



GISCO Monitoring Report 2020



Forum Nachhaltiger Kakao
German Initiative on Sustainable Cocoa



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Introduction

Key challenges for a sustainable cocoa sector are to end child labour in cocoa production, to end cocoa related deforestation and to contribute to a living income for cocoa farmers. As such, these challenges are the fundamental concerns¹ of the German Initiative on Sustainable Cocoa (GISCO) and its members. For the [members of GISCO](#), the German Federal Government (represented by the Federal Ministry of Economic Cooperation and Development (BMZ) and the Federal Ministry for Food and Agriculture (BMEL), the German cocoa, chocolate and confectionery industry, German retail, and German civil society, sustainability starts at the level of the primary producers. The German Initiative on Sustainable Cocoa supports the coordinated exchange on strategies and impacts regarding these challenges and strengthens the cooperation among its members. The initiative cooperates closely with other key players in cocoa-producing countries and with similar organisations and platforms in European countries and globally.

The German Initiative on Sustainable Cocoa pursues the following [overall objectives](#):

- I. To improve living conditions of cocoa farmers and their families and to contribute to a secure living.
- II. To conserve and protect natural resources and biodiversity in cocoa producing countries.
- III. To increase cultivation and commercialization of sustainably produced cocoa.

GISCO and its members [define sustainable cocoa](#) as follows: "Cocoa that is produced in accordance with economic, ecological and social requirements, which means that its production is economical, environmentally friendly and socially responsible, without compromising the ability of future generations to satisfy their own needs."

The members are working towards a sustainable cocoa sector by:

- future-oriented economic action along the value chain leading to the enablement of a living income for cocoa farmers;
- preserving natural resources, especially forest resources with their biodiversity;
- ensuring that human rights are respected along the value chain and, in particular, eliminating (the worst forms of) child labour.

The first chapter gives a brief overview of the GISCO monitoring system, the indicators and the data collection tool. The second chapter discusses the data-collection round for the year 2020 including the user participation, and quality of data. The 3rd chapter presents the findings from the data collection for the year 2020; these findings are presented for each of the 12 specific GISCO objectives, with special attentions for the targeted indicators, as agreed upon within GISCO for several of the specific objectives.

Additional details are available in documents annexed to the report. These include: the member and project questionnaire (Annexes 1 & 2) of the GISCO data collection for the year 2020, an overview of the response rates for target indicators (Annex 3), recommendations for action by the members (Annex 4, in German), the list of target indicators (Annex 5) and the sustainability commitments by GISCO members (Annex 6).

¹ This includes ensuring that efforts to address these challenges do not cause displacement of child labour or deforestation from cocoa production to other activities in cocoa producing areas.



1. The GISCO monitoring system

1.1. Specific objectives and indicators

GISCO members commit to the following **12 specific goals** of the initiative, agreed upon at its General Members' Meeting in May 2019:

1. improved farm-gate prices, minimum price and premium systems as well as other income-generating measures such as contributions to a living income of cocoa farming households;
2. improving the productivity of cocoa cultivation and the quality of cocoa;
3. supporting governments and other stakeholders in the development of holistic regional agricultural programs in order to create alternatives to cocoa cultivation and thus counteract overproduction;
4. promoting the development and use of sustainable and diversified production systems, in particular agroforestry systems, which conserve natural resources as well as ending the application of hazardous and/or unauthorized pesticides;
5. ending deforestation and contributing to conservation of forests and biodiversity, and to reforestation;
6. the abolition of worst forms of child labour in cocoa production;
7. the enhancement of gender equality and improvement of opportunities for women and young people in the cocoa sector;
8. enforcing compliance with human rights (implementation of the UN Guiding Principles on Business and Human Rights) and environmental aspects by all actors in the cocoa supply chain and contributing to the discussion on possible regulatory measures at EU level;
9. the strengthening of governments, farmer organizations and civil society in the cocoa value chain in the producing countries;
10. the entire cocoa in cocoa-containing end products sold in Germany to come from sustainable cultivation in the long term;
11. a share of at least 85% of cocoa in cocoa-containing end products sold by the producing members in Germany to be certified by sustainability standards or to be equivalently independently verified by the year 2025;
12. promoting multi-stakeholder partnerships and collaboration for more sustainability, networking, sharing information and experience, learning from each other, and reporting on progress in achieving objectives and applying best practices.

