



4 common challenges

- Contribute to a living income for cocoa farmers and their families
- Halt cocoa deforestation, unsustainable and biodiversity loss
- End child labor and forced labor, improve value chain
- Enhance in the...

ISCO Conference Report

September 1st 2022

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On September 1st, 200 cocoa stakeholders gathered in Brussels to attend the first in-person conference organized by the National Initiatives on Sustainable Cocoa in Europe (ISCOs). The event featured panels and presentations by ISCO members and other high-level speakers from both consuming and producing countries. As poverty is often seen as the root cause of the social and environmental challenges within the sector, the event put living income at the centre, making links with the challenges of deforestation, child labour and traceability.



Figure 1: From left to Right: Arjen Boekhold (Chair DISCO), Philippe de Selliers (Chair Beyond Chocolate), Thibault Mourgues (Chair FRISCO), Christian Hellar (GISCO board member), and Filippo Veglio (Chair SWISSCO)

1. FRISCO joins the MoU

In his opening remarks, Beyond Chocolate Chair Philippe de Selliers announced that the recently founded French Initiative on Sustainable Cocoa (FRISCO) would join the other ISCOs by officially signing the [Memorandum of Understanding](#) (MoU).

Thibault Mourgues, FRISCO board member and Business Executive Officer Confectionery at Nestlé, then took the stage. He stated FRISCO shares the objectives of the other ISCOs to achieve a living income for cocoa farmers while ending child labour and deforestation. He explained FRISCO is still young but will start developing a monitoring framework soon and will make sure there is alignment with the other ISCOs. He ended by stating that FRISCO commits to being an effective and active partner within the ISCOs so progress towards a more sustainable chocolate sector can accelerate.

The 4 common challenges of the ISCOs

- Contribute to a living income for cocoa farmers and their families;
- Halt cocoa-related deforestation and promote sustainable reforestation and biodiversity;
- End child labor and forced labor in the cocoa value chain;
- Enhance the transparency in the cocoa value chain;



Figure 2: Opening panel with from left to right: Abubakar Afful, Regis Meritan, Christian Thorun, Alex Assanvo and Paul Davis

2. Opening panel: “How to create coherent approaches to reaching a living income & how multi-stakeholder approaches can support”

Speakers

Alex Assanvo (Executive Secretary of the Initiative Cacao Côte d'Ivoire-Ghana), Paul Davis (President of the European Cocoa Association), Regis Meritan (Head of the Sector “Agricultural Growth” European Commission), Abubakar Afful (Program Team Leader, Fairtrade Africa). Moderated by Christian Thorun.

Theme and objective of the panel

The opening panel addressed the existing public and private initiatives in both producing and consuming countries that aim to close the living income gap for cocoa farmers and explored how these initiatives could efficiently collaborate to increase impact. The discussed initiatives included the ISCOs, CICGI, the EU cocoa talks, upcoming EU legislation and the implementation of the Living Income Differential (LID).





Main outcomes

All speakers agreed that enabling living incomes lies at the core of the challenges within the cocoa sector – it is a pre-condition to achieve other sustainability challenges. However, the current economic crisis and the way the market is evolving offer a huge threat to the living income objectives of the sector. Farmers are faced with an increased cost of living, as well as with increased costs of fertilizer and other equipment. Alex Assanvo shared that while before the crisis COCOBOD had to invest 200 M dollar to subsidize farm gate prices, in 2022 it is 400 M.

If the sector wants to counter this trend, open pre-competitive collaboration is key. However, the sector should make sure to not create double work but choose coherent approaches that ensure efficiencies. The ISCOs have a key role to play here. Next to individual and collective action at the level of supply chain actors, policy makers and legislators at national and EU level should better integrate the topic of living incomes in upcoming regulations.

The point was raised that the sector cannot afford to solely focus on the environmental and social dimensions of sustainability. It is crucial to also address the economic pillar of sustainability. The aim of the LID which was imposed last year by the governments of Ghana and Côte d'Ivoire was to correct the market anomaly and ensure a stable income for farmers. The LID did not achieve what it set out to do. It was concluded that more work should go into ensuring a decent farm gate price level.

Côte d'Ivoire-Ghana Cocoa Initiative (CIGCI)

Is a joint body that was set up by the governments of Ghana and Côte d'Ivoire. CIGCI's vision is to transform the current cocoa sector into a prosperous and sustainable one in line with the common ambition shared by most operators to provide decent wages to cocoa producers, contribute to the protection of forests and biodiversity, and be exemplary in terms of fundamental social and human rights.

www.cighci.org

Identified pathways for the ISCOs & concrete action points

It was argued that the ISCOs should not shy away from sensitive topics but should further stimulate dialogue between suppliers, brands and retailers on contract terms, pricing mechanisms and sustainability programs that lead to better business cases for farmers and farmer organisations.

