



Cocoa & Forests Initiative



World Cocoa Foundation

## ***Ferrero Annual Progress Report on CFI Action Plan - Ghana -***

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### **1. FOREWORD**

“With the Cocoa & Forest Initiative we are bringing meaningful and lasting change into the cocoa sector. As Ferrero, we are very proud to contribute to this collective initiative and it is in line with our commitments and values as a family company. Moving forward, Ferrero will continue working to strengthen its cocoa sustainability program with a positive and lasting impact on the cocoa value chain”

Marco Gonçalves, Chief Procurement & Hazelnut Company Officer at Ferrero.

### **2. KEY FACTS & FIGURES: FERRERO’S 2019 PROGRESS ON CFI ACTION PLAN IN GHANA**

Ferrero is on track to reach strong 2022 goals

- For over 40% of our CFI indicators we have already reached/exceeded our defined 2022 targets
- Our long-term and trusted partnerships with suppliers enabled swift and successful implementation
- Ferrero will update the 2022 targets where needed to continue delivering on ambitious goals

Cornerstone achievements: In 2019, we significantly progressed in our approach to sourcing certified, mapped and traceable cocoa. Looking forward:

- By the end of 2020, all the cocoa in our supply chain will come from sustainable sources and we aim to have all farmers supplying us with cocoa beans polygon mapped
- By the end of 2020, we aim to have all our cocoa beans from Ghana physically traceable/segregated
- This enables us to not buy any cocoa beans from protected areas

Pillar 1: Forest protection and restoration by end of 2019 – Ferrero was strong in the development of agroforestry, farm mapping and deforestation risk assessment

- More than 6,500 hectares of cocoa agroforestry were developed
- We distributed 116,000 multi-purpose trees to farmers to plant on their farms
- Close to 78,000 farms were mapped in Ghana
- We conducted deforestation risk assessments on nearly 80,000 hectares
- We trained over 30,000 farmers in cocoa agroforestry
- Nearly 11,000 farmers participated in environmental awareness events

Pillar 2: Sustainable production and livelihoods by end of 2019 – Strong roll-out of trainings in GAP, distribution of seedlings and activities to enable access to finance

- We distributed over 1.6 million improved seedlings to farmers
- We established 88 cocoa nurseries with improved cocoa seedlings
- We trained 45,000 farmers and organizations in Good Agricultural Practices
- 711 hectares of cocoa were rehabilitated
- 4,500 farmers applied crop diversification
- More than 6,800 farmers in our supply chain benefitted from a savings account
- More than 2,100 farmers participated in VSLA groups
- 5,6000 farmers were offered a financial product

Pillar 3: Social and community engagement and social inclusion by end of 2019 – Gender and youth sensitive action plans were implemented successfully

- 277 communities were consulted on the implementation of the Frameworks for Action
- 142 communities had an active forest restoration and protection program
- 650 communities benefitted from gender- or youth-focused programs on forest protection and restoration and agriculture intensification

### **3. IN DETAIL: FERRERO'S 2019 PROGRESS ON CFI ACTION PLAN IN GHANA**

Ferrero recognizes that deforestation and forest degradation are critical issues of the global cocoa supply chain. Deforestation threatens to undermine the very resilience of the cocoa sector

itself and with it the livelihoods of the millions of smallholders who depend on it. Ferrero is one of the founding members of the Cocoa and Forest Initiative and is committed to contribute to ensuring no-deforestation in the cocoa sector as well as to implementing key principles and strategies to promote socially and environmentally sustainable cocoa production.

Ferrero is working to improve cocoa farmer livelihoods, protect children's rights and safeguard natural capital through the Ferrero Farming Values (FFV) Cocoa Program - the baseline of our program being 100% certified, mapped and traceable cocoa. Ferrero's goals and policies are aligned with the CFI goals, which Ferrero signed in 2017. Ferrero's Action Plan, published in March 2019, was developed in close collaboration with Ferrero suppliers and partners to fulfil CFI commitments to end deforestation and forest degradation as well as to create better lives for farmers and their communities in the cocoa sectors beginning in Côte d'Ivoire and Ghana.

Our first CFI progress report shows promising results for actions being implemented in our Ghanaian supply chain. We are on track to reach our goals and for over 30% of our CFI indicators we have already reached/exceeded our defined target for 2022. Our long-term and trusted partnerships with suppliers enabled the swift and successful implementation of the following key activities.

