

## Making sustainable, deforestation-free cocoa work: linking supply chain actions to public policies

Key takeaways on ADP and IDH event at the Beurs van Berlage, 5<sup>th</sup> of February 2024 during the Amsterdam Cocoa Week



The Amsterdam Declaration Partnership, together with IDH, aim to foster dialogue and collaboration with and between public, private and civil society stakeholders in the cocoa sector to achieve sustainable and deforestation-free cocoa production. In a joint collaboration with the Ghana Cocoa Board, the Ghana Standard Authority, ADP and IDH assessed the [potential interlinkages](#) between the EU Deforestation Regulation (EUDR) and the African Regional Standard for Sustainable Cocoa (ARS-1000).

The meeting, organized as a side event to the Amsterdam Cocoa Week, aimed to continue this dialogue by linking supply chain actions on sustainable and deforestation-free cocoa with public due diligence legislations and national standards and traceability systems. The discussions at the event took place in the background of ongoing preparations to implement the requirements in the EU Deforestation Regulation and development of implementation guidelines for the ARS-1000 on sustainable cocoa. Well over 60 participants from government, industry and civil society across countries joined. This document provides a quick reading on the key takeaways of the event.

### Key takeaways

- All actors along the cocoa supply chain need to enhance their understanding of what is ongoing, what works, what not and what needs additional support and action to achieve sustainable, deforestation-free cocoa. Further dialogue for enhanced understanding and action is welcomed and needs to be facilitated among all stakeholders working in cocoa.
- Synergy between due diligence regulations and their definitions (for example between the EU and the UK), and alignment of methodologies and systems, for example in risk assessment, to meet new legal requirements, is important for an efficient and effective implementation and a level of playing field.
- The collaboration with Ghana was highlighted. Collaboration and dialogue should be extended beyond Ghana and include also other cocoa producing countries such as Cameroon and Indonesia.

## Report of the meeting

### High-level opening

**H.E. Mr. Jeroen Verheul, Ambassador of the Kingdom of the Netherlands to Ghana** stressed the importance of cross continental collaboration to achieve sustainability. The Dutch embassy in Ghana hosted a cocoa stakeholder lunch meeting in October 2023. He underlined that the Netherlands remain committed to support partners in producing countries to reach sustainable cocoa production and a living income.

### Panel 1 on supply chain actions

**Sophie Higman, director programmes at Proforest** opened the panel by introducing Proforest's three approaches to demand side regulation: working in production landscapes, facilitating multistakeholder platforms and creating producer-consumer partnerships. These approaches are needed to address root causes such as poverty, align responses and priorities to regulations and share responsibilities.

**Ywe Jan Franken, serious farmer accelerator at Tony Chocolonely** shared that even a company already using 100% traceable cocoa faces issues when implementing EUDR requirements. The boundaries of protected areas for example, can be unclear or not accurate based upon remote sensing. Ground truthing is very important when deforestation or encroachment is suspected before measures are taken. He showed images where encroachment 'on the digital map' turned out to be incorrect after checking at the farm.

**Michael Ndoping, General Director of the National Cocoa and Coffee Board Cameroon (ONCC)** reminded us that Cameroon is also a large producer of cocoa – with the ambition to increase cocoa production in the future. He presented Cameroons actions to achieve sustainable, deforestation-free cocoa such as putting in place a national traceability system. He stressed that technical expertise on data management and financial resources to operationalize the national forest monitoring and traceability system is needed.

**Matthijs de Meer, senior manager EU affairs and sustainability at the European Cocoa Associations** welcomed the EU due diligence regulations. He is concerned about all the legislation coming at the same time: EUDR, CSDDD, Forced labour regulation, CSRD. He is also concerned the EU information system is not yet ready to upload and process the files requested to demonstrate compliance and called for another round of pilots. More cross collaboration between all stakeholders, but also between EUDR and ARS-1000 is important but also a dot on the horizon. He stressed the importance of synergy between UK and EU due diligence legislations to keep a level of playing field for cocoa companies.

