

Global Cocoa Agenda for the World Cocoa Conference 2012: Roadmap for Achieving a Sustainable World Cocoa Economy

Strategic Document

1. Background

- 1.1. Over the past decades, the global cocoa sector has been operating in a generally unsustainable manner raising concerns over its future.
- 1.2. Growth in **demand** for sustainable cocoa, i.e. meeting economic, social and environmental considerations, is likely to continue for decades to come as incomes, human population, emerging consumption markets and taste for more and new cocoa and chocolate products continue to expand. In addition, the characteristics of the demand for cocoa and chocolate products have significantly evolved over the past decade, with an emphasis towards premium cocoa and chocolate products mainly in mature markets and a strong growth finally materializing in emerging markets in various parts of the world, particularly in Asia. In addition, consumers are increasingly demanding cocoa and chocolate products that are sustainable, certified, traceable and ensuring high level of food safety. However, global consensus has yet to be reached within the cocoa community on the best way forward to reassure consumers that cocoa is sustainably produced and that the additional efforts required from farmers is adequately rewarded.
- 1.3. On the **supply** side, farmers are struggling to meet the evolving characteristics and concerns of the demand side mainly because of the poverty level and inadequate remuneration of cocoa farmers, their lack of organization, poor business skills, lack of information on existing cocoa resources on the ground, low yields, losses due to pests and diseases, ageing trees, land and soil degradation, competing land-use, food security, climate change, lack of access to affordable credit and of adequate inputs and, finally, to the fact that the younger generations are moving away from cocoa cultivation and rural life in general. In addition, the intrinsic nature on cocoa growing, requiring long term investments has led to under-investment in several areas jeopardizing future growth of the supply, such as research on improved planting material, seed gardens for propagation and extension services for growers.

- 1.4. In an attempt to address these issues, several initiatives were implemented. In recent years various organizations have prioritized the need for taking measures to promote a sustainable cocoa economy. Thus at the **First ICCO Roundtable for a Sustainable Cocoa Economy (RSCE1)** in Accra, Ghana, in October 2007, participants representing the complete cocoa value chain (producers, cooperatives, traders, exporters, processors, chocolate manufacturers, wholesalers, governmental and non-governmental organizations, financial institutions as well as donors and international aid and development agencies) adopted the “**Accra Agenda**” towards a Sustainable World Cocoa Economy. The Agenda identified six priority areas, along the cocoa value chain, for actions to achieve a sustainable world cocoa economy, under the headings of: Institutional Framework, Sustainable Production, Sustainable Commercialization, Sustainable Processing and Manufacturing, Sustainable Consumption and International Dimension.
- 1.5. At the **Second ICCO Roundtable for a Sustainable Cocoa Economy (RSCE2)**, in Port-of-Spain, Trinidad and Tobago, in March 2009, participants reviewed the progress achieved in the implementation of the *Accra Agenda* and adopted the **Declaration of Trinidad and Tobago** in which it was agreed that ten key elements contained in a working document were to be discussed further at future meetings. The ten key elements were identified as: (i) Transparency, (ii) Compliance with applicable laws and regulations, (iii) Remuneration for quality cocoa, productivity and improved farmers’ income, (iv) Access to credit and rural development services and diversification, (v) Market access and market information, (vi) Decent working conditions, (vii) Support for farmers’ and workers’ organizations, (viii) Clear land use planning and proper infrastructure, (ix) Rational natural resource management, and (x) Conservation and wise-use of biodiversity.
- 1.6. Based on the momentum created by the two Roundtables and following the successful negotiations of a new **International Cocoa Agreement, 2010** concluded in June 2010 in Geneva, under the auspices of the United Nations Conference on Trade and Development (UNCTAD), key stakeholders in the world cocoa sector agreed to pursue their endeavours to bring about a sustainable world cocoa economy in full compliance of economic, social and environmental requirements.
- 1.7. At its 84th regular session held in London, United Kingdom, in September 2011, and following a presentation on the proliferation of mostly uncoordinated cocoa initiatives, the International Cocoa Council, supreme ruling body of the International Cocoa Organization (ICCO), agreed to organise a **World Cocoa Conference** in November 2012, in Abidjan, kindly hosted by the government of the largest producing country, Côte d’Ivoire.