Our results are promising, but we also acknowledge that this is a continuous learning process. Together with our suppliers, we want to continuously improve and review how we can best address the challenges and best deliver on our commitments.

## Pillar 1: Forest Protection and Restoration Commitments

Besides sourcing certified as sustainable cocoa, the mapping of our cocoa supply chain as well as the traceability to farm-gate level are cornerstones of our approach to end deforestation. This allows us to ensure that our cocoa does not come from protected areas. Our 2019 progress report shows that we will reach our goal of sourcing 100% certified, GPS mapped and traceable cocoa beans to farm level by the end of 2020.

Additional activities in 2019 included the promotion of good agricultural and environmental practices, training farmers in agroforestry systems, reforestation and afforestation. In 2019, Ferrero has shown great success in the development of agroforestry: In total, 6,500 hectares of cocoa agroforestry were developed against the original target of 8,000 by 2022 (which we will update.) Also, overall 30,000 farmers were trained in agroforestry and 11,000 farmers participated in environmental awareness events – thanks to the long-term partnership with our suppliers we were able to exceed the targets we set for the first year of implementation of our CFI commitments. Moreover, Ferrero was involved in tree registration activities and the distribution of multipurpose trees for on-farm restoration via mixed agroforestry.

## Pillar 2: Sustainable Production and Farmers' Livelihoods

Ferrero's sustainability program aims to improve farmer livelihoods by helping them to produce more cocoa with less inputs, to increase their profitability in the long-term and support in diversifying their income. Our program also addresses the communities in which farmers operate. An essential goal of Ferrero's sustainability strategy is to work towards building strong and resilient farmer communities. As a company, we strive to support farmers to become entrepreneurs and have a thriving business to enable the farmers of the future.

Supporting farmers to improve their farming practices through trainings in agricultural practices and the distribution of inputs such as seedlings are important measures. They help farmers to grow more with less, to rehabilitate their farms, but they also promote biodiversity. In Ghana, in 2019, we distributed more than 1.6 million seedlings - against a target of 2.1 million by 2022 - and trained almost 45,000 farmers in Good Agricultural Practices, 30,000 more farmers than initially planned. In addition, we invested in long-term solutions by enabling farmers access to finance and setting up VSLAs. In 2019, over 2,000 farmers participated in VSLA groups and 5,600 farmers were offered financial products such as pension schemes.

Ferrero is also implementing income diversification projects, which include replacing degraded cocoa farms by agroforestry systems or planting non-cocoa seedlings such as firewood species, fruit trees and plantain during the phase in which cocoa is replanted. Another example is establishing vegetable greenhouses, which have additional benefits such as improved nutrition and youth vocational training and professional integration.

### Pillar 3: Community Engagement and Social Inclusion

Ferrero is also focused on the development of forest protection & restoration and agriculture intensification action plans that are gender and youth sensitive. Gender-focused programs include establishing women's associations in cocoa communities, encouraging and training women to take on decision-making positions, as well as conducting gender awareness. Furthermore, gender-focused projects include programs where women receive training in income-generating activities. An example is the establishment of a forest tree nursery, which will act as an income generating activity for women and a reforestation project. Overall, 650 communities benefited in 2019 from gender- and youth-focused programs on forest protection and restoration as well as agricultural intensification.

Also, Ferrero is continuing its efforts to address child protection issues by raising awareness within communities on the risks of child labour, helping to set-up community-based structures to identify and monitor potential cases of child labour and developing community activities that support women income to support a better environment for children and facilitate access to education.

## **4. 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.

In the course of 2020, Ferrero will achieve its commitment of sourcing 100% certified as sustainable cocoa and we aim to have all farmers in its supply chain polygon mapped. Also, by the end of 2020, cocoa beans from Ghana will be physically traceable.

Ferrero will update the current 2022 CFI targets where needed to continue delivering on ambitious goals with concrete, reliable and lasting measures as for some of our CFI indicators we have already reached/exceeded the final 2022 target.

