ofi Cocoa & Forests Initiative report 2023

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#### Introduction

As a public-private partnership platform, the Cocoa & Forests Initiative (CFI) is helping to drive positive change and increase transparency in the cocoa sector. With renewed energy under <u>CFI 2.0</u>, the World Cocoa Foundation (WCF), and CFI signatories, including **ofi**, continue to work towards finding collective solutions to end deforestation and restore forests in Ghana and Côte d'Ivoire.

Specifically, this new phase from 2022-2025 will play a crucial role in safeguarding biodiversity, increasing tree carbon stock, and addressing climate change in line with the Paris Climate Agreement. It also comes at a timely moment as new regulations come into force, such as the European Union Deforestation Regulation (EUDR) and the development of the African Regional Standard for Sustainable Cocoa.

At **ofi**, we continued to enhance our deforestation monitoring in 2023, with 83% of farms in our direct supply chain in Ghana and Côte d'Ivoire polygon mapped. This insight helped us take targeted action to prevent deforestation in cocoa—for example, by giving cocoa communities the training and support they need to protect forests. It also allows our customers to track their cocoa ingredients, giving them confidence in the social, economic, and environmental impact of their cocoa and supporting compliance with the EUDR.

To accelerate our progress, we will continue to collaborate with all stakeholders, such as governments, NGOs, our customers, and farmer suppliers.



Andrew Brooks Global Head of Cocoa Sustainability **Cocoa & Forests Initiative (CFI)**: Collective action to end Cocoa-related deforestation

The governments of Côte d'Ivoire and Ghana and 36 leading cocoa and chocolate companies, including ofi, joined the Cocoa & Forests Initiative to end deforestation and restore forest areas. Representing 85% of global cocoa usage, their combined actions play a crucial role in protecting and restoring biodiversity, sequestering carbon stocks in West African forests, and addressing climate change in line with the Paris Climate Agreement. The Cocoa & Forests Initiative delivers on Sustainable Development Goal 13 (Climate Action) and 15 (Life on Land).

The Cocoa & Forests Initiative was created in 2017 as a public private partnership based on frameworks for action in Côte d'Ivoire and Ghana and action plans for the private sector and public sector that spell out commitments to:

- protect and restore forests,
- promote sustainable cocoa production and farmers' livelihoods,
  - engage communities and boost social inclusion.

#### Our progress in 2023

To create an impact across CFI's three key progress areas, we are taking a landscape approach to holistically support farmers in becoming more forest-positive while promoting the sustainable production of cocoa and enhancing farmers' livelihoods. We are also engaging the broader community to advance social inclusion. Here is a snapshot of the progress in both Ghana and Cote d'Ivoire:

#### Sustainable cocoa production and farmers' livelihoods

- 7,000+ farmers received technical assistance based on tailored farm development plans to help them professionalize and optimize their cocoa farming practices (A further 98,499 farmers were helped on behalf of customers).
- 3,800+ Individuals were provided with technical assistance to save money and access finance (A further 26,599 farmers were helped on behalf of customers).

#### Protect and restore forests

- 170,000+ multi-purpose trees distributed for on-farm planting (A further 1,341,300 were distributed on behalf of customers)
- 42,000+ hectares of active cocoa agroforestry (A further 215,000+ active hectares on behalf of our customers)
- 6,600+ farmers trained on forest policies for ofi (and a further 87,000 farmers on behalf of customers received this training).

#### Community development

- 3,800 women participated in empowerment and diversification projects.
- **138** new VSLA groups established in 2023 (and an additional **1,143** VSLAs created on behalf of customers)

## Deep dive behind the numbers: what we delivered in 2023 with our customers and partners under CFI

As a founding member of the Cocoa & Forests Initiative, we have been taking action to tackle deforestation and support cocoa farmers and communities both in Côte d'Ivoire and Ghana since its beginning in 2017. In this report, we share how our actions are having a positive impact and contributing towards the collective action of the cocoa and chocolate industry. Through both our own direct investment and activities that we deliver on behalf of our customers, with the support of NGOs, national governments, and other agencies, we are striving to make positive changes in communities and landscapes across Ghana and Côte d'Ivoire. From progress in monitoring risks to forest-positive action through agroforestry, we have highlighted some key activities that have contributed to our progress.