In 2020, GISCO developed a set of performance and impact indicators linked to the specific objectives in order to allow the measurement of progress towards their achievement. As a next step, key indicators have been equipped with targets and time frames (see Annex 5 List of targeted indicators).



1.2. Harmonisation with other initiatives on sustainable cocoa

The national platforms on sustainable cocoa in Europe, GISCO in Germany, Beyond Chocolate in Belgium, DISCO in the Netherlands and SWISSCO in Switzerland, agreed upon a [Memorandum Of Understanding, signed in 2020](#), to facilitate increased collaboration.

The European Initiatives on Sustainable Cocoa (ISCO's)



GISCO

German Initiative on Sustainable Cocoa
June 2012



Swissco

Swiss Platform for Sustainable Cocoa
January 2018



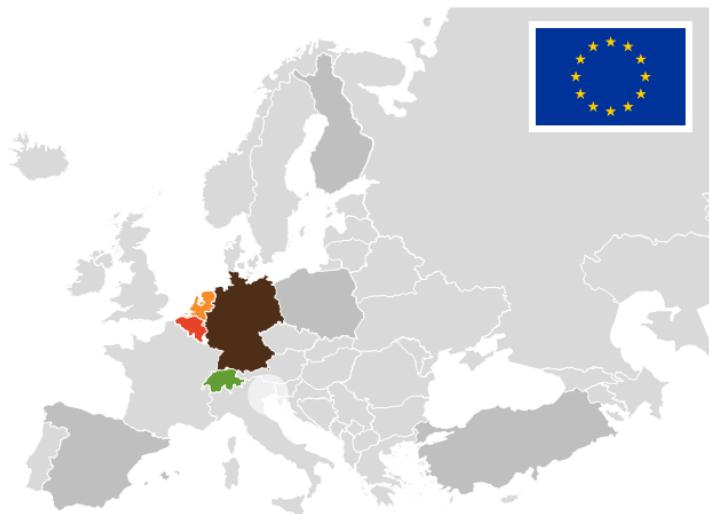
Beyond Chocolate

Partnership for a more sustainable Belgian
cocoa sector
December 2018



DISCO

Dutch Initiative for sustainable cocoa
September 2020



Over the past years, national initiatives for sustainable cocoa (ISCO's) have been initiated in Germany (GISCO, 2012), Switzerland (SWISSCO, 2018), Belgium (Beyond Chocolate, 2018) and the Netherlands (DISCO, 2020). These national initiatives are crucial for generating impact at scale, and equally crucial is creating alignment across these initiatives. Therefore, the four ISCO's have signed a [Memorandum of Understanding](#) (MoU), documenting their collaboration and their common endeavour to realize a more sustainable cocoa sector. The ISCO's have identified four common challenges:

- 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 transparency in the cocoa value chain

The ISCO's are now developing joint strategies to support signatories to address these challenges, organizing joint working groups and learning events, and co-commissioning relevant studies. The ISCO's are also moving more and more towards a harmonized monitoring of progress. By intensifying their collaboration, the ISCO's are eliminating redundancies and *improving efficiencies, thereby responding to a critical demand from the stakeholders.*

[Find out more on ISCO alignment](#)



One of the MoU's cornerstones is the harmonization of monitoring frameworks. A set of Common Indicators, covering GISCO's key and targeted indicators, and a joint online monitoring tool have been developed. This initiative responds to the persistent demands from companies and organisations, who are members of more than one of the cocoa platforms, to align and harmonise data collection.

In a first phase, the data collection covers the "Common Indicators", as referred to above; and few additional indicators of each platform, which are not harmonized.

An important ambition of the common data collection and reporting tool is that common members have to report the same data only once. Nonetheless the tool is also designed to allow flexibility and to support differences in reporting, tailored to the structure of each platform.

The European platforms employ a "work in progress" approach, initially with the design and implementation of a basic data-collection and member reporting system, to be improved and adapted in the following years, if and where appropriate. Improvements to the system may thus be introduced in between the yearly data collection, evaluation and reporting cycles.

A first pilot version of the common online tool was tested between mid-December 2020 and mid-February 2021 to collect and subsequently analyse 2019 data through online reporting by GISCO members. Due to the pilot nature, this data was not published. Subsequently, the tool was improved, based on members' feedback, before conducting the first joint monitoring round, for 2020 data collection from members of GISCO and Beyond Chocolate, between April 28, 2021 and mid-June 2021. The results of the joint monitoring round are presented in this report.

