Based on the results of the first Roundtable in Accra, the “Accra Agenda”, a Working Group has been formed and it was agreed to prepare six background documents as a basis for discussions at the second Roundtable (RSCE2) in Trinidad and Tobago.

The documents reflect the priorities identified in the first Roundtable in Accra and provide a framework to work for increased sustainability. Document RSCE2/6 “Social Issues” presents the conditions and challenges for sustainability in cocoa producing countries and throughout the value chain. Document RSCE2/4, “Sustainability Initiatives and the Challenge of Compliance” looks at efforts geared towards sustainability in cocoa and other commodities to provide different approaches of working for more sustainability and lessons learned. An important basis for any initiative is an agreed set of objectives. Such objectives are reflected in document RSCE2/7 “Draft Principles for a Sustainable Cocoa Economy”. In order to implement sustainable practices and achieve these objectives, guidance is provided in document RSCE2/3, the “Guidelines on Best Known Practices in the Cocoa Value Chain”. Suggestions for future objectives and a framework to implement and sustain the efforts towards increased sustainability are proposed in document RSCE2/2 “Modus Operandi for RSCE”. Document RSCE2/1 contains the programme for the second Roundtable in Trinidad and Tobago, the forum to discuss these documents and the future objectives of the RSCE.

All documents have been approved by the RSCE2 Working Group for public consultation on the website www.roundtablecocoa.org and presentation at the RSCE2 meetings. Any comments received will be taken into account for a future revision of the documents.

“Promoting sustainable production and use of cocoa through dialogue and cooperation with all stakeholders along the supply chain”

RSCE2 is sponsored by:

Côte d'Ivoire Germany The Netherlands Switzerland Trinidad and Tobago International Cocoa Organization
1. Introduction

The first meeting of the Round Table on a Sustainable World Cocoa Economy (Accra, Ghana, 3-6 October 2007) highlighted the importance of the cocoa sector for economic development and poverty eradication. In order to secure this important role, stakeholders in the cocoa chain are jointly facing the challenge to promote sustainable development in cocoa production, commercialization, processing, manufacturing and consumption.

The Accra Agenda addresses priority areas for the three pillars of sustainable development: social responsiveness (people), sound environmental management (planet) and economic viability (profit). The Agenda will have to be implemented in a coherent and mutually supportive manner by farmers, cooperatives, unions, traders, exporters, processors, manufactures, wholesalers, scientists, governments, non-governmental organisations, financial institutions and donors. Consumers’ awareness and purchasing behaviour are furthermore of key importance to the cocoa chain.

At the meeting in Accra, reference was made to related discussions aiming for sustainable commodity chains such as in coffee, tea, palm oil and soy. Important lessons are to be learned from experiences gained, both on the contents of what is to be considered a sustainable commodity chain, as well as on the process of developing a roundtable with a wide range of stakeholders. Other roundtables for sustainable commodities have likewise agreed upon priority areas for action, and have also developed principles. Such principles are formulated to promote the understanding of important issues for sustainable development of the commodity chain concerned. They are also important tools for communication, among cocoa experts, and more importantly towards the public at large, as well as consumers. The principles could furthermore provide a framework for initiatives in the cocoa sector in which criteria and indicators are developed.

In Accra, an initial discussion took place on whether and how such principles could be developed in coherence with the priorities for action of the Accra Agenda. Suggestions were made on a set of guiding principles that might foster a sustainable cocoa economy. Participants considered the matter of great importance, but agreed it would require deliberations based on background information at the next roundtable meeting.

As such, this paper presents a proposal for a set of possible principles, for consideration and deliberation at the meeting in Trinidad and Tobago, with the aim of adopting a set of principles at that meeting. This version of the paper will be open for responses and reflections intersessionally, through the website and on the occasion of the African preparatory meeting in Abidjan (10-12 February 2009), and be amended in due time before the second roundtable meeting.

