



**INTERNATIONAL COCOA ORGANIZATION
ORGANISATION INTERNATIONALE DU CACAO
МЕЖДУНАРОДНАЯ ОРГАНИЗАЦИЯ ПО КАКАО
ORGANIZACION INTERNACIONAL DEL CACAO**

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CONSULTATIVE BOARD ON THE WORLD COCOA ECONOMY

First special meeting

ICCO Headquarters, Abidjan, Côte d'Ivoire, or Videoconference

**REPORT OF THE CONSULTATIVE BOARD ON THE WORLD COCOA ECONOMY AT ITS
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OPENING OF THE MEETING

1. The first special session of the Consultative Board on the World Cocoa Economy was presided over by its Chairman, Mrs Beate Weiskopf, Executive Secretary of the German Initiative on Sustainable Cocoa (GISCO).
2. At the opening of the session, and at the request of His Excellency Ambassador Aly Touré, from Côte d'Ivoire, the Board observed a minute of silence, in memory of His Excellency Ambassador Guy-Alain Emmanuel Gauze, former Permanent Representative of the Ivorian Government to the International Cocoa Organization (ICCO), who had passed away a day earlier.

ADOPTION OF AGENDA

3. The Board adopted the draft agenda with no amendment.

LIVING INCOME

4. Following an introductory presentation from the Executive Director of the ICCO, the Board commended the Secretariat for making the issue of Living Income (LI) the overarching priority of its strategic plan, and for including it on the agenda.
5. Indeed, recalling the Berlin declaration from the fourth edition of the World Cocoa Conference (WCC4), through which Member countries agreed on the urgency to move from conversations to pragmatic actions, the Executive Director indicated that the main purpose of this first special session of the Board was to pave the way for the Council to adopt relevant decisions during the next Council meetings, in April 2021.
6. The Board acknowledged that this initiative from the Secretariat would contribute to generating constructive discussions among members, on how best to achieve a LI for cocoa farmers. In accordance with the adopted agenda, various presentations were then made on the three following issues:
 - *DEVELOPING A COMMON UNDERSTANDING OF LIVING INCOME*
 - *STRATEGIES TO CLOSE THE LIVING INCOME GAP*
 - *JOINT ACTIONS TOWARDS A LIVING INCOME*
7. Mrs Stephanie Daniels, from the Living Income Community of Practice (LICOP), gave an introduction on the concept of LI. She highlighted that the concept of LI focuses on the households' ability to afford a decent standard of living. More specifically, the LI is expressed as the net annual income of a household, coming from a variety of sources (agricultural and non-agricultural), that is sufficient enough to cover the cost of a decent standard of living for a typical household in a particular place.
8. Mrs Daniels further indicated that in coordination with the Anker Research Network and the Global Living Wage Coalition, the method used to compute the LI fully takes into account the calculation of a Net Income = Revenue – Cost of Production.

9. Various observations made following the presentation suggest that delegates have different views on ways to close the income gap and achieve a LI. Some delegates pointed out that the LI definition, as provided by LICOP, does not adequately capture the cost of sustainable farming; they further stressed the utmost necessity of addressing the issue of the price paid to farmers. Other members indicated that partnerships involving both the private and public sectors are needed to improve the living conditions of farmers.

10. Mrs Daniels responded by indicating that a smart mix of strategies, with a particular emphasis on cocoa quality improvement, land tenure concerns, and which consider the different needs/costs farmers face in different regions, is required to close the gap between the actual income earned by farmers and a LI benchmark. She added that since most cocoa farmers hold small plots of land, focusing solely on price levels is not enough for farmers to reach a LI.

11. Under the agenda item *Strategies to close the income gap*, representatives from Peru, Indonesia and Ecuador briefly presented their respective strategies to increase the income of cocoa farmers based among others on productivity and quality improvements, the development of transformation technologies, gender equality and improved marketing.

12. Subsequently, the Board heard from Mr Richard Scobey, President of the World Cocoa Foundation (WCF), on the industry's position regarding a LI and strategy to increase the farmer income, including premium payments, improvements in long-term productivity and profitability of cocoa farming, professionalization of cocoa farmers and their organizations, diversification and an overall effective enabling policy environment. He emphasized that the Living Income is the building block for a sustainable cocoa sector.

13. The Executive Director then gave a presentation, under the agenda item *Joint actions towards a living income*, on how the LI is included in the ICCO's Strategic Plan of Action. Lastly, the main objectives and strategic framework of the Alliance on Living Income in Cocoa (ALICo) were presented by its representative, Mrs Christine Müller.

14. Following exchanges on the strategies to close the living income gap and joint actions towards a LI, and taking into account the various positions expressed, the Chairman of the Consultative Board summarised the main discussion points, as follows:

- The importance for the International Cocoa Council of actively overseeing the overall coordination and management of the global cocoa sector.
- The need for further discussions on fair prices and equitable returns for producers, as part of a smart mix of strategies to reach a living income which include the need for differentiated strategies for specific regions and farmer groups.
- The need to have a dialogue on the strategic management of global supply, and global consumption.
- The necessity to carry out a deeper collaborative analysis and dialogue on the state of affairs along the whole value chain and increase accountability.
- The importance of avoiding duplication when it comes to investments in the cocoa sector, instead ensuring the complementarity of initiatives.
- The need for the ICCO Secretariat to update its Strategic Plan of Action, to reflect the main topics discussed in this special session of the Board.

MEMBERSHIP OF THE CONSULTATIVE BOARD

15. The Secretariat reported that the most updated membership list contains 46 members, 23 experts from exporting countries and 23 experts from importing countries.

16. It was further reported that in order to reach a 25-Member parity for both exporting and importing countries, the list includes the possibility of adding four new members at a later stage - two national cocoa farmer organizations from exporting countries, one representative from the Russian Federation, and one from Switzerland.

17. In this regard, the delegate from the Russian Federation indicated that the name of the Russian representative would be provided to the Secretariat at a later date. The same was indicated by the spokesperson for exporting countries, with regards to the names of the two representatives from national cocoa farmer organizations.

OTHER BUSINESS

18. There were no matters of other business considered by the Board.

RECORD OF DECISIONS

19. The record of decisions of the first special session of the Consultative Board was taken as read.