This also forms part of Cocoa Compass, **ofi**'s cocoa sustainability ambition to make the future of cocoa more sustainable – one where farmers can earn a living income, children's rights are put first, and nature is protected. We made further progress globally in polygon mapping farms to enhance our deforestation risk monitoring, as well as utilize AI in a carbon stock monitoring and measurement tool to better understand the impact of interventions like agroforestry and shade tree planting on carbon capture.

#### Protect and restore forests

With the incoming EU deforestation regulation, much focus has been on how to trace cocoa back to the farm level. At **ofi**, we achieved 100% traceability and 100% deforestation monitoring to the community in our direct global supply chain in 2020, including Ghana and Côte d'Ivoire.

In 2023, we traced approximately 22,000 metric tons of cocoa back to the first purchase point for **ofi** directly and a further 192,000 on behalf of our customers. We have continued to strengthen our deforestation monitoring by using GPS polygons to map the farm's perimeter to provide more accurate and granular data about activities that happen on or around the farm. In total, we polygon-mapped 83% of farms in our direct supply chain. In the 2022/23 crop season, we distributed more than 1,500,000 shade trees on behalf of our customers. We have also assessed all our shade tree requirements for 2024 and 2025 and are looking at ways to scale up our on-farm tree planting to tackle climate change. We are building on our intensive agroforestry /GHG pilot with our customers to increase the number of native forest trees planted to 20 per hectare to provide a 30-40% shade canopy on the farms. This will not only help restore forests and stop biodiversity loss but also increase carbon capture and support the long-term maintenance of cocoa plots.

We are also auditing our tree-planting activities and using what we learn to enhance survival rates, which increased from 59% in 2021 to 80% in 2023, and sharing this with farmers so they become more aware of the effect climate change is having on the farm. These learnings will help us achieve our aims to sequester carbon to support SBTi Scope 3 targets and the effectiveness of the additional 1 million native forest and fruit trees to be planted in Ghana and Côte d'Ivoire by 2025 – supporting our CFI goal of having 100% of our direct supply chain under agroforestry management by 2025.

Registering the planted trees is important to enable farmers to benefit from them in the long term as part of the incentive mechanisms to protect the environment. These initiatives also encourage them to invest in their crops and plant even more trees. In Côte d'Ivoire, a mix of native forest trees and fruit trees have registered on our digital supplier engagement (DSE) platform, with the view to them being included in the national register, which is due to be operational by the end of 2024.

We are also collaborating with the governments of Côte d'Ivoire and Ghana to set up a robust traceability system,

#### Sustainable cocoa production and farmers' livelihoods

Promoting good agricultural practices (GAP) and different income streams outside cocoa can strengthen farmers' resilience to climate change and boost their household income. This is important for addressing some of the root causes of deforestation.

Through the Resilient Ecosystems and Sustainable Transformation of Rural Economies (RESTORE) partnership with United States Agency for International Development (USAID) West Africa, and The Rainforest Alliance, and our customers, we looked at ways to improve farmers' capacity, knowledge, and resources of regenerative agriculture to promote sustainable cocoa production. As part of this, we generated 5,014 Farm Development Plans tailored to the individual needs of the farmers. Based on these plans, 4,469 farmers were trained and coached in climate-smart and regenerative agriculture. And to facilitate practical learning for cocoa farmers, 2,740 demonstration plots were set up, so they could observe and try out learnings first-hand.

Last year, we focused on partnerships to reward farmers for applying sustainable practices. For example, with a chocolate manufacturer, the International Cocoa Initiative, the Rainforest Alliance, KIT (Royal Tropical Institute), and the German Agency for International Cooperation (GIZ), we completed the first phase of an economic incentive program in Côte d'Ivoire. Over a two-year period, 1.5 million euros was distributed to farmers through the program in the form of premiums for undertaking GAP, tree planting, diversifying their income, and for their children attending school. In this phase, we, along with our partners, established 138 Community Service Groups, which were trained to support approximately 4,000 farmers with techniques such as pruning to help reduce pests and diseases on the farm. We also distributed approximately 80,000 trees to be planted and helped farmers register them, which is critical for proving ownership of the trees and providing more security for farmer's livelihoods.