2. A framework for sustainable cocoa

Participants at the Accra meeting underlined the need for a common effort to enhance sustainability in the cocoa sector. The Accra Agenda contains a set of 38 priority areas for action, addressing different aspects of the cocoa value chain from primary production to

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1 This document has been prepared by an RSCE2 Expert Group comprising Mr. Marcel Vernooij (leader), Mr. Richard Holland, Ms. Patricia maharaj, Mr. Ebenezer Tei Quartey, Mr. Pierre Tsimi Enouga, Mr. Carsten Schmitz-Hoffmann, Mr. Hagen Streichert, Mr. Vicente Urrutia Cueva and Mr. Simon Schnetzer.
end use. Many of the topics are interrelated, given the complex nature of the challenges that are being addressed.

The world cocoa economy would benefit from a concise statement on the key directions that are needed for promoting a sustainable cocoa economy. Likewise, such a statement would be beneficial in communicating that the cocoa sector is undertaking dedicated efforts to address the cocoa specific social, ecological and economic challenges. Such communication should be targeted at experts within the cocoa sector itself, but moreover to a wider audience of opinion leaders and decision makers, which are providing an enabling environment to implement the priority actions of the Agenda. A concise statement will help to convey the message that cocoa is being produced, handled and processed with utmost care as regards the three pillars of sustainable development viz. people, planet, profit.

Also other roundtables and related processes have resulted in a framework, which brings the broad objective of sustainable development through several logical intermediate specifications to practical work on the ground. A common reasoning is to describe the objective of sustainable development along the lines of the three pillars (people, planet, profit), whilst taking into account key institutional aspects. This is translated into a set of key or guiding principles. This is summarised in the Box “Principles defined in similar sustainable commodity initiatives”. Each of the principles is further worked out into a limited number of criteria, which are often made specific by adding a specific indicator and/or action points.

The elaboration of principles into specific criteria and indicators is in many cases linked to mechanisms to certify production methods and/or products. Certification of commodities in terms of sustainability (so beyond a verification mechanism of minimum legal requirements) is generally undertaken by the private sector and certification bodies, in many cases in consultation with non-governmental organisations. Whether the Roundtable for a Sustainable Cocoa Economy itself should develop a logical framework containing criteria and indicators, and be directed towards certification processes, or whether this should be left to market-based initiatives is an element for discussion.

3. Proposal for a set of principles

Main characteristics

Taking into account the specific nature of the cocoa chain and making use of experiences in promoting sustainability in related commodity chains, the set of characteristics for cocoa is to:

- a) present in a balanced and coherent manner institutional matters and matters related to the three pillars of sustainable development, which are key to developing a sustainable cocoa chain from producers to consumers;
- b) recognise that an economically viable cocoa sector is essential, in order to create employment and income for small farmers in particular and to overcome poverty in cocoa producing areas;
- c) be concise and fit for communication. Each of the principles and the set as a whole has to be comprehensive for the cocoa sector itself (in particular with farmers), and to the public at large (in particular to (potential) consumers); and
d) constitute an umbrella for possible further specification into criteria and indicators, as well for the priority actions of the Accra Agenda.

In respect of the deliberation at the first Roundtable, the above characteristics could be translated in the following set of principles for a sustainable cocoa economy. These take into account all priorities for action of the Accra Agenda and as such do not contain additional elements. It envisages how the set as a whole could be formulated in a comprehensive manner. At the same time it provides guidance on the selection and formulation of each of the principles concerned.

**A. Transparency and legal compliance**

Commodities like cocoa are being produced, transported, processed and consumed in complex international supply chains, involving a wide range of stakeholders in several producing and consuming countries. For sustainable cocoa to become real, each of the stakeholders has to fulfil its responsibilities, according to capacities and capabilities. Stakeholders have to keep each other informed on how to properly manage the supply chain.

Consumers are increasingly eager to know how and where the product they intend to buy comes from and how it has been produced. Food safety regulations demand that products are traceable backwards and forward in the supply chain. Tracking and tracing possibilities for cocoa also facilitates marketing quality products with specific story lines of their origin. Furthermore, an open information flow in the chain will help farmers to negotiate a remunerative price for their cocoa beans and will make it easier to influence price levels that consumers are willing to pay for in the end products. A separate background document has been prepared on the challenges for enhancing tracking and tracing in the supply chain.