Efforts towards further harmonisation of indicators have been engaged and are ongoing with the World Cocoa Foundation (WCF) and with the International Cocoa Initiative (ICI).

1.3. Brief overview of the online monitoring tool

Two types of questionnaires were designed and used for the data-collection:

1. *Member questionnaire*: collecting supply chain data (sourcing data, premiums, child labour, value chain due diligence, consumer awareness and demand) and data related to member participation within GISCO in general (member commitment, multi-stakeholder initiatives and best practices), through questionnaires tailored for each member group.
2. A *project/program questionnaire* applicable for all member groups with projects or programs in cocoa growing countries: collecting data on the implementation and outcomes of sustainability projects and programs that are implemented by GISCO members. Each member reporting on its sustainability efforts had the choice between either (a) submitting a single project questionnaire form for its global program, or (b) submitting multiple project questionnaires, each specific to a country-level project or to other particular projects.

The concept of submitting project data only once is applied. For a project implemented and/or supported by several members, acting as project partners, only one project questionnaire was completed and submitted, by the lead partner of that project. Additionally, members only need to submit their project/program data only once and not per platform.

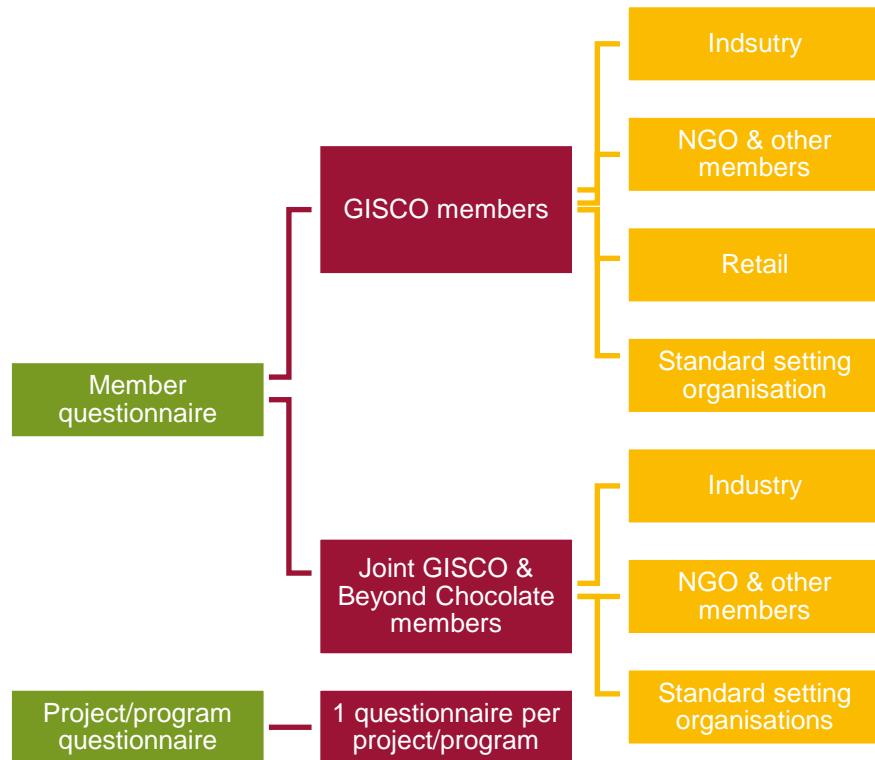


Figure 1: Overview data-collection questionnaires

Figure 1 shows the different types of questionnaires that members were asked to complete. 2 variables were used to designate each member the appropriate questionnaire: a) whether or not the member is a member of GISCO only or is a member of both GISCO and Beyond Chocolate and b) the GISCO member group to which the member pertains. In total 7 different types of member questionnaires were constructed. Each type contained questions related to the joint set of indicators from both platforms and a limited set of specific questions for GISCO members.



2. Data collection for the year 2020

2.1. Timing and specificities

GISCO and Beyond Chocolate have synchronized monitoring cycles. After the GISCO pilot phase in which the online tool has been tested to collect 2019 data, the tool was launched officially on April 28th, 2021, during a joint launch event of GISCO and Beyond Chocolate. Members were asked to report 2020 data during the month of May 2021. During the reporting month members were able to request individual coaching sessions on how to use the reporting tool.

The two other platforms for sustainable cocoa in Europe, SWISSCO and DISCO did not participate in this first joint reporting for the 2020 data collection yet, but are actively involved in the development of both the monitoring system as well as the online reporting tool and have expressed their interest to potentially participate in the form of a pilot phase in 2022 (for the reporting year 2021).

