and social inclusion

In 2019, we continued to increase our efforts through community-based approaches, aimed at the economic empowerment of cocoa farming communities, in particular women, and to take action against the worst forms of child labor and improve children's rights. Our data collected from farmer census data also enables us to assess the risk of a farm being dependent on the use of child labor, by combining data such as the number of children in the household, access to quality education, and women's income earning potential. Adult literacy classes, the distribution of water filters at schools, health programs and the establishment or strengthening of community institutions such as Community Action Plans and Village Savings and Loan Associations are examples of our efforts. The latter, together with income-generating activities and agroforestry projects, are particularly relevant for the economic empowerment of female cocoa farmers.

[Cocoa Horizons](#), is our preferred vehicle to support the implementation of our sustainability activities. It allows our customers to offer products that support the creation of self-sustaining cocoa farming communities and thereby protect children and promote biodiversity. The premiums from the purchase of HORIZONS products generated almost CHF 16 million in funds. Through these premiums more than 125,000 farmers in Côte d'Ivoire and Ghana took part in programs focusing on improving their productivity and income.

6. LOOKING FORWARD TO 2020 AND BEYOND

Since 2018, signatory companies have been working to fulfill their commitments to end deforestation and restore degraded forests in the cocoa sector. In 2019, the governments of Côte d'Ivoire and Ghana delivered on numerous commitments which have informed company planning. Companies will now be able to further develop their activities, moving from planning to implementation. As the governments continue to provide critical information (e.g. socio-economic assessments, updated land-use maps, operational decrees for implementation of the new forest code), companies will continue to ramp up their delivery of CFI activities in alignment with government priorities. This will include identifying opportunities for landscape level collective action, as well as building partnerships with global development partners to drive forest positive impact on the ground.

As one of the leading companies driving the CFI Frameworks for Action, Barry Callebaut will continue to drive progress to ensure successful implementation of CFI. We will participate in in-country working groups, technical and steering committees, both on national and international levels. As we continue to implement sustainability activities and programs we will independently verify our efforts by third-party auditors.

In the coming year, in line with our CFI commitment, we will continue our work to map the farms in Côte d'Ivoire and Ghana in our direct supply chain. We will also collaborate with industry partners and cocoa origin governments to expand such initiatives to regenerate degraded forests, as well as explore exciting new technologies to promote reforestation.

We will continue to leverage the big data we have collected and use innovative technology to support the scaling of our efforts. This approach, combined with our pilot project activities projects will provide us with considerable insights to further our understanding of country-specific sustainable cocoa farming models.