**Principle 1: Transparency**

The principle relates to promoting priority actions in the field of: provision and sharing of basic information (including statistics), matters of governance, cooperation among stakeholders, tracking & tracing, price development (including role of subsidies and taxes) and information between farmers and consumers.

A second issue that arose in the Accra meeting was that over the past decades laws and regulations have been developed for cocoa for specific aspects of sustainability, for example in the areas of labour conditions (including the abolishment of child labour), food safety (including enforcement of Codex Alimentarius’ Maximum Residue Levels), phytosanitary measures, environmental protection (wise use of pesticides, water management, conservation and sustainable use of biodiversity), trade, and corporate and social responsibility. Such laws and regulations will have to be fully respected and implemented in a coherent and uniform manner within and between countries and regions. It could also address voluntary codes of practise and documents like the ICCO Manual of best known practises in cocoa production.
**Principle 2: Compliance with applicable laws and regulations**

The principle relates to full implementation of international and national laws and regulation in all related aspects of the cocoa chain.

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**B. Economic viability**

Improving the incomes of cocoa farmers is a key objective in achieving a sustainable cocoa economy. The cocoa value chain should function in a manner that recognizes the pertinent needs of farmers, as primary producers of cocoa, in making a decent living out of cocoa farming for themselves and their families. The focus of the cocoa economy should continue to be on the production of high quality cocoa. The Accra meeting at the same time recognized the need to undertake efforts to diversify the cocoa economy in developing countries and to encourage a broader economic development in cocoa producing areas, in order to reduce the risks in solely depending on cocoa for rural development. In the process of enhancing productivity in cocoa alternative employment will have to be created to some extent for cocoa farmers and workers in other economic sectors. Also proper credit systems for rural development have to be available, including (pre)financing arrangements that take into account the typical constraints of the rural economy, and possibilities for micro-credits for farmers and entrepreneurs.

The set of principles should therefore address the role of cocoa farming in overcoming poverty, including through the following two principles:

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**Principle 3: Remuneration for quality cocoa and improved farmers income**

The principle addresses the need to promote adequate remuneration for quality cocoa brought to the market and improvement of farmers’ income, through priority actions such as the production of high quality cocoa and the enhancement of the use of such cocoa through marketing, transparency in markets, increased efficiency in the supply chain, development of new markets, price development and proper or equitable remuneration, price risk management, and the promotion of consumption, including in producing countries.

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**Principle 4: Access to credit and rural development services**

This principle addresses the diversification within cocoa farming, promoting off-farm employment, and a broader economic basis within rural areas producing cocoa. It also underpins the need for additional sources of rural income and innovative financing mechanisms of economic initiatives, such as through micro-credits and pre-financing arrangements.
The cocoa chain bridges a wide range of producers in Africa, Asia and Latin-America, to a vast population of consumers around the world, with strong markets in particular in Europe, North-America, Japan and Australia. In line with the general objectives of the World Trade Organisation and the Doha Development Agenda, the world cocoa economy benefits from market access for cocoa and cocoa products, as well as from measures to facilitate trade.

**Principle 5: Access to markets and market information**

The principle provides an umbrella to priority actions in the field of market and trade information, trade rules, and the development, implementation and information sharing of quality standards. The principle furthermore relates to cooperation with producers in order to allow them to comply with changing regulations and to respond faster to market opportunities and changing consumer preferences.

**C. Social responsiveness**

There are around 3 million farmers worldwide producing cocoa, the majority of which cultivate a very small plot of land. Around 14 million people therefore depend on cocoa production directly. Cocoa trading, processing and marketing provide many more jobs and socio-economic opportunities for people in both producing and consuming countries. People in rural areas where cocoa is being produced frequently do not have access to sound infrastructure facilities (roads, railways, electricity, water, sanitation, financial services), health care and education. Following the UN Convention on the Rights of the Child children should be protected from economic exploitation and from having to perform tasks that might harm their health or development. The conventions of the International Labour Organisation (ILO) prohibit labour by children under school-leaving age and labour that might damage children’s health. Due to a lack of genuine educational opportunities and situations of dire poverty, the farm family often decides that the child should work on the farm. In some cases, this results in the occurrence of the worst forms of child labour, as defined by relevant ILO Conventions. International and national initiatives are undertaken to address this.