2.2 Member participation

Member questionnaire

A total of 63% of the GISCO members submitted at least one completed 2020 questionnaire (members completing a member questionnaire and/or one or multiple project questionnaires). With regard to the different stakeholder groups, we notice that: (a) 61% of member group D (11 out of 18); (b) 100% of member group C (7 out of 7); and (c) 57% of member group B (25 out of 44) participated in the monitoring.

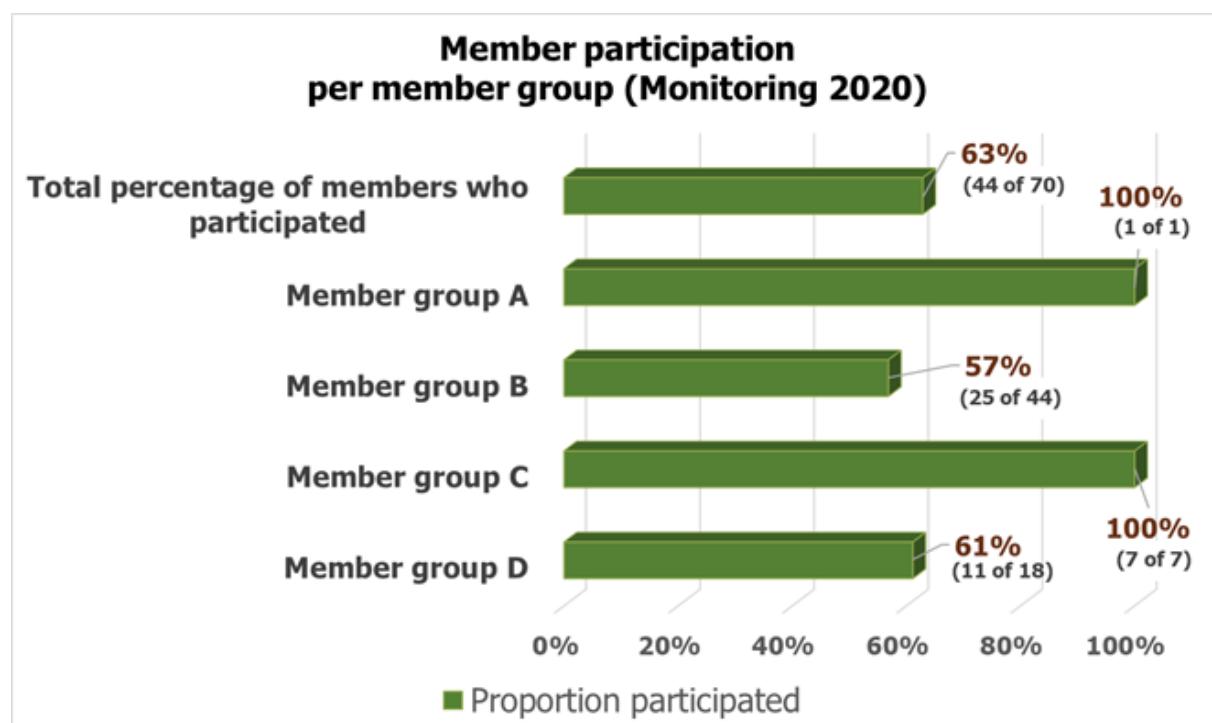


Figure 2: Participation rates per member group. Member group A = BMZ and BMEL; Member group B = Industry; Member group C = Retailers; Member group D = Civil society incl. standard setters



Project questionnaire

GISCO member projects

A total of 125 member-implemented projects were identified by the GISCO secretariat for 2020. Together these projects covered 24 producing countries. 47 of the projects were being implemented in West Africa of which 26 in Côte d'Ivoire. It is estimated that more than 1 million cocoa farmers and their families have been reached through these projects.

As described in chapter 1.3, for the 2020 data collection, members had the choice to submit data on specific projects or aggregated data on larger programs, thus reducing their reporting burden. Due to such reporting flexibility, project specific information may be lacking; therefore, reported projects/programs can hardly be linked to the existing list of GISCO projects. This is an issue that needs to be addressed in the following stages of improvement of the monitoring system as to increase transparency and accountability on all projects/programs implemented by GISCO members. In this regard two pathways for improvement should be explored: (1) making reporting on GISCO projects mandatory and (2) only accepting country specific reporting per project/program, at least for some key countries. If aggregate reporting is to remain possible, it would at least need to be clear which projects are being referred to and what their scope is.