- 1.8. The proposed conference brought together all the stakeholders in the cocoa value chain to critically review the key challenges facing the world cocoa economy and to agree on the best strategy and actors to tackle them. The main outcome of the conference is a **Global Cocoa Agenda** for a Sustainable World Cocoa Economy containing an action plan at global level with specific actions at national levels.
- 1.9. To prepare the Global Cocoa Agenda, Four **Working Groups** (“WG”) were established, comprising representatives from the key stakeholders in the cocoa value chain, namely producers, traders, processors, chocolate manufacturers, governmental and non-governmental and other civil society organizations, etc. Working Group 1 (WG1) was tasked with addressing Sustainable Cocoa Production, WG2, Sustainable Cocoa Industry Chain WG3, Sustainable Cocoa Consumption, while WG4 was to deal with Strategic Management. A conference website and a Facebook page were set up to gather the views, comments, suggestions and observations from members of the general public and other interested parties as relevant.

2. Guiding Principles

- 2.1 **We**, participants at the World Cocoa Conference 2012, representatives from producers, cooperatives, traders, exporters, processors, chocolate manufacturers, wholesalers, producing and consuming countries, governmental and non-governmental organizations, financial institutions as well as donors and international aid and development agencies, have gathered in Abidjan, Côte d'Ivoire, from 19-23 November 2012, to review the challenges facing the world cocoa sector and recommend measures to be implemented to address them, ensuring a sustainable cocoa economy that yields high economic and social returns while retaining environmental benefits, for all its stakeholders in the value chain, in particular for the smallholders;
- 2.2 **Acknowledging** that international co-operation, coordination among all stakeholders in the value chain is vital for the future sustainability of the cocoa sector and that international efforts should supplement/complement national initiatives developed to achieve a sustainable cocoa economy;
- 2.3 **Recognizing** that actions and sustainability initiatives undertaken by the various stakeholders are praiseworthy and should continue while ensuring that they benefit from a better coordination with each other at national, regional and international levels;
- 2.4 **Recommend** to increase and coordinate our efforts to ensure that we reach the goal of achieving a sustainable world cocoa economy;
- 2.5 **Invite** national, regional and international stakeholders with an interest in the cocoa sector, to join in this global initiative by fully supporting and committing adequate resources, at national, regional and international levels to the Global Cocoa Agenda outlined below.

3. Key Challenges

The following have been identified as the key challenges facing the cocoa value chain. Further details are provided in the Technical Annex:

3.1 Sustainable Cocoa Production

The current business model for many cocoa farmers is unsustainable as it is characterized by poor and uneconomic production systems with limited or no access to improved planting material, extension services, inputs, credit, especially at affordable interest rates, coupled with poor organizational base for producers leading to weak marketing opportunities and generally low returns. Other challenges include adaptation and mitigation of climate change, adverse effects on the environment as well as social and labour challenges.

3.2 Sustainable Cocoa Industry Chain

The movement of cocoa in the industry chain is often sub-optimal because of mishandling of the goods compounded by a lack of market transparency, knowledge on food safety, which together with restrictive access to finance and imposition of trade barriers and a lack of infrastructure creates imperfect conditions for the transport of goods, particularly those forming part of traceability scheme. There is a lack of information on the best known practices along the industry chain, from trading, processing, manufacturing to retailing. Other challenges, including social and labour issues are worth being considered. Also, in many cases, the cocoa supply chain is inefficient, reducing the share of the export price received by cocoa farmers.