As Ferrero’s activities centre on investing in the long-term productivity of high-quality cocoa in an environmentally sustainable manner, we will focus more and more going forward on creating farm development plans. The project will involve: identifying priority regions for interventions to mitigate micro-climate change as well as providing high resolution maps to measure farm parameters, soil conditions, cocoa tree conditions, and environmental conditions. Farm development plans will also provide farmers with individual technical and financial support.

Looking beyond 2020, Ferrero is currently working to strengthen its cocoa sustainability strategy and finalize goals in the following areas: improving farmer and community livelihoods, protect and respect children’s rights and safeguard natural capital - the baseline being 100% certified, mapped and traceable cocoa. Activities include working to scale up our programs on the ground in collaboration with our suppliers and NGOs.

We will continue to work closely with our suppliers, the industry and governments to make sure that together we are creating the impact we are striving for.

## 5. DETAILED TRACKING TABLE FOR GHANA

Commitments	Actions	Indicator	2022 Target through direct investment	# through direct investment in 2019
<b>Forest Protection and Restoration</b>				
1. No further conversion of any forest land (as defined under national regulations, and using HCS and HCV methodologies for cocoa production.	1.1 Conduct farm mapping within supply chain to ensure cocoa is not being sourced from forest land	# farms mapped	40,264	77,652
	1.2 Conduct deforestation risk assessments in all sourcing areas.	# hectares included in risk assessment	27,295	79,723
2. No production and sourcing of cocoa from National Parks, Wildlife Sanctuaries, and Wildlife Resource Reserves, except from farms with existing legal status.	2.1 All farms found in protected areas will be reported to the Government	Yes/No	TBD	
	2.2 Adopt and publish a system for excluding farmers in the supply chain with cocoa production in protected areas.	Yes/No	Yes	
3. A differentiated approach for Forest Reserves will be adopted, based on level of degradation; with elimination of sourcing of cocoa in less degraded reserves (Cat.1) as of 31 December 2019; and production and sourcing for a period up to 25 years through MTS in more degraded reserves (Cat. 2).	3.1 End sourcing from all farms identified within Category 1 Forest Reserve areas by 31 December 2019.	Yes/No	TBD	
	3.2 Support farmers in Category 2 Forest Reserve areas in their restoration and reforestation programs	# hectares of Category 2 Forest Reserve areas restored:	TBD	
4. In highly degraded off reserve forest lands, cocoa production and sourcing will continue, supported by climate smart cocoa and MTS.	4.1 Train farmers in off-reserve forest lands in CSC production including cocoa agroforestry systems	# farmers trained in CSC best practices	12,231	32,614
	4.2 Train farmers in Modified Taungya System (MTS)	# farmers trained in MTS	TBD	

5. In all areas, a multi-stakeholder landscape approach will be followed, with an initial focus on the six Climate-Smart Cocoa Hotspot Intervention Areas as defined under GCFRP.	5.1 Join one/several HIA(s) in the cocoa-sourcing area	# HIA(s) joined in cocoa sourcing areas	TBD	
	5.2 Implement GCFRP CSC Good-Practice Guidelines with farmers within the HIAs	# farmers within HIAs have adopted CSC best practices	TBD	2,956
6. Up-to-date maps on forest cover and land-use, socio-economic data on cocoa farmers, and detailed operational guidelines covering Category 1 and 2 reserves, will all be developed and publicly disclosed.	6.1 Share maps and data with appropriate government bodies	Yes/No	Yes	
	6.2 Participate in the development of operational guidelines for Category 1 and 2 Forest Reserves	Yes/No	Yes	
7. Land and tree tenure reforms, and benefit sharing arrangement to incentivize land owners and users to retain naturally regenerated trees will be accelerated, including approval of CREMA mechanism.	7.1 Support farmers with tree registration	# trees registered	TBD	
	7.2 Support cocoa farmers to acquire land (tenure) documentation	# farmers with secure land titles	1,110	452
8. Public sector forest law enforcement and governance will be strengthened	8.1 Promote awareness-raising campaigns to educate farmers on forest law enforcement and tree tenure provisions	# farmers reached at awareness events	11,290	10,838
9. Public-private collaboration to mobilize new sources of funding for forest protection and restoration, and to incentivize farmers adoption of environmentally sustainable cocoa production will be developed.	9.1 Mobilize finance for forest protection and restoration	Amount of \$ mobilized towards forest protection and restoration:	TBD	
		# hectares with forest protection & restoration financing	TBD	
		# farmers participating in PES contracts	TBD	
10. Public-private collaboration will be enhanced to identify good practices and technical guidance for forest conservation and restoration, shade grown cocoa, and MTS in Forest Reserves.	10.1 Support distribution and planting of multi-purpose trees for on-farm restoration via agroforestry	# multipurpose trees distributed for on-farm planting	537,500	115,763
		# hectares of cocoa agroforestry	8,225	6,540
	10.2 Support distribution and planting of native trees for off-farm restoration (reforestation)	# native trees planted off-farm	TBD	
		# hectares of forest area restored	30	
10.3 Train farmers in Modified Taungya System (MTS)	# farmers trained in MTS	TBD		
<b>Sustainable Production and Farmer Livelihoods</b>				
11. Promote investment in long-term productivity of high quality cocoa in environmentally sustainable manner and grow "more cocoa on less land."	11.1 Distribute improved cocoa planting material	# improved seedlings distributed to farmers	2,163,798	1,646,876
	11.2 Establish and/or provide cocoa nurseries with improved cocoa planting material	# nurseries with improved cocoa seedlings	100	88
	11.3 Train farmers and producer organizations in the latest Good Agriculture Practices (GAPs)	# farmers trained in GAPs	21,111	44,809
	11.4 Support cocoa farm rehabilitation	# of hectares of cocoa rehabilitated	1,947	711