Notwithstanding this limitation, a couple of findings can be presented on how the projects/programs reported on for 2020 relate to the overall list of GISCO projects.

Project/program countries

The reported projects/programs were implemented in 15 countries. Côte d'Ivoire and Ghana are the most prevalent countries in which projects/programs are conducted. As mentioned earlier, a project/program may span multiple countries. 60% (12) of the reported projects/programs are situated, *entirely or partly*, in Côte d'Ivoire and/or Ghana, followed by Indonesia (35% - 7 projects/programs), Brazil (30% - 6 projects/programs), Ecuador (30% - 6 projects/programs) and Cameroon (25% - 5 projects/programs). This list of countries corresponds well with the list of main producing countries for the German Chocolate Industry with an exception for Nigeria. Only 3 of the reported projects/programs are (partially) implemented in Nigeria, although Nigeria is the second largest cocoa producing country for the German Market.

It should be noted that the projects/programs reporting is not linked to the amount of cocoa destined to the German market: members can report on their total global sustainability efforts.

More information on the German chocolate industry and on how the data collected in this member reporting round for 2020 relate to the German chocolate industry can be found in the next section §2.3.

Not only is data available for the most predominant cocoa producing countries, but these countries are also countries for which human rights risks associated with cocoa production are considered high. A country specific overview of the risks associated with cocoa production in these countries can be found in the recently published report by SÜDWIND Institute².

² Hütz Adams, F. Guide to conducting risk analysis for cocoa producing countries, 2021, Südwind Institute, 2021, <https://www.suedwind-institut.de/alle-verfuegbaren-publikationen/guide-to-conducting-risk-analyses-for-cocoa-producing-countries.html>

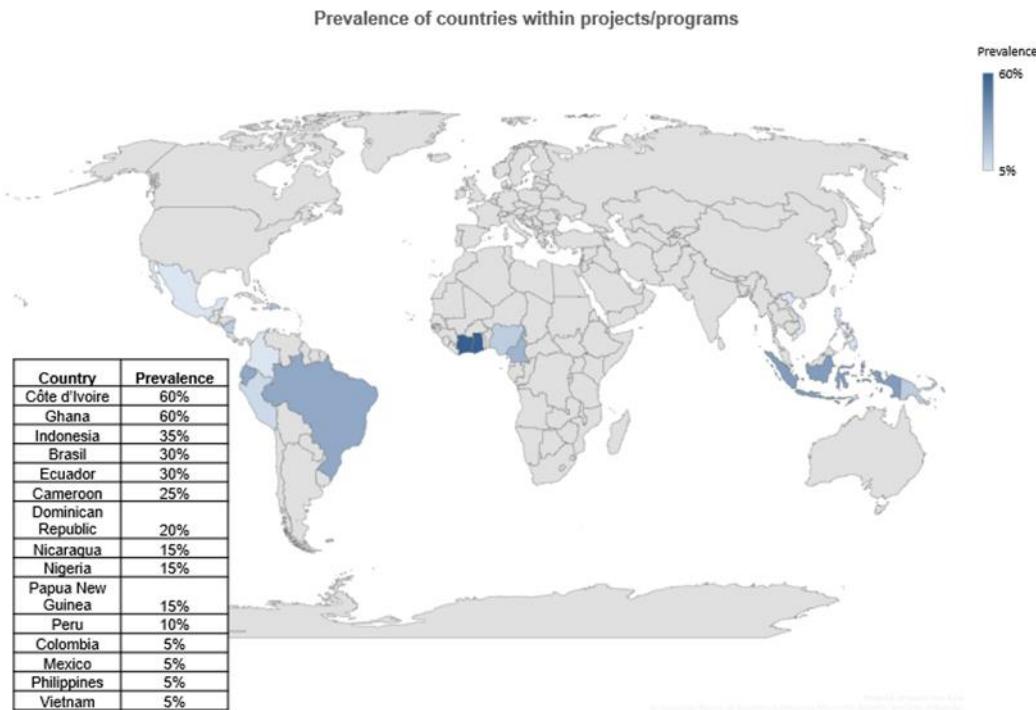


Figure 3: Project locations ((Prevalence = proportion of reported projects/programs implemented in the respective country. A project/program can be implemented in several countries).