**Principle 6: Decent working conditions**

The principle encompasses priority actions to ensure decent labour conditions of farmers and workers along the chain, equal rights and opportunities of women and men, non-discrimination, and the protection and promotion of the rights of the child. As such the principle also underlines that rules for decent labour in the cocoa economy are to be developed, implemented and enforced, and that the worst forms of child labour and forced adult labour are to be eliminated.
** Principle 7: Support of farmers and workers organization **

The principle addresses the rights of farmers and workers to organize themselves, including in alliances, and freedom of expression. It encompasses education activities and training through extension services.

Furthermore, sound cocoa farming by nature implies that farmers are in a position to think way beyond the next harvest and are capable of making long term investments. There is a need for substantive improvement in cocoa productivity in order to ensure economic viability of cocoa farming. A longer term horizon also has to be reflected in land use planning, indicating where and how cocoa farming is to be developed.

The basic asset and capital of most cocoa farmers are their cocoa trees, providing a return of investment during a long period of time. Cocoa producers have to be given sufficient certainty that they will have access to cocoa land and markets over the years to come, either in terms of ownership or in long term land use contracts.

** Principle 8: Clear land use planning, secure access to land and proper infrastructure **

This principle covers the priorities related to the inclusion of cocoa in agricultural and land use planning, access to land for cocoa farmers, clear land (use) rights that are suitable given the multiyear nature of cocoa farming, prior informed consent as regards the development of new cocoa areas, and the need for proper infrastructure.

** D. Sound environmental management **

Good quality cocoa starts at the farm level and requires careful harvest and post-harvest handling. Management practices along the production chain should also respect the environment (soil, water, air, biodiversity), e.g. minimize nutrient loss, ensure improvement of soil fertility, promote smart water management practices, energy saving and efficiency (including the reduction of CO2 emissions), prevent or minimize the use of pesticides, etc. This is elaborated in the ICCO Manual of best known practices in cocoa production and in codes of conduct for corporate and social responsibility along the cocoa chain.

Sound environmental management furthermore implies that negative external impacts of economic activities on ecosystems and flora and fauna are prevented, or minimised and mitigated. As such, the expansion of cocoa farming should not take place in areas with high conservation values for biodiversity, such as tropical forests and wetlands. Cocoa farming on the other hand has a potential positive impact on biodiversity, in particular since the agro-ecosystem is constituted also by trees providing shade. This provides opportunities for cocoa farming in buffer zones or ecological corridors near natural parks; whereas the development of cocoa farms on degraded lands could also contribute to other ecosystems services such as fixation of carbon dioxide or watershed protection.
In this respect it is also important to preserve and keep widely available the global pool of genetic diversity of cocoa, which is critical for developing new varieties with specific qualities, such as in production performance, desirable taste / flavour attributes, butter contents, resistance to diseases, water and drought tolerance.

**Principle 9: Natural resource management**

The principle is covering the priority actions on good agricultural practises, and matters related to efficient natural resource use in transport, processing, manufacturing and retailing. It addresses sound management of soil, water and air, on farm and along the supply chain.

**Principle 10: Conservation and wise-use of biodiversity**

The principle highlights the role of cocoa farming in preventing negative impacts on conservation areas and plant and animal species, as well as the need for a broad genetic basis for further improvement of cocoa. There are also good opportunities for cocoa farming to contribute to ecological zoning and other ecological services (e.g. climate, water) and make use of financial compensation mechanisms for such services.

