



Background document
AD Partnership and the Cocoa sector
13th June 2019

This document on cocoa has been prepared by the AD Partnership Support Unit to facilitate discussion between stakeholders active in the cocoa sector in relation to cocoa meetings on 13th and 14th June 2019.

The Amsterdam Declarations Partnership is based on the Amsterdam Declarations signed by Denmark, France, Germany, Italy, Netherlands, Norway and the United Kingdom in the context of the Paris Climate Agreement. The objective of the Amsterdam Declarations is to lend public sector support to the implementation of existing private and public sector commitments to achieve fully sustainable and deforestation-free agro-commodity supply chains in Europe by 2020.

The Cocoa sector

Cocoa is a global multi-billion dollar industry and the most important export crop for Côte d'Ivoire and Ghana. These countries are the main cocoa trading partners for the ADP countries and account for 77% of all European cocoa import. Cocoa is mainly grown by smallholder farmers (est. 1.7 million). The West African cocoa sector faces several challenges that threaten production on the short term and sustainability on the long term, like governance issues, low productivity, low income to the farmer, child labour, aging farmers and aging cocoa trees, pests & diseases, insecure land tenure, illegal production and climate change.

Recognizing these challenges, the Cocoa & Forests Initiative (CFI) was launched in 2017. CFI is a unique partnership bringing together companies, producer country governments and civil society organisations, committing to end conversion of any forestland for cocoa production, and to restore forest areas. CFI Country Frameworks for Action also address sustainable production & farmers' livelihoods; community engagement & social inclusion; and public sector reform & good governance. Progress was made in 2018 with the establishment of governance structures and endorsement of the CFI Implementation Plans in Côte d'Ivoire and Ghana, while now shifting the focus on accelerating government and company actions and delivering results on the ground.

Discussion topics towards enhanced cooperation and a sector-wide impact

- All stakeholders have a responsibility to avoid illegal activities in the cocoa supply chain. In this regard, companies should fully adhere to internationally recognized guidelines and principles, including the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises. By having effective policies and systems in place to assess risks, prevent and mitigate potential adverse impacts in their supply chains, companies should take responsibility for the impact of their activities on society and the environment.

- Governments from producer and consumer countries as well as multilateral institutes could work better together and address challenges that companies alone cannot solve, such as public sector reform, spatial planning, law enforcement and good governance. In line with the ADP strategy, consumer (ADP) countries could engage in this process through political and diplomatic support, bilateral technical assistance and by supporting cocoa supply chain and landscape initiatives. More synergy between government initiatives and CFI will enhance the impact and support sector reform.
- Crucial in the CFI challenge is the implementation process, which needs strengthening and collaboration on transparency, traceability and genuine multi-stakeholder involvement. The ADP countries could work together with frontrunner CFI companies and third party monitoring initiatives to improve transparency, monitoring and enforcement to halt deforestation especially in protected areas. Cocoa stakeholders can learn from successful aspects of other commodities, including timber, palm oil and soy, such as legal reform and enforcement structures, market driven mechanisms, multi-stakeholder processes and the traceability systems.
- CFI has played an important role in leveraging private sector investments to be presented in company action plans, which are urgently needed to complement the implementation process. Consumer (ADP) countries could enhance synergy and the strategic relevance of public budgets (national, bilateral, multilateral).
- Major cocoa markets can contribute by enhancing market demand. Europe is already the fastest growing market for certified sustainable cocoa. Consumer (ADP) countries can play a part in this by promoting further market uptake of deforestation-free, sustainable cocoa, for example through public procurement policies and supporting private sector led national cocoa initiatives in our countries.
- In line with the Berlin Declaration of the Fourth World Cocoa Conference, it is recognized that the cocoa sector will not be sustainable if farmers are not able to earn a living income and child labour persists. Cocoa stakeholders could combine efforts to payment of a living income as well as providing support to activities to raise farmers' incomes and actions addressing child labour.