Number of farming households reached

The earlier overall list of GISCO member projects estimated that in total over 1,002,000 cocoa farmers and their families had been reached through GISCO projects. The aggregated number of cocoa farmers and their families reached by the projects/programs reported in this round of 2020 data collection is 956,461. However, this figure must be interpreted with great caution, as the current questionnaire does not allow for the detection and correction of double counting of those households reached by more than one project/program.

Participation statistics project/program questionnaire

As mentioned in §1.3, the concept of submitting project/program data only once is applied. For a project/program partnership implemented and/or supported by several members, only one project/program questionnaire was submitted. The submission of the questionnaire was done by the main partner of the project/program after agreement between the project partners. Each project/program thus has one lead partner (i.e. the member responsible for reporting about the project/program) and can have several project/program partners. Of the 20 reported projects/programs, 40% (8) are reported on (and thus coordinated) by industry members of member group B, 40% (8) projects/programs are reported on by members from the civil society member group D, 15% (3) of the projects/programs are reported on by member group A, being BMZ/BMEL, and 5% (1) of the projects/programs is reported on by a retailer (member group C). Half of the reported projects/programs is implemented by more than one member. Collaboration between members from different member groups in the implementation of project/programs is no exception.

Additional limitations to the data collection and analysis are discussed under §2.4.



2.3. Overview of the German chocolate industry

This section provides a brief overview of the German market for cocoa. The information presented in this section not only allows estimating the share of cocoa for the German consumer market covered by the data presented in this report, but it also presents some important caveats about the scope of the current GISCO monitoring.

Figure 4 highlights the importance of the German market for cocoa at a glance. Germany is the second-largest importer of cocoa beans in Europe, and the world's largest exporter of chocolate. Germany also has the second largest cocoa consumption only preceded by the USA.

The German market for Cocoa at a glance



IMPORT

With a market share of 19% Germany is the second largest importer of cocoa beans in Europe, preceeded only by the Netherlands (48%). Total cocoa beans imports amounted to over 430 thousand tons in 2020.



PRODUCTION

Germany houses Europe's largest chocolate manufacturing industry. A large share of the chocolate produced in Germany is exported again, which makes Germany the world's largest exporter of chocolate.



CONSUMPTION

Germany has the second largest cocoa consumption by quantity per country (342,000 t), preceeded only by the USA (816,500t)



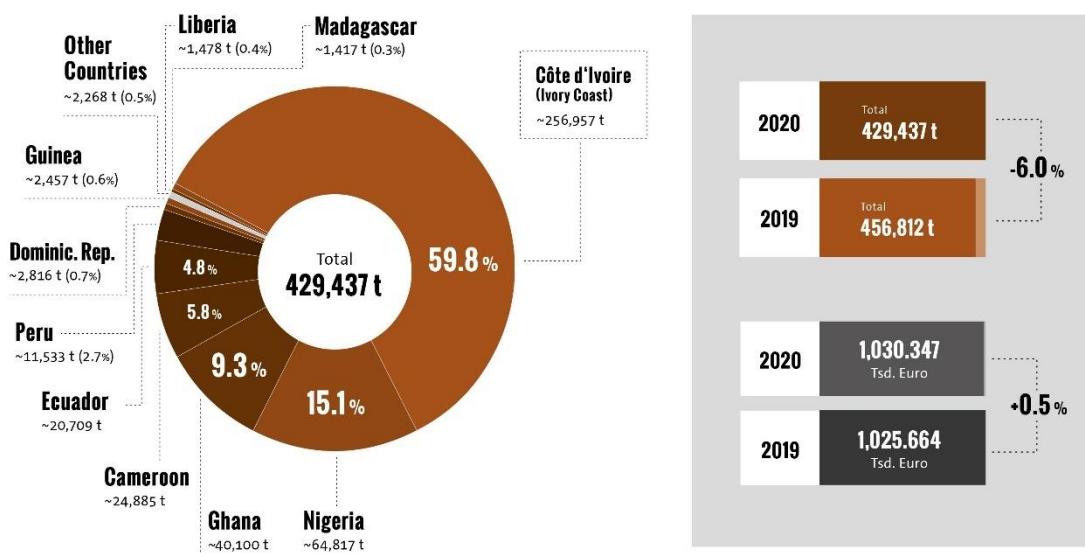
Figure 4: The German market for cocoa at glance (data source ICCO, BDSI, cbi.eu (<https://www.cbi.eu/market-information/cocoa-cocoa-products/germany/market-potential>), illustration c-lever.org)

According to data collected by BDSI for 2020, Côte d'Ivoire, Nigeria, Ghana and Cameroon are the most important producing countries for the German Chocolate Industry. As per the BDSI data, 59.8% of the cocoa beans sourced for the German chocolate Industry originates from Côte d'Ivoire, 15.1% from Nigeria, 9.3% from Ghana and 5.8% from Cameroon. As discussed in the previous chapter, these producing countries are also best represented in the collected project/program data, with the exception of Nigeria.