Furthermore, it was stated the ISCOs should work on a standardization of data collection and improved knowledge sharing in order to avoid duplication of efforts and ensure alignment.

The recent announcement by the CIGCI of the development of a joint framework of action, called "[Economic Pact for sustainable cocoa](#)", presents a unique opportunity for systems change in the sector, with the ambition of generating immediate and positive impact for millions of farming households who depend on cocoa for their livelihoods. The ISCO's recognize the importance of this initiative and will commit to work together with partners to fully support this ambition.



Figure 3: From left to right Karen Janssens, Rupert Day and Gael Lescornec

3. Living Income Panel: “The importance of Supply and Demand Cooperation”

Speakers

Karen Janssens (Expert Sustainable Sourcing, Colruyt Group), Uwe Gneiting (Senior Researcher, Oxfam America), Ousmane Traore (PDG ECAKOOG Coopérative) Rupert Day (Farmer Livelihood advisor, Cargill). Moderated by Gael Lescornec (Senior Program Manager, IDH)

Theme and objective of the panel

The living income panel addressed how stakeholders can effectively work together to ensure a fair value and risk distribution across the supply chain. Panellists discussed how changes in procurement practices, including price agreements and long-term contracts with cooperatives, can positively influence farmer incomes.

Main outcomes

A recent study by Oxfam International shows that over the last years, there has been a significant decrease in income of cocoa farmers in Ghana with cocoa production decreasing by 24% and costs of labour and fertilizer rising by up to 100%. While many companies are working on increasing farmer incomes, there is often little alignment in terms of ambitions and monitoring. Many companies are struggling how to monitor and communicate the effects of income interventions. Moreover, efforts in the field of living incomes often happen on a project level, however a complete system change is needed.



Technical Briefing: “Living Income: From Right to Reality”

In this technical brief, Oxfam presents eight essential issues companies confront on living income, with recommendations for ensuring interventions benefit farmers.

[Read the brief here.](#)

While cocoa cooperatives are working with different companies on income increasing activities, price is only rarely included in company interventions. Working on prices is crucial for cooperatives. Poverty pushes farmers to deforest new areas or move to other countries, while higher prices incentivize to stay on the field. Furthermore, cooperatives require more long-term engagements from companies to ensure stable income.



The point was raised that retailers play an important role in the supply chain as they are close to the consumer and can make sustainable choices available or even the standard for the consumer. Retailers can also work on increasing farmer incomes through discussion with their suppliers and adjustments in price and procurement. However, retailers do see that consumers are mainly guided by prices and not necessarily by sustainability issues. Therefore, a level playing field is needed to raise the bar together.

Identified pathways for the ISCOs & concrete action points

It was concluded the ISCOs are a key player in creating a level playing field in the sector. The ISCOs should ensure that companies are not competing when it comes to sustainability but raise the bar together. The ISCOs have a crucial role in holding stakeholders accountable and creating a safe pre-competitive space.

It was stated that further collaboration and alignment between the different ISCOs is key as it allows to find solutions at a landscape level. Lastly, it was concluded that the ISCOs should encourage civil society and government to work on stronger farmer representation and agency.

Project 'A living income for Cocoa farmers in Côte d'Ivoire, a chainwide collaboration'

In 2020, Colruyt Group, Puratos, Rikolto International, Fairtrade International and the Coopérative de St. Paul joined forces in a chainwide collaboration to close living income gaps for 102 farming families in Côte d'Ivoire. Colruyt Group and Puratos together came to a price agreement ensuring the Living Income Reference Price for the farmers involved by combining the Fairtrade Minimum Price with Cocoa Trace (Puratos) premiums and bonuses and a flexible Colruyt premium.

[Find out more about the project.](#)





Figure 4: Mr. Ousmane Traoré

4. Break-out on Traceability: “Tracing income and price data for a Living Income”

Speakers

Jon Walker (Senior Advisor Cocoa, Fairtrade International), Andrea Werdin (Head of Marketing, Koa), Ousmane Traoré (PDG, d'ECAKOOG).
Moderated by Christian Thorun.

Theme and objective of the panel

The objective of the session was to learn more about existing approaches regarding the tracking of income and price data, its importance for a sustainable cocoa sector, existing challenges and enabling factors.