3.3 Sustainable Cocoa Consumption

Despite recent improvements, in traditional, mature markets, consumers' expectations and concerns for sustainable cocoa products, meeting economic, social and environmental requirements and verified through certification and traceability, remain largely unfulfilled. Similarly, while acknowledging its current growth, there is a potential for expansion of cocoa consumption in emerging markets and in origin (producer) countries which should be strengthened. Finally, there is a lack of understanding in the characteristics of cocoa demand expected by the industry which could serve as reference by producers to plan cocoa supply accordingly.

3.4 Strategic Management

There is a proliferation of initiatives in the cocoa sector, most of which, while well intentioned, are generally uncoordinated and at times lack transparency, compete or neutralize and contradict each other, leaving

the farmers confused, negatively affecting their expected performance and the positive impact of these initiatives.

4 Action by the Stakeholders at National, Regional and International Levels (please see Technical Annex for details)

4.1 Sustainable Production

4.1.1. To transform cocoa farming into successful business entities, attractive to younger generations, increasing productivity and producing good quality cocoa that meets characteristics outlined by the cocoa and chocolate industry, sustainability requirements, using better planting material and inputs, innovative technology, integrated pest management to control pests and diseases, including invasive ones and quarantine cocoa collections, while complying with international labour standards;

4.1.2. To enable cocoa farmers to operate as members of viable farmers' organisations supported by adequate education and training in Good Agricultural Practices backed up with affordable and accessible credit facilities, research and extension services, adequately managing soil fertility, adaptation and mitigation of climate change and preserving biodiversity and existing ecosystems, including promoting crop diversification.

4.2 Sustainable Industry Chain

To promote the use of best known practices along the value chain thereby keeping the chain as short and efficient as possible, enhancing traceability and reduce any harmful action to the environment, while ensuring that all in the Industry Chain have adequate training and awareness of market conditions and consumer safety issues in order that all entities along the value chain operate in a sustainable way in the long term, including value-addition at origin, and the development of cocoa-based by-products, thereby ensuring a living income for all cocoa dependants, especially for those in producing countries.

4.3 Sustainable Consumption

To formulate and implement sustainable cocoa consumption strategies that meet evolving expectations and concerns of consumers, while promoting cocoa consumption in traditional/mature markets and in emerging markets as well as in origin (producer) countries.

4.4 Strategic Management

- 4.4.1. National governments and/or government-backed cocoa agencies to foster the formulation and implementation of comprehensive national **Cocoa Development Plans** (“CDPs”) in each producer and consumer country, through a fully inclusive, transparent and participatory approach involving all stakeholders in the cocoa value chain (producers, cooperatives, traders, exporters, processors, chocolate manufacturers, wholesalers, governmental and non-governmental organizations, financial institutions as well as donors and international aid and development agencies);
- 4.4.2. Relevant international institutions to advise national cocoa agencies, as required, on the implementation of the CDPs in a manner that is in line with international requirements, and to suggest corrective measures as necessary;
- 4.4.3. Relevant international agencies to enhance the coordination and the coherence of initiatives implemented in the cocoa sector at national level, by public or private sector entities.

5. Recommendations

The participants of the World Cocoa Conference 2012 recommend the following:

1. Adopt the **Global Cocoa Agenda** contained in the present document and its Technical Annex;
2. Invite all ICCO and non-ICCO Member countries to each develop and implement a national **Cocoa Development Plan** derived from a fully transparent and participatory process with all key-stakeholders involved in the cocoa sector, through public-private partnerships
3. Seek to increase transparency and **coordination of development activities** implemented and planned for the future in the cocoa sector at national, regional and international levels, thereby allowing for more coherent and efficient actions to address the challenges faced by the sector.
4. That the International Cocoa Council allow the ICCO **Consultative Board on the World Cocoa Economy** to be enlarged, in accordance with the International Cocoa Agreement 2010, to include other relevant stakeholders and experts.
5. That the Consultative Board, under the authority of the International Cocoa Council, should be in charge of the monitoring and coordination, through the ICCO Secretariat, of the implementation of the Global Cocoa Agenda in accordance with the provisions of the International Cocoa Agreement 2010.
6. Request the International Cocoa Council to authorise the Secretariat of ICCO to be the **central coordination body** assigned to monitor the effective implementation of the Global Cocoa Agenda, to prepare annual reports on "The State of the World Cocoa Economy" for discussion by the Consultative Board and reporting to the International Cocoa Council.
7. To hold the **next World Cocoa Conference** during 2014 in The Netherlands.

The participants express their sincere gratitude to the government and to the people of Côte d'Ivoire for their generosity and kind attention in hosting this conference.

Abidjan, Côte d'Ivoire, Friday 23 November 2012

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Technical annex

1. Key Challenges and Actions

To move towards a sustainable cocoa economy, challenges facing the sector should be addressed based the following principles:

1.1 Guiding strategy

- 1.1.1 Ensure a coherent vision of the initiatives currently undertaken in the cocoa sector thus providing the framework for these operations to be coordinated;
- 1.1.2 Assist, as required, governments from cocoa producing countries in the formulation and implementation of national cocoa development plans, based on local Public-Private-Partnership (PPP) approaches, to be initiated and coordinated by local governments and government-backed institutions;
- 1.1.3 Ensure compliance with applicable internationally recognized regulations and agreements, in particular with regards to environment and food safety and related issues, and to provide assistance as necessary;
- 1.1.4 Implement programmes aimed at improving the living standards and working conditions of populations engaged in the cocoa sector consistent with their stage of development, in particular children, bearing in mind internationally recognized principles and applicable ILO standards; and
- 1.1.5 Establish a consensual process to ensure conformity to sustainability requirements, taking into consideration the contribution of existing cocoa certification schemes and other existing avenues or those under preparation at national, regional and international levels, bearing in mind that cocoa farmers should be fairly rewarded for additional efforts.

1.2 Sustainable production

Five areas of action in sustainable production have been identified:

- 1.2.1 Transform cocoa farming into modern enterprises using a business approach, bringing equitable economic returns, and consequently attractive to the younger generations. Support the organization of farmers into groups such as they can access a wider scope of services, including education and training, and into associations to empower them, engaging them in the process of policy formulation at the region/district/state and national levels. Increase access to affordable credit, extension services and adequate infrastructures at community level for farmers and farmers' organizations;
- 1.2.2 Increase productivity by supporting conservation and use of cocoa genetic diversity, providing better plant material and inputs, innovative technology and integrated pest and disease management while managing cocoa soil fertility and soil conservation to ensure long-term sustainability in yield;
- 1.2.3 Improve cocoa quality by better communication of industry needs, post-harvest processing and quality assessment;
- 1.2.4 Enhance food safety by wider promotion and adoption of Good Agricultural Practices and the elimination of all non-approved pesticides and improved traceability to enable the quick identification of the source of any illegal product, in the event of an incident that may threaten food safety; and
- 1.2.5 Preserve biodiversity, conserve existing ecosystems and increase resilience on the effects of climate change in cocoa production by investing in adaption and mitigation of its effects.

1.3 Sustainable Industry Chain

Nine areas in the Sustainable Industry Chain have been identified for attention:

- 1.3.1 Continue work on "*Guidelines on best known practices in the cocoa value chain*", widening their scope to include all stages in the chain, including processing, manufacturing, retailing and consumption. Promote and disseminate the use of best known practices along the value chain;
- 1.3.2 Conduct national value chain studies 'from farm to table' and undertake national SWOT analyses of the cocoa sector to identify and address challenges and seize opportunities;
- 1.3.3 Develop and strengthen an efficient supply chain, keeping the internal cocoa chain as short and efficient as possible, with all participants

receiving a fair and equitable economic return, in particular smallholder farmers;

- 1.3.4 Ensure market transparency and dissemination of information through the value chain, in particular to farmers. As the use of mobile phones and other information and communications technologies (ICTs) becomes more affordable and widespread in cocoa producing countries, there is a great opportunity to significantly improve access to market information;
- 1.3.5 Improve traceability of the value chain, from cocoa produced at farmers' groups' level to consumption, using new and affordable technologies, such as geographical information systems (GIS). Devise and implement a system whereby the security of the cocoa within the chain and their representative documents may be enhanced;
- 1.3.6 Compile and maintain an up-to-date, comprehensive and authoritative list of consumer safety issues, how they may be mitigated, establish an early warning system/mechanism for trade and producers to identify critical assessment points to prevent escalation of trade related issues;
- 1.3.7 Investigate the relevance of warehouse receipt systems, and develop processing and value addition at origin;
- 1.3.8 Seek to reduce farmers' exposure to cocoa price volatility and provide education programme for farmers to sell their produce at optimum conditions thus enhancing their market power; and
- 1.3.9 Seek to reduce any harmful action to the environment, invest in energy efficient technologies while mitigating the effects of climate change and investing in adaption techniques.

1.4 Sustainable Consumption

Four areas in Sustainable Consumption have been identified for attention:

- 1.4.1 Formulate and implement strategies to meet evolving expectations and concerns of the consumers;
- 1.4.2 Disseminate information and marketing on key quality and flavour attributes of specific cocoas, in particular fine or flavour cocoas, promote the diversity and use of cocoa fetching price premium, thereby enhancing farmer returns;
- 1.4.3 Promote cocoa consumption in emerging markets and at origin, in particular through national generic promotion campaigns and innovations to develop the local consumption of cocoa and the use of by-products; and

1.4.4 Promote the adoption of good practices that improve food safety and ensure appropriate levels of safety of the cocoa consumed.

2. Actions to be taken by the Stakeholders at National, Regional and International Levels

2.1 Action by cocoa farmers and farmers' groups:

Farmers should be guided by the following principles:

2.1.1 To adopt best known agricultural practices to deliver a high quality product, preserving the local environment and respecting the biodiversity;

2.1.2 To promote the establishment of viable farmers' organizations, thereby giving them access to a wider range of services at a lower cost and enhancing their market power;

Farmers' groups can take various forms and can differ significantly in scope, having various functions depending on local conditions and specific needs from farmers. They should be guided by the following principles:

2.1.3 To provide adequate services to their members, such as: i) economic functions, including supply, production, processing, and marketing of good and services, management of factors of production like water, land, labour, agricultural equipment; ii) social functions that benefit members and the local community, including cultural, education, training, health, drinking water, awareness-raising of labour conditions and human rights, and mutual support; iii) representation, including safeguarding group interest and advocacy at the local, regional and/or national level; iv) information sharing, communication both within the organization and towards other stakeholders and capacity building, either directly or through contractual agreements and v) coordination, since farmers' organizations are in a position to establish linkages both at the local and international level and to integrate the above functions;

2.1.4 To ensure adequate and efficient functioning of farmers' organizations, with their managers having adequate business management skills coupled with integrity, and ensuring good governance and transparency, working for the betterment of their members.

2.2 Action by the social partners and civil society actors

Social partners should be guided by the following principles:

- 2.2.1 To strengthen the market position of farmers, adequately empower them at local, national and international levels and improve outreach of workers into the economic sectors in which cocoa is grown, traded and transported;
- 2.2.2 To advocate effective training and education policies;
- 2.2.3 To work to ensure that effective systems are in place to improve the sustainability of the cocoa sector, recognising the usefulness of social dialogue in the design and implementation of such systems;

NGOs and other civil society actors should be guided by the following principles:

- 2.2.4 To assist and support all origin-based operations of the cocoa community, specifically those at the farmer level and in the supply chain;
- 2.2.5 To contribute, as required, under the authority of national governments, to the dissemination of best known agricultural practices to those engaged in the cocoa sector; and
- 2.2.6 To engage those in the cocoa community, particularly the growers, in an inclusive and participatory manner, in cooperation with other stakeholders, so that policy makers can take into account their views when developing policies;
- 2.2.7 To improve awareness of social, environmental and economic issues with special regard to smallholders on national and international levels.

2.3 Action by the governments of cocoa producing countries, international and regional organizations and development partners:

Governments, international and regional organizations and development partners should be guided by the following policy principles:

- 2.3.1 To develop a national cocoa development plan which outlines the vision and strategies in cooperation with the other national actors involved in the sector, taking into consideration the international perspective, to deliver a sustainable cocoa economy. The participatory approach in each country would be ensured through public-private partnership, with government institutions in charge of cocoa in the lead, with all relevant strategic partners involved in the process. A

body in charge of the monitoring of the progress made would also ensure adequate coordination of national cocoa initiatives;

- 2.3.2 To provide or support the provision of adequate extension services to farmers, such as improved planting material; inputs, integrated management of pests and diseases, conserving soil fertility; improving quality and enhancing food safety, mindful of the need to enhance farmer earnings and organization; and to deliver adequate social and health services to those engaged in the cocoa sector;
- 2.3.3 To establish the necessary controls to guarantee the quality of the cocoa and preserve its integrity throughout the process;
- 2.3.4 To promote adequate land tenure systems and clear litigation processes in cases of disputes;
- 2.3.5 To provide to all those engaged in the cocoa sector the right of association based on internationally-accepted principles such as those enshrined under the ILO, and to facilitate representation of farmers at national and international level;
- 2.3.6 To seek decent working conditions for workers in the cocoa sector consistent with their stage of development, bearing in mind international recognized principles and applicable ILO standards. Extend and improve access to education for all children, while adopting and enforcing national legislation against child labour and its worst forms, and ensuring that information on relevant legislation is widely disseminated;
- 2.3.7 To work towards the protection of the environment and its diversity, given the role of the farmer and those in the supply chain in seeking a sustainable cocoa economy; and
- 2.3.8 To promote the use of cocoa at origin.

2.4 Action by the private sector

The trade and industry actors should be guided by the following principles:

- 2.4.1 To evaluate and improve the impact of their direct operations and purchasing practices and work towards a more efficient and sustainable cocoa value chain, including ensuring a decent livelihood to cocoa farmers;
- 2.4.2 To improve the traceability of the cocoa value chain;
- 2.4.3 To participate actively in the inventory of initiatives in the cocoa sector, and work towards applying the core principles of the Paris Declaration and Accra Agenda for Action (ownership, alignment, harmonisation, results and mutual accountability);

- 2.4.4 To communicate the needs of the industry and assist with the information gathering on credit facilities available to farmers;
- 2.4.5 To communicate the requirements of food safety and assist with the provision of tools to ensure market transparency and the transfer of technology; and
- 2.4.6 To respect relevant domestic and international legislation and rules.

2.5 Action by governments from cocoa importing countries, international and regional organizations and other development partners

Governments, international and regional organizations and development partners should be guided by the following policy principles:

- 2.5.1 To participate actively in the inventory of initiatives in the cocoa sector, and work towards improving coordination of initiatives within the cocoa sector, applying the core principles of the *Paris Declaration on Aid Effectiveness* and *Accra Agenda for Action* (ownership, alignment, harmonisation, results and mutual accountability);
- 2.5.2 To strengthen multi-stakeholders forums and assist in solving issues related to cocoa matters;
- 2.5.3 To reduce tariff and non-tariff barriers to cocoa trade as far as possible;
- 2.5.4 To ensure adequate food safety for the consumer, particularly for children;
- 2.5.5 To improve transparency and the functioning of the cocoa physical and financial markets, through appropriate regulations when required;
- 2.5.6 To assist governments from producing countries to address challenges and seize opportunities, in particular with regards to the development and implementation of national cocoa development plans;
- 2.5.7 To support cocoa farmers in improving the quality of their produce and to apply best known practices, to enable them to earn a decent income; and
- 2.5.8 To direct sufficient development aid to enhance the sustainability of the cocoa economy, in particular with the aim to alleviate poverty of smallholder farmers, improve their livelihood and achieve internationally agreed development goals, including the Millennium Development Goals (MDGs).

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