COCOA SUPPLIERS FOR THE GERMAN CHOCOLATE INDUSTRY

Net-Imports 2020



www.BDSI.de

Figure 5: Cocoa suppliers for the German chocolate industry (Source: BDSI)

It is important to clarify that most targeted indicators focus on sustainable cocoa-containing end products sold in Germany. This is a more limited scope than comparative commitments made by other national platforms on sustainable cocoa in Europe that focus on the whole processing of cocoa (e.g. produced chocolate) in the country. Given the great importance of the German industry in the import of cocoa beans, manufacturing and export of cocoa containing semi-finished and end products, an extension of the scope of the platform's targeted indicators (to products processed in Germany) could be explored for the future. A change in scope for targeted indicators to include production of cocoa-containing products for export should be coordinated with the other sustainable cocoa platforms in Europe to avoid double counting in future aggregations. The Sustainable Cocoa Forum cooperates actively with the other European platforms in order to promote a European focus, as well as with other initiatives working for a sustainable cocoa sector at the global level.

Overall, through its members from industry and retail, GISCO covers approximately 80% of the German cocoa, chocolate and confectionery sector. For the data reported by members for the reporting year 2020, the overall share of the German consumption market covered in this report is estimated to be only 35%. However, this number only accounts for the GISCO members who reported the volume of cocoa contained in the end consumer products that they have supplied to the German market in 2020. Several other industry and retail members have participated in the 2020 monitoring round but did so without providing data on their respective volume and thus their reporting cannot be used when estimating the % of the consumer market covered in the reporting. 32% (14 members) of industry members (with consumer brands) reported data on the volume of cocoa contained in their products and 28% (2 members) of the retail group also reported on such volume.



It is worth mentioning that not all industry members supply end consumer products to the German Market. These have been excluded in this report where data has been provided in comparison to the total number of industry members with cocoa-containing finished products for the German market.

2.4. Limitations of data

Other than the already discussed representativity for the German Market of the presented data in this report, a number of additional limitations of the data are identified.

Availability of data: The availability of data for several indicators is limited. Several efforts were made to be as transparent as possible about the available data for each indicator discussed in the report.

- An overview of the response rates to the corresponding questions on the value-added indicators can be found in Annex 3.
- Where relevant, in addition to the comparative figure for the total number of members (relevant in each case), the charts also contain information on the proportion of members who provided data.
- Where relevant, in addition to the comparative figure for the total number of members (relevant in each case), the charts also contain information on the proportion of members who provided data.

Reliability of data: There is no external control body to verify the correctness (accuracy and reliability) of the data provided by the members. This GISCO 2020 Monitoring Report is based solely on data provided by members. The calculation and assessment methods behind member data may vary, sometimes significantly, and therefore certain data may not always be comparable between members or projects/programs. Prior to data analysis, non-confirming data was reported to members as part of a data cleaning process and corrected where necessary.

Modes of data collection: It is worth noting that project/program data described in this report is not linked to the volume of cocoa sold on the German market. Companies tend to link their cocoa sustainability programs to their global portfolio and not to a specific consumer market. Since cocoa farmers covered in a project/program are not required to/do not necessarily sell to the companies that finance the project/program, it would be difficult to assign them.

Currently, data collection within the GISCO monitoring system is tilted towards aggregated reporting across countries instead of country specific reporting, in an effort to minimise the reporting burden. This makes it often impossible to offer country specific analysis of project data at this stage. In order to have a better understanding on the interventions of GISCO members projects and their impact, data collection should move towards country level reporting, at least for those countries where GISCO intends to invest in country specific analysis and subsequent learning processes.

The platforms for sustainable cocoa in Europe employ a “work in progress” approach for the design and implementation of the data-collection and reporting system. Improvements to the system may thus be introduced in between the yearly data collection, monitoring and reporting cycles. This has also been the case for this round of 2020 data collection.