### Questions, answers and discussions following the panellists presentations:

- On risks of smallholder exclusion – with a 4% fine risk and interpretations of the EUDR still unclear, companies prefer to be better safe than sorry. This might lead to companies disengaging from particular regions and exclusion of smallholders. National traceability systems could play a role here to include those smallholders that are 'not in any system' at the moment.
- Alignment in risk assessments methodologies – for which there are no guidelines in the EUDR. The European Cocoa Association (ECA) mentioned that their members aim to use common and similar methodologies to do risk assessments. They lack clarity on interpretations such as what 'negligible risk' means.
- On issues regarding legal reality and ground truthing. In producer countries there is land that is legally classified as forest, but the forest has been cleared years ago. Tony Chocolonely replied that in the case of compliance unclarities it is important to get in contact with national forest commissions to start an open dialogue and get written approval / confirmation of the situation on the ground.
- The EUDR could also result in companies building more direct contacts with producers and thereby their supply chains. This would squeeze out the middlemen. Several farmers unions have expressed they see this as appositve development that could provide farmers a higher income. This might be the



case but we should not forget that middlemen often play a role in reaching farmers in remote areas, and by being more than just a trader – such as key social position or money lender (at high interest).

- The ‘cost of compliance’ has to be addressed and not left to the market, which would mean many costs will be pushed towards the farmers. Compliance premiums were mentioned as an option.

## Panel 2 on cross continental collaboration

**Zoé Druilhe of the European Commission DG INTPA** introduced the work of the Sustainable Cocoa Initiative. This initiative has been established before the EUDR approval and aims to trigger progress on key sustainability issues in the cocoa supply chain: progress in the elimination of child labour; protection and restorations of forests; ensuring a living income for cocoa farmers. EU policies such as the EUDR and EU CSDDD are now reinforcing the aims of this initiative and can be accompanied by it. For example, by direct assistance on the field and stakeholder dialogue and information.

**H. E. Ibu Musdhalifah Machmud, Deputy Minister for Food and Agriculture – Coordinating Ministry for Economic Affairs, Republic of Indonesia** shared her perspective from Indonesia and other commodities in the EUDR, especially palm oil. Indonesia is also a large cocoa producer. A large part of Indonesia still has forests standing. She stressed the importance of balancing forest protection with economic development. She also informed the audience that, together with Malaysia, Indonesia has set up a Joint Taskforce with the EU ([link](#)) to discuss such issues.

**Michael Ekow Amoah, Deputy Director R&D – Ghana Cocoa Board** shared that Ghana developed the Cocoa Management System, preceding the EUDR and other European programs. Making the CSM ready for EUDR compliance is only a first step. The deployment of this traceability system should further support sustainability investments and will aid Ghana to maintain its competitive advantage in the international market. Farmers’ engagement through sensitization and outreach is key.

**Isabelle van Tol, Head Trade for Development, Ministry of Foreign Affairs, The Netherlands**, stressed the recognition of the importance of the link between trade and sustainable development. She mentioned a variety of initiatives the Dutch government is involved in to support this agenda.

**Questions, answers and discussions** following the panellists presentation focussed:

- The European consumer market demands more sustainability and sustainability issues are not new. The EUDR can also be an opportunity for producer countries to be/remain commercially competitive. Especially for global commodities such as cocoa, for which the EU is a main market. Major expansion at the expense of forests, is not possible anymore so those countries with a high cocoa production will be in the lead.
- DG INTPA reiterated they are “here to help” and referred to the Sustainable Cocoa Initiative and the new [Team Europe Initiative on Deforestation-free Supply Chains](#) that are able to provide support.

## What’s next?

ADP and IDH remain committed to continue this dialogue whilst identifying opportunities to support stakeholders in driving action based on the insights. Outcomes will inform the ADP countries and their actions.

The next major meeting to discuss further is the 2024 ADP Multi-Stakeholder Meeting on 29<sup>th</sup> of May in Madrid, Spain.