In the Ahafo-Ano Landscape, Ghana, we implemented a project with one of our customers to improve sustainable cocoa production while enhancing economic opportunities outside of cocoa. To help farmers succeed in farming and their alternative income enterprises, over 3,600 farmers were trained in business management and a further 2,700 farmers were introduced to other crops that can be grown alongside cocoa to boost their income.

#### Community engagement and social inclusion

VSLAs are important mechanisms in rural communities to provide access to credit to invest in businesses as well as offer a financial safety net to cover unexpected costs such as medical bills or school expenses. This is why in 2023, we established 138 VSLAs (1,143 on behalf of customers), supporting over 3,800 members (over 29,000 on behalf of customers).

In Ghana, through the RESTORE partnership, 122 participants, including women and youth, learned about beekeeping, snail farming, bakery, piggery, and aquaculture. And in the Kakum Landscape, we are working with the Nature Conservation Research Centre and our customers to promote thriving cocoa communities. One of the interventions was establishing 20 new VSLAs, providing women with access to loans and bank accounts to save money. Approximately 1,000 women were trained in alternative livelihood programs like soap and bread making.

In Côte d'Ivoire, our efforts focused on strengthening existing VSLAs by assessing whether they could form unions between them to enhance income generation opportunities to support more financial independence. We developed a tool with the Rainforest Alliance designed to sensitize 80 women to the advantages of collaboration. As a result, 16 VSLAs in the South Taï National Park landscape met the criteria to form unions and are now following the example of the village of Para in Bas-Sassandra District as a model to replicate.



#### Conclusion

In 2023, we made progress with on-farm tree planting to promote the adoption of agroforestry. This approach has helped us increase the number of hectares under agroforestry for **ofi** by 42,000+ hectares and a further 215,000+ for our customers, taking us a step closer to our CFI goal of 100% of our direct supply chain under agroforestry management by 2025 (which includes programs with our customers in Ghana and Côte d'Ivoire). We'll use what we learned this year to encourage the adoption of agroforestry in cocoa farming as well as the ownership of trees more widely. Our off-farm activities have focused on educating farmers on forest policies and laws and training them in forest protection and restoration. We will continue to look for partnerships to scale up our off-farm tree planting, too. As we work towards our CFI 2.0 goals, we'll support our customers as an implementation partner to meet their own targets and drive wide-scale change.

Our progress feeds into CFI's collective action for cocoa communities in Ghana and Côte d'Ivoire. This level of coordination is important in aligning with new regulations in producing and consuming countries, like the EU deforestation-free regulation and the African Regional Standard for Sustainable Cocoa. It could also unlock more donor participation in deforestation prevention and forest-positive activities.



### Farmer case studies

#### **Agroforestry**

#### THE STORY OF John Dakwah

John Dakwah is a cocoa farmer and resident of Botrampa in the Nyinahin district of the Ashanti Region in Ghana. He has observed a change in weather conditions and their impact on his farm.

"The current weather condition has not been friendly to us, especially our farms."

A severe drought during the dry season almost rendered farmlands and plants unproductive, leaving some trees partially dead and unproductive. Thankfully, John is part of a sustainability program that **ofi** runs in partnership with one of its customers. He received training from the Cocoa Health and Extension Division of COCOBOD on the importance of trees and learned that planting different shade trees, such as Emire, Mahogany, and Ofram, on his cocoa farm protects his cocoa trees and helps nourish the soil through fallen leaves and tree branches.

"I currently can count over 30 forest trees on my 6.4 acres cocoa farm, which has been mapped".

He has also secured land titles for his farmland and now intends to register the trees in his name and claim full ownership of them.

He has also dedicated himself to serving the community as a forest representative, operating closely with the community forest guard to restore local forests. He also assists the MTS-beneficiary farmers in planting forest trees on their allotted portions of a nearby demarcated forest area while cultivating the agreed-upon food crops under the MTS on the farm.

#### THE STORY OF FRANCIS NARTEY



Mr Francis Nartey is a cocoa farmer who lives with his wife and five children in Tenkyemso, Ghana. He started his 3.5hectare cocoa farm in 2016 and has now adopted agroforestry. He was hesitant at first because he heard from other farmers

that it could encourage black pod disease and affect soil nutrients, resulting in poor yields.