Difficulties arose in some sections of the questionnaire and/or individual questions that affected the quality or quantity of the data reported for 2020 and/or the degree to which the data provided enough information to conduct the appropriate analysis.



Members used the comment fields in the data collection questionnaires to indicate difficulties with interpretation of questions and suggestions for improvement. The lessons learned from this monitoring round will be discussed internally and will be used to improve the online tool in time for the next monitoring round (for 2021 data).

Wherever we encountered a significant issue with the data collection method, this information is disclosed in the report.



3. Performance monitoring of the 12 specific GISCO objectives

This chapter provides an overview of the performance monitoring for each of the 12 specific GISCO objectives. This section discusses and analyses the 2020 data reported by the GISCO members, further supplemented by additional sources of information and secondary data.

For each of the specific objectives progress towards achieving the specific objective is assessed. For specific objectives with target indicators, the status of each target indicator is assessed. For specific objectives without target indicators the overall status of the specific objective is assessed. This assessment was done by C-lever.org using the available data. Both the UAG monitoring working group and the GISCO board have been able to provide feedback on the assessment prior to publication.

SO1 - Income-generating measures as contributions to a living income

SO1 at a glance

SO1: The GISCO members are committed to improve farm-gate prices, minimum price and premium systems as well as other income-generating measures as contributions to a living income of cocoa farming households.
Target indicators
Target indicator 1.1: (supply chain indicator): From 2020 onwards, GISCO members report on the price sustainability premiums/ton paid by them to their suppliers and/or farmers for the cocoa purchased/processed.
Target indicator 1.2: (Project/program indicator): By the end of 2022 GISCO members with income relevant projects/programs will include living income related indicator(s) and report transparently on the measures implemented.
Target indicator 1.3: (Project/program indicator): By the end of 2023, GISCO members with relevant projects/programs will report on the development of net household income in relation to the Living Income benchmark.
Target indicator 1.4: (Project/Program indicator): By 2025, at least 80 % of farmers reached through relevant GISCO member projects/programs will have increased their net household income by at least 35 % (Baseline KIT, 2017 ³).
Main conclusion
Data from the 2020 monitoring round do not allow to assess the contribution of income-generating activities or related strategies, to closing the living income gap. This limitation is due to: (a) the limited number of projects/programs reported by members; (b) the limited representativeness and quality of the data reported; (c) the lack of a consistent methodology for collecting and analysing household income data; (d) the lack of a multi-year time perspective. The current monitoring system does also not include analysis of farm-gate prices and minimum prices, which are mentioned in the objective.
Main recommendation
Pursue the ongoing efforts, in collaboration with the other European platforms, the Alliance on Living Income on Cocoa (ALICO) and WCF, to streamline member data collection and reporting with respect to farmer household income and to complement such reporting with independent impact studies to be able to better capture progress in this area. In the future, the other aspects mentioned in the specific objective for a living income should be taken up. It should also be discussed to report on the Fairtrade minimum price.

Table 1: Overview SO1

³ Bymolt, R., Laven, A., Tyszler, M. (2018). Demystifying the cocoa sector in Ghana and Côte d'Ivoire. The Royal Tropical Institute (KIT).



Data analysis

Target indicator 1.1: (supply chain indicator): From 2020 onwards, GISCO members report on the price sustainability premiums/ton paid by them to their suppliers and/or farmers for the cocoa purchased/processed

A total of 12 industry members and 1 retailer reported on the premium/kg paid in the member survey for 2020. Taking into account the industry and retail members that reported as 'not paying any premiums', the response rate is 45% for industry members and 57% of retail members⁴. This is a significant achievement, still continued progress needs to be made to reach the target.

Nonetheless, the data collected on premiums paid by the Members in 2020 have some serious limitations and are therefore not yet published in this report. The following limitations were encountered during data collection and analysis.

- As to limit the reporting burden, the data collection process did not include collecting additional data to correct for any double counting that might occur when members report on premiums paid on their behalf, while their own suppliers are also GISCO members having already reported on the same premiums.
- The distinction made in the data collection between premiums paid to farmer organisations and premiums paid to the farmer may be based on assumptions that do not fully correspond with actual practices in the field.

For example, in some countries the premium goes directly to the farmer, in other countries the farmer organisations/cooperatives include specific premium regulations in their by-laws. In this case farmer organizations/cooperatives have to make a plan that outlines how the premium is distributed and which share is allocated to the farmer. Still, premiums paid to the farmer organisation may also include premiums paid to the farmer