**Summary**

In summary the set of principles of sustainable cocoa could be construed as follows:

**Proposed principles for sustainable cocoa**

1. Transparency
2. Compliance with applicable laws and regulations
3. Remuneration for quality cocoa and improved farmers income
4. Access to credit and rural development services
5. Access to markets and market information
6. Decent working conditions
7. Support of farmers and workers organization
8. Clear land use planning, secure access to land and proper infrastructure
9. Natural resource management
10. Conservation and wise-use of biodiversity
Annex: Principles defined in similar sustainable commodity initiatives

Round Table on Sustainable Palm Oil (RSPO)

Principle 1: Commitment to transparency
Principle 2: Compliance with applicable laws and regulations
Principle 3: Commitment to long-term economic and financial viability
Principle 4: Use of appropriate best practices by growers and millers
Principle 5: Environmental responsibility and conservation of natural resources and biodiversity
Principle 6: Responsible consideration of employees and of individuals and communities affected by growers and mills
Principle 7: Responsible development of new plantings
Principle 8: Commitment to continuous improvement in key areas of activity

Round Table on Responsible Soy

Economic responsibility
   1. Impact of infrastructure
Social responsibility
   2. Compliance with labour laws and requirements
   3. Respect for land rights
   4. Small scale and traditional land use
   5. Rural communities and migration
Environmental responsibility
   6. Water as a key resource
   7. Soil as a key resource
   8. Protection of biological diversity
   9. Responsible use of agrochemicals

Roundtable on Sustainable Biofuels (RSB) (key elements)

Legality
   1. Production shall follow all applicable law … and international treaties
   2. Projects shall be designed and operated under … processes that involve all relevant stakeholders
Greenhouse gas emissions
   3. Contribute to climate change mitigation by … reducing emissions
Human and labour rights
   4. Not violate human rights or labour rights, and ensure decent work and well-being of workers
Rural and social development
   5. Contribute to social and economic development of local, rural and indigenous peoples and communities
   6. Not impair food security
Conservation, soil, water, air
7. Avoid negative impacts on biodiversity, ecosystems and areas of High Conservation Value
8. Promote practices that seek to improve soil health and minimize degradation
9. Optimize surface and groundwater resource use … and not violate … water rights
10. Air pollution … shall be minimized along the supply chain

Economic efficiency, technology, and continuous improvement
11. Be produced in the most cost-effective way.

Land rights
12. Biofuel production shall not violate land rights

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**Common Code for the Coffee Community (4C)**

**Social dimension**
13 principles in the areas of: freedom of association, freedom of bargaining, discrimination, right to childhood and education, working conditions, capacity and skill development, living conditions and education.

**Environmental dimension**
11 principles in the areas of: biodiversity, agrochemicals, soil fertility, water, waste, energy

**Economic dimension**
6 principles in the areas of: market information, market access, quality, commerce, supply chain

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**Sustainable Tea**

10 areas of sustainability defined: soil fertility, nutrients, biodiversity, energy, social and human capital, soil loss, pest management, product value, water, local economy

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**Better Sugarcane Initiative (BSI)**

Principles are being developed and will focus on a few significant social and environmental issues such as soil productivity; rational water use; effluent management; biodiversity maintenance; and equitable labour

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**Better Cotton Initiative (BCI)**

**Production principles:**
- Minimise the harmful impact of crop protection practices
- Use water efficiently and care for the availability of water
- Care for the health of soil
- Conserve natural habitats
- Care for and preserve the quality of the fibre
- Promote Decent Work

**Enabling mechanisms:**
- Knowledge sharing and skills development
- Effective producer organisation
Equitable access to responsible financial services

Forest Stewardship Council (FSC) (key elements)

Principle 1. Compliance with applicable laws and international treaties
Principle 2. Demonstrated and uncontested, clearly defined, long-term land tenure and use
Principle 3. Recognition and respect of indigenous peoples’ rights
Principle 4. … long-term social and economic well being of forest workers and local communities and respect of worker’s rights
Principle 5. Equitable use and sharing of benefits derived from forest
Principle 7. Appropriate and continuously updated management plan
Principle 8. … assess the condition of the forest, management activities and their social and environmental impact
Principle 9. Maintenance of High Conservation Value Forests …
Principle 10. …contribute to reduce the pressure on and promote the restoration and conservation of natural forests