However, despite what he heard, he decided to plant many different types of trees, such as 'empire,' 'form,' 'precise,' 'mansonia,' 'and mahogany', and fruit trees like oranges and pawpaw. Now he has approximately 215 shade trees on his farm. The additional fruit crop also gives him an

opportunity to increase and diversify his income and food sources.

#### Sustainable cocoa production and farmers' livelihoods

# Empowering Growth: The Transformative Impact of VSLA on Rachael Addo's Farming Journey



In the heart of Assin Atwereboanda, nestled within the Assin Fosu District, Ghana, resides Rachael Addo, a resilient farmer dedicated to cocoa and maize production. At age 55, she oversees a household of seven, with four children pursuing education. Rachael's agricultural endeavors span two acres of

cocoa and one acre of maize, complemented by the operation of a provision shop.

The introduction of the Village Savings and Loan Association (VSLA) scheme, facilitated by Olam Food Ingredients Ghana Limited in September 2022, allowed Rachael to save and access loans. She invested 1300 cedis over the year, with an additional 124 cedis in interest. Racheal also used a loan to bolster her provision shop's inventory and procure essential farm inputs like fertilizers and pesticides. This financial flexibility empowered Rachael to implement sound agricultural practices, transcending the challenges of light crop seasons. As a result, Rachael proudly harvested 8-9 bags from her 2-acre farm.



As a staunch advocate for VSLAs, Rachael encourages others in her community to join the initiative. She emphasizes the significance of sincerity in contributing, underscoring that even modest shares can yield substantial benefits, providing truthful individuals with access to essential loans. Rachael Addo's story stands as a testament to the VSLA scheme's transformative power, which has turned

challenges into opportunities and facilitated agricultural prosperity in Assin Atwereboanda.



46-year-old Drissa MEITE is a father of six children, all of whom attend school, and has been a cocoa farmer for many years. With the support of ofi, he has learned various good agricultural (GAP), practices such as pruning and composting, which have proven

to have a positive effect on his 3.57-hectare cocoa plantation.

"Before, we had big worries about insects attacking our trees in the area. Pruning exposes the plants and the soil to the sun, which keeps the insects away. The cocoa pods are also of better quality.

When he talked to other farmers about adopting these practices, they all doubted its effectiveness. So, he showed them photos of his production before and after the application of GAP. Drissa's production has gradually increased from 1,853 kg in 21 22 to 1,973 kg in the 22/23 season. Despite the difficulties of low



production at the national level, he expects to reach 2,000 kg by the end of 23/24.

#### "They all realized that my production was not the same, then they were convinced."

Since 2019, Drissa has also received training on agroforestry, emphasizing its benefits for sustainable cocoa production amidst climate change challenges. He's planted over 48 forest trees in his cocoa farm as once they are mature, they will help protect the soil and enhance the quality of the cocoa.

"I thank my cooperative and its partner of for this great opportunity they are giving me, and I am committed to follow the advice received."

#### Community engagement and social inclusion

#### Salimata COULIBALY, Côte d'Ivoire, Dramanekro

Salimata Coulibaly, 37, resides in Dramanekro and is the mother of six children, three of whom are of school-age and attending lessons. Salimata's story starts in 2016, when she embarked on selling food to boost her income and contribute more towards household expenses, typically earning around 50,000 CFA francs in profit. She also sold a small number of chickens and roosters, yielding between 20,000 and 30,000 CFA.

# "Thanks to the income from food sale, African chickens, and my savings in VSLA, I manage to provide for the needs of my children (food, health, school fees for the 3 schoolchildren, etc.)"- Salimata COULIBALY

In 2020, her brother introduced her to a VSLA group, to expand her household income further. Since joining, she has been solely responsible for the family's expenses as her husband travels outside Côte d'Ivoire. She secured two loans, which together are worth 100,000 CFA, to grow her food business by investing in utensils and ingredients. By the end of 2023, she increased her profit from this business to 150,000 CFA and has saved approximately 335,500CFA.