The panel discussed if income and price data should be included in traceability systems and if yes, how this could contribute to achieving a living income for farmers.



Main outcomes

The group highlighted the need to track income and price data as important elements of a traceability system.

Measuring these critical data points by farmers support them to learn and adapt and to increase accountability. Other critical opportunities linked to traceability that participants highlighted include the strengthening of farmers (data enabled agro entrepreneurs), an increased respect for upholding agreed farmgate prices and it can help to professionalise cooperatives and farms. It was also pointed out that increased traceability and collection of critical data can strengthen gender equity.

But participants were clear that despite these opportunities and the importance of traceability of income and price, this cannot be pursued at all costs. Among others, challenges need to be addressed include sensitive questions about data ownership and who benefits from the data, concerns about data privacy, and how it can be ensured that the most vulnerable farmers are not pushed out of the market as they may not have access to traceability systems. In addition, fundamental technical questions about i.e. the plurality of systems / inter-operability need to be addressed before traceability of income and price data can become a wide-spread reality.



Identified pathways for the ISCOs & Concrete action points

Participants and panellist highlighted the role of the government in creating data standards, to regulate data use, increase transparency, and to enable that data and information is given back to the farmers.

But also, the ISCOs have a critical function: Participants stressed in particular the role of the ISCOs in supporting the development of tools that are effective in collecting data and to ensure that farmers have access to these tools, not least to facilitate inter-operability. A critical pre-condition for this is an increased harmonisation of objectives and policies between the ISCOs.



Figure 5: Working session on traceability



Figure 6: Megan Passey and Sophie Tüllmann

5. Break-out on Child Labour: “How can we ensure that living incomes contribute to reducing child labour”

Speakers

Anne van der Veen (General Manager, Beyond Beans Foundation), Emanuele Biraghi (Chief of Partnerships and Resource Mobilisation at UNICEF Côte d'Ivoire), Megan Passey (Head of Knowledge and Learning at ICI). Moderated by Sophie Tüllmann (SWISSCO Coord. Office)

Theme and objective of the Learning Session

This learning session addressed the interlinkage between child labour and (living) income by discussing how interventions can be designed in a way to increase farmers' income while reducing child labour. The objective of the panel was to share and discuss evidence on the impact of increased incomes on child labour, including government social protection schemes, and industry-led interventions to increase incomes of farming households. Two case studies were presented to illustrate potential approaches and challenges in a cocoa-growing context in more detail: one cash transfer programme in Ghana, and one comprehensive set of interventions including cash transfers, in Côte d'Ivoire, currently being set-up. The panel also discussed the importance of supporting national social protection systems and strengthening public-private partnerships.

Main outcomes: identified opportunities and lessons learned

Poverty is one of the key drivers of child labour. While increasing household incomes and improving household resilience to shocks can be effective in reducing child labour, such approaches must be carefully designed to avoid adverse effects.

The panellists highlighted several factors that need to be taken into account when designing interventions aimed at increasing incomes and reducing child labour:

1. Evidence shows that cash transfers have been effective at reducing children's participation in paid work, but they should always be a part of a comprehensive set of measures (such as awareness-raising, capacity building to prevent and address child labour etc.) rather than being a stand-alone intervention. In the Côte d'Ivoire project, several approaches will be tested and compared: unconditional cash transfers alone, and cash plus a package of interventions designed to help households access affordable adult labour and support them to save, diversify and generate additional income.
2. Social protection programs go beyond cash transfers and include social health protection, old age pensions, unemployment benefits, care and

family friendly policies as maternity/paternity leaves, disability protection, etc. It is important to consider social protection in the living income & child labour equation because some of these measures directly affect the money that gets in or out of farming families' pockets, hence reducing the risk of coping strategies like child labour.

3. Communication and collaboration (i.e. in the context of referral systems) between CLMRS systems implemented by private sectors and national social protection systems must be strengthened. Private and public-private interventions should always be built on the basis of already existent national systems to increase the ownership of the approaches by local governments and therefore ensure long-term sustainability.

Identified pathways for the ISCOs & concrete action points

The session concluded that there is an important role for carefully designed interventions to increase household incomes in the fight against child labour in cocoa. Responsibility for this needs to be shared by all involved stakeholders: national governments who are responsible for putting in place social effective protection systems to protect their populations from shocks; civil society actors who can help advocate for scaling-up of effective national systems as a development priority; and the cocoa and chocolate industry, who have a responsibility to respect human rights in their supply chains, including the right to a decent standard of living. In addition, all actors present in cocoa-growing communities can play a role in raising awareness about existing social protection systems and services, which households may be entitled to but unaware of.