12. Develop implementation plans, including mapping of exact areas to intensify establishment of shaded cocoa landscapes in line with GCFRP, with the promotion of Climate Smart Cocoa and the national Climate Smart Cocoa Standard.	12.1 Promote the Climate Smart Cocoa Standard	# of farmers adopting CSC: TBD	2,220	3,606
13. Promote sustainable livelihoods and income diversification for cocoa farmers.	13.1 Support distribution and planting of multi-purpose trees for on-farm restoration via agroforestry	# multipurpose trees distributed for on-farm planting # hectares of cocoa agroforestry	Already reported 10.1	
	13.2 Promote farm-level crop diversification	# farmers applying crop diversification	1,800	4,517
14. Promote financial inclusion and innovation to deepen farmers' access to working capital and investment funds required for production and cocoa farm rehabilitation and renovation.	14.1 Promote expansion of farmer savings	# farmers in supply chain with a savings account # farmers participating in VSLA groups	2,200	6,871
	14.2 Offer financial products to farmers	# farmers offered a financial product	700	2,170
15. Improve supply chain mapping, with 100% of cocoa sourcing traceable from farm to first purchase point. An action plan will be developed that maps out key principles, steps, and milestones to achieve this step, encompassing all national and international traders.	15.1 Conduct mapping to identify and collect cocoa farm boundaries polygon data	# farms mapped within direct supply chain	Already reported 1.1	
	15.2 Implement traceability system to farm level in 100% of supply chain by end-2019	% cocoa supply traceable from individual farms to first purchase point	100%	
<b>Social Inclusion and Community Engagement</b>				
16. Full and effective information sharing, consultation, and informed participation of cocoa farmers and their communities who are affected by proposed land-use changes.	16.1 Organize cocoa community consultations on the implementation of the Frameworks for Action	# communities with consultation sessions	Originally TBD; 2022 target will be set in update CFI action plan	277
17. Promote community-based management models for forest protection and restoration.	17.1 Establish and/or support community-based natural resource management (CBNRM) programs for forest restoration/protection	# cocoa communities with active forest restoration and protection program	Originally TBD; 2022 target will be set in update CFI action plan	142
		# hectares under CBNRM	Originally TBD; 2022 target will be set in update CFI action plan	29,341
18. Development of action plans for forest protection and restoration, and sustainable agricultural intensification that are gender and youth sensitive.	18.1 Develop forest protection & restoration and agriculture intensification action plans that are youth and gender sensitive	# cocoa communities with gender-focused programs	40	474
		# cocoa communities with youth-focused programs	Originally TBD; 2022 target will be set in update CFI action plan	142

## 6. 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 companies<sup>1</sup>, 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 of implementation (link- CdI & GH will be shared prior to publication). Companies published individual reports on progress and outcomes related to the implementation of their specific actions. The following is the aggregate annual 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.

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



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.

## **7. 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.