She also participated in GALS training to enhance her selling techniques and business planning abilities to expand her African poultry business. Utilizing another loan from the VSLA, she invested in constructing a small breeding shed, purchasing additional poultry, a recycled bicycle, and poultry feed. The remaining funds were used for a 0.25 ha plot of Maize to feed her family and the poultry. By December 2023, Salimata sold over 86 African poultry, yielding a total of 344,000 CFA francs, which she was able to repay her VSLA loan and still profit of 244,000 CFA, as well as receiving an additional 72,000 CFA from the VSLA's shared savings.

#### Support to local entrepreneurship the landscape of the Bossématié Nature Reserve

To support local entrepreneurship and **ofi**'s agroforestry activities, we partner with several nurseries to grow forest trees. These nurseries also serve as alternative employment for women, including them in the solution to protecting and restoring forests. One example is the PEPMV nursery, established in 2009 in Niable, Côte d'Ivoire.



Meet Mr Kouadio Abou, is an approved Private Professional Nurseryman, and manager of the small plant material production enterprise PEPMV, which employees 300 people.

"In 2021, we began producing forestry seedlings under our partnership with ofi. Over the past 3 seasons, we have produced a total of 336,000 forestry seedlings, 70% of which have been delivered to ofi. We also offer ofi a seedling transport service. With the income from the sale of seedlings from the 22-23 season, we have invested in a drip irrigation system for the forest tree nursery to improve our production capacity. This partnership has enabled us to create 34 jobs for women (30) and young adults (4) in the Bossématié landscape."



Martin KESSE oversees the shade tree plot, where twenty women are employed in two shifts to grow and water the plants.

"We're definitely helping to improve living conditions in the community. We recruit women who live in difficult homes, making sure we provide them with relevant help."



One of those beneficiaries is 22-year-old Gnansonre Adjaratou. She lives at home with her parents and four siblings. A few years ago, she dropped out of school because her parents did not have enough money. She is very happy to have found work at PEPMV.

"It helps me a lot. What I earn here allows me to meet my needs and to help my mother and siblings."

## Data tables

#### Cote d'Ivoire

Description	Ofi Target (Current reporting year)	# Through direct investment (Current reporting year)	# On behalf of clients (Current reporting year)	# Through direct investment (Since 2018)
# multi-purpose trees distributed for on-farm planting	126,049	155,586	1,020,439	754,725
# hectares cocoa agroforestry: New	5,636	6,570	49,454	30,038
FOREST	PROTECTION A	ND RESTORATIO	N	
# of farms mapped in direct supply chain: Total Active	15,391	13,597	110,512	
# of hectares in the direct supply chain with deforestation risk assessments completed	0	49,250	329,560	
<ul> <li># metric tons of directly sourced</li> <li>cocoa traceable from the farm</li> <li>to the first purchase point</li> <li>(target is 100%)</li> </ul>		13,107	118,119	
# hectares restored in Forest Reserve / Forêts Classée	0		0	
# trees registered	0			
# of farmers with land tenure agreements/documentation obtained via company support			0	
# farmers informed, trained, and / or consulted on the new Forest Code, forest policy, law enforcement, forest protection, and restoration	4,879	5,423	44,634	

0		347			
0		347			
	3,822	30,380			
	9,811	52,255			
1,867	5,423	44,365			
	32,027	161,394			
0		0			
0		0			
4,879	2,353	26,813			
0					
# improved cocoa seedlings					
4,879	5,597	50,028			
	0 1,867 0 4,879 0 <b>RODUCTION AI</b>	0       3,822         3,822       9,811         1,867       5,423         1,867       32,027         0       32,027         0       2,353         4,879       2,353         0       0         0       1         0	0       347         0       3,822         3,822       30,380         9,811       52,255         1,867       5,423         44,365       32,027         161,394       0         0       0         0       0         4,879       2,353         26,813         0       2         0       2         0       2         0       2         0       2         0       0         0       2         0       0         0       2         0       2         0       2         0       2         0       2         0       2         0       2         0       2         0       2         0       2         0       2         0       2         0       2         0       2         0       2         0       2         0       2         0       2         0		

