Proposed principles for sustainable cocoa

1. Commitment to transparency
2. Compliance with applicable laws and regulations
3. Remunerative prices and farmers income
4. Diversification of the local economy
5. Market access and facilitated trade
6. Decent working conditions
7. Support of farmers and workers organization
8. Clear land use planning, secure access to land and proper infrastructure
9. Sound farm management
10. Conservation and wise use of biodiversity

It is important that we structure and organise the principles set out in the document RSCE2/7/Rev.1 "Draft Principles for a Sustainable Cocoa Economy" (dated 3 November 2008) as well as in the elements supplied during CIRAD's presentation in Brussels. Since these principles are of unequal importance and do not all have the same social and economic impact, they must be classified based on major issues in the cocoa sector.

Question 1: Sustainably supplying the cocoa sector

Issue 1: Intensified cocoa production

**Context:** Current cocoa volumes are able to meet market demand. Nevertheless, a simple examination of production growth figures provides indications that there may be limitations to the volumes produced. Additionally, with respect to current average yields, there are significant margins for increasing productivity by applying tried and tested crop management systems. Finally, cocoa – like other cash crops – is in direct competition not only with other agricultural products, but with other economic strategies, particularly in today's emerging major producing countries.

**Objective:** Production must be intensified

**Specific objective A:** Productivity of production units (parcels, fields) must be increased

**Specific objective B:** Production unit profitability must be increased

The two winning strategies are "earn more by producing more" and "earn more through better production". In terms of the market, the first strategy is the predominate one.

To increase productivity, Issue 1 must be divided up into several sub-issues:

1A) Transmission of land assets must be ensured (key words: access to land, division of parcels of land, ownership, cocoa = land marker, etc.)
1B) Transmission of knowledge must be ensured (key words: aging producers, communication tools, training, etc.)
1C) Cocoa-growing and its socio-cultural heritage must be maintained over the long term (key words: land access, patrimony heritance, history, tradition, political stakes, etc.)
1D) Producers' income must be increased while at the same time making cocoa more attractive with respect to other crops (key words: monetisation, child labour, structuring producers, trade systems, negotiation)
New crop management systems and tools must be developed that are adapted to producers (key words: small family farms, monetisation of labour, agricultural system, pluriactivity, biomass management, post-harvest technology)

This issue covers principles 1, 4, 8, 7 and 9 with respect to best agricultural practices and support for producer organisations.

Additional comments: We need to be very aware of the issue of "best agricultural practices". We should perhaps orient our recommendations towards identifying poor practices and their origins, without placing too many restrictions on producers and their know-how. In addition, we believe it would be very relevant to support producers through the use of examples (leaders) and via farm field schools ("escuelas de campo" or "écôles paysannes"). Finally, it is time to explain to producers the principles of the operations they are carrying out, rather than thrusting solutions on them that are sometimes misunderstood and often not heeded.

Question 2: Sustainably ensuring the cocoa supply with respect to health and environmental constraints applicable to cocoa cultivation and processing

Issue 2: Controlling phytosanitary risks

Context: Today, cocoa is at risk from a number of diseases and pests, many of which are hard to control. In addition, the risk is heightened by the ease of intercontinental travel. Finally, we can expect that intensified cultivation will be accompanied by increased phytosanitary risks. In this case, and based on the strategies chosen by both producers and local decision-makers, the risk of spreading disease may be multiplied, for example, by encouraging intensive monoculture and the elimination of protective environments such as forests, hedges, and so on.

This may have a strong impact on local populations, in terms of health, but also in social and economic terms (cost of treatment).

Objective: We must invest in effective means for fighting and controlling pests and diseases that are environmentally-friendly and safe to use

Specific objective A: we must invest in improving our understanding of diseases and pests, and how they spread.