The ISCOs could strengthen their role in facilitating collaboration between public and private stakeholders. Participants also stressed the need for more honest and pre-competitive exchange about lessons learned from previous interventions and good practices to scale the most effective measures.





Figure 7: Anke Massart

6. Break-out on Deforestation “Making Money Flow to Encourage Climate Smart Interventions”

Speakers

Anke Massart (EMEA Sustainability Director FM, Barry Callebaut), Laurence Defrise (Agriculture and Climate Expert, Enabel), Roselyn Fosuah Adjei (Director Climate Change, Forestry Commission of Ghana). Moderated by Renske Aarnoudse (Senior Program Manager IDH)

Theme and objective of the panel

Participants looked at financial mechanisms to promote climate smart interventions, specifically zooming in on Payments for Environmental Services and Carbon Finance. Three presentations were given elaborating on these concepts and identifying the challenges ahead. After that the roles were discussed of the various actors in the cocoa sector, including the ISCOs, to make money flow to encourage climate smart interventions.



Figure 8: Working session forests & agroforestry



Main outcomes: identified opportunities and lessons learned

The key question of the session has been how to make money flow to encourage climate smart interventions.

Assuring suitable and effective incentives for farmers should be at the forefront in the design of any climate smart intervention or carbon investment. Long-term relationships will be built but lock-ins of farmers should be avoided, there isn't a full answer yet on how to balance these two needs.

More effort should go into reaching end-consumers and developing market demand for climate smart and deforestation-free cocoa. This should be combined with concrete efforts to unlock the finance from the downstream end of the value chain for the necessary investments in climate smart interventions.

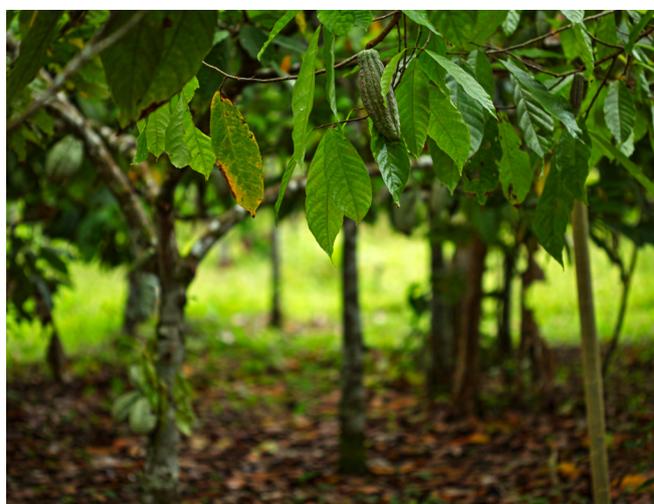
Linking these two ends of the value chain require a better common understanding of the financial and technical mechanisms under development to promote climate smart interventions. Improving carbon literacy amongst all stakeholders will allow for everyone to contribute to strong (financial) mechanisms. Alignment in monitoring and accounting methodologies is one of the required actions to create the possibilities of co-claiming of impact among public sector, companies, and farmers / farm communities.

Identified pathways for the ISCOs & Concrete action points

The ISCOs should play a role in developing a detailed mapping of the financial and technical mechanisms along the value chain that are under development to promote climate smart cocoa.

The interaction between climate smart or deforestation free cocoa and the living income agenda should be further clarified and the ISCOs can work on a common understanding of the synergies and trade-offs between these two themes.

This work will provide the basis to formulate subsequent targeted actions from the ISCOs and ISCO members.





7. Conclusion

The conference ended with a closing panel featuring Renske Aarnoudse (IDH Program Manager), Ferdi van Heerden (Traceability WG lead) and Filippo Veglio (SWISSCO Chair). Overall, the main recommendations for the ISCOs resulting from the event were:

1. **Work on the economic pillar.** The ISCOs should encourage partners to renew their procurement practices and should not shy away from sensitive discussions on price.
2. **Work towards standardized data collection and joint analysis.** The ISCOs should further align data collection within the sector and should come to joint conclusions and action points.
3. Continue to **strengthen public-private partnerships** in order to contribute to long-term sustainable and locally owned approaches
4. Promote more **pre-competitive collaboration** between ISCO members in order to join forces in the field of sustainability rather than competing: a living income for (cocoa) farmers is a human right that we should jointly work towards.



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