optimize cocoa farming				
practices				
# individuals participating in				
additional Income Generating			2,780	
Activities (IGA's)				
# individuals provided with				
technical assistance (based on				
plans) to increase income from	0	3,044	9,750	
non-cocoa sources / IGA's				
# Individuals provided with				
technical assistance to save	1,399	3,044	9,750	
money and access finance				
# of members of VSLA groups in	0.05	2.044	11.0/5	
the current year	825	3,044	11,965	
# of VSLA groups in the current	33	112	461	
year	33	112	401	
SOCIA	L INCLUSION A	ND COMMUNITY		
# of cocoa communities with				
active forest restoration and	0		0	
protection program (CBNRM):	0		0	
New				
# of cocoa communities with				
active forest restoration and			0	
protection program (CBNRM):			0	
Total Active				
# hectares under CBNRM	0		0	
# of individuals participating in				
women's empowerment	1,119	3,045	10,862	
projects and activities				
# of individuals participating in				
youth focused projects and	312	953	6,068	
activities (15-35 years old)				

#### Ghana

		# Through	# On	
		direct	behalf of	# Through
	ofi Target	investment	clients	direct
	(Current	(Current	(Current	investment
	reporting	reporting	reporting	(Since
Description	year)	year)	year)	2018)
# improved cocoa seedlings				
distributed to farmers	30,000	34,978	218,883	1,183,999
# multi-purpose trees distributed				
for on-farm planting	70,000	15,000	320,861	417,969
# hectares cocoa agroforestry:				
New	1,000	1,358	16,086	19,267
# hectares under CBNRM	4,629		23,161	16,323
# of trees distributed for off-farm				
planting	0			11,708
# of cocoa communities with				
active forest restoration and				
protection program (CBNRM):				
New	29		13	179
FOREST PRC	DTECTION AND	D RESTORATIO	N	
# of farms mapped in direct				
supply chain: Total Active	8,129	10,967	52,581	
# of hectares in the direct supply				
chain with deforestation risk				
assessments completed	34,736	34,120	132,501	
# metric tons of directly sourced				
cocoa traceable from the farm				
to the first purchase point (target				
is 100%)		8,808	74,290	
# hectares restored in Forest				
Reserve / Forêts Classée	0			
# trees registered	0			

# of farmers with land tenure					
agreements/documentation					
obtained via company support	0				
# farmers informed, trained, and					
/ or consulted on the new Forest					
Code, forest policy, law					
enforcement, forest protection,					
and restoration	8,129	1,189	43,179		
# Individuals receiving incentives					
to protect and restore forests					
and / or adopt agroforestry					
(e.g., PES): New	0				
# Individuals receiving incentives					
to protect and restore forests					
and / or adopt agroforestry					
(e.g., PES): Total Active	0				
# farmers applying agroforestry:					
New		681	6,255		
# farmers applying agroforestry:					
Total Active		4,909	29,171		
# farmers provided with					
technical assistance to adopt					
and expand agroforestry	1,000	1,189	27,630		
# hectares cocoa agroforestry:					
Total Active		10,735	54,213		
# hectares of forest area					
restored off-reserve / in rural					
zone	0				
# farmers provided with					
technical assistance to be more					
resilient to climate change and					
reduce and remove carbon					
emissions on farm (e.g., CSC)	8,129	1,672	49,007		
# of farmers trained in Modified					
Taungya System (MTS)	0				
\$ contributed to fund					
SUSTAINABLE PRODUCTION AND FARMERS' LIVELIHOOD					

# farmers provided with				
technical assistance (based on				
plans) to professionalize &				
optimize cocoa farming				
practices	8,129	1,672	48,471	
# individuals participating in				
additional Income Generating				
Activities (IGA's)		65	6,682	
# individuals provided with				
technical assistance (based on				
plans) to increase income from				
non-cocoa sources / IGA's	1,350	65	6,732	
# Individuals provided with				
technical assistance to save				
money and access finance	4,065	788	16,849	
# of members of VSLA groups in				
the current year	486	788	17,054	
# of VSLA groups in the current				
year	17	26	682	
SOCIAL IN	CLUSION AND	COMMUNIT	Y	
# of cocoa communities with				
active forest restoration and				
protection program (CBNRM):				
Total Active			73	
# of individuals participating in				
women's empowerment				
projects and activities	1,350	788	18,843	
# of individuals participating in				
youth focused projects and				
activities (15-35 years old)	60	37	542	