Specific objective B: We must have access to effective and well-thought-out means for combating these threats

Specific objective C: We must protect against any spread of diseases and pests

Taking action on Issue 2 could be done along the following lines:

2A) Today, the major diseases remain confined to their geographic region of origin, but for how long? (key words: VSD, Monilia, Witches' broom, Swollen shoot, P. megakarya)

2B) These diseases and pests are hard to treat and to control (key words: phytosanitary products, toxicity, health, international regulations, banned products, positive list, control, criminalisation)

2C) We must understand and preserve biodiversity (key words: environment, access to water, ecological balance)

2D) We must protect people and their environment

Issue 2 covers principles 2 (use of pesticides), 6, 9 (conservation and proper use of biodiversity) and 10.
**Additional comments**: this issue is entirely linked to issue 1, as the two issues are highly interconnected. Today, countries (Brazil and Indonesia in particular) are investing significant amounts in order to find sustainable solutions to the phytosanitary problems they are facing. In addition, as emerging countries, they are doing so in full knowledge of their actions, given the impact of this sector on the economy, the cost of labour and the ability to keep rural populations from moving elsewhere. The strong trend towards genetic solutions involving the grafting of stable and resistant varieties is a great leap forward for cocoa cultivation, and one that will perhaps herald the disappearance of the current "cocoa-picking" phase in favour of a more formal fruit cultivation approach. This increases yields tenfold, and opens up new areas to explore, including the relationship between yield and quality (similar to grapes and winemaking), biomass management and the relationships between soil, plants and the environment, the size of installations, producer organisations, management of rural spaces, etc.

**Question 3**: Sustainably increasing cocoa quality and making production more financially viable  
**Issue 3**: Selling cocoa better  

**Context**: Most producers sell a product without being aware of its future, its real marketing potential or its potential added value. What's more, cocoa and chocolate consumers willingly accept the diversity of products without understanding their origin or significance. We should also point out a certain wariness – or at least a growing sensitivity – with respect to problems linked to food safety and production conditions. This wariness is sometimes passed on by manufacturers, and is above all publicised by consumer associations.

In addition, cocoa quality comes in different forms, including aromatic, organoleptic, sanitary and nutritional. Each of these forms has its own identification and recognition codes.

Finally, we must be aware that price policies that distinguish between these various types of quality are few and far between. Everything is purchased, but some buyers are willing to pay up to six times the going rate for "special" cocoas that they will promote.

**Objective**: Cocoa must be priced based on its qualities  
**Specific objective A**: producers must have access to tools for judging and checking cocoa quality  
**Specific objective B**: Added value must be given to producers' cocoa, by increasing the price and promoting local (or regional) know-how and traditions

Taking action on Issue 3 could be done in the following ways:

3A) better sharing of the purchase value – better remuneration of the producer – based on FOB prices (key words: taxes, intermediaries, win-win strategy, awareness on the part of cocoa consumers, negotiations, direct contracts with producers)

3B) have a good understanding of laws and regulations (key words: quality signs and labels, legal framework, specifications, codex, Maximum Residue Levels, ICCO, organic, fair trade, etc.)

3C) better management of exclusion phenomena, since strategies for diversifying and segmenting the market always bring with them the application of rules that do not apply to all producers (key words: heritage, tradition, cultivation, market, negotiation, organisation of producers)

3D) promotion of cocoa and the implementation of structures at producer level that will allow them to make their product known, and allow the most direct form of contractualisation
possible (key words: structuring of producer organisations, creation of cocoa and chocolate chambers of commerce in producer nations, promotional tools)

3E) putting in place tools for judging and checking cocoa quality (key words: traceability, contaminants, health quality, nutritional quality, organoleptic quality, SIG, quality labelling, consumer education)

Issue 3 covers principles 2 (health quality), 3, 5 and 7 (marketing)

Additional comments: there is a wide gap between producers and consumers (=users of cocoa beans and or pods). One side speaks of beans without understanding their aromatic or market potential, and the other side speaks in terms of chocolate and price. Some sort of communication effort needs to be made to allow producers to be able to evaluate the market potential of their product, and to give consumers the chance to promote their finished products through promoting their original suppliers. There is room for everyone in the market, regardless of the production or marketing strategy chosen. In any case, there must be strong policy incentives for pricing good cocoas differently from standard ones. Today, the pricing power is all on the side of the multinationals and those who manage information concerning quality and origin. Nevertheless, within these companies, there are clear indications of segmentation and differentiation of products that have been set apart by quality labels and indicators. There is strong pressure from both users (chocolate makers) and end consumers who look carefully, appreciate these indicators and attempt to get closer to the product's origin (history, tradition, exoticism, industrial or eco-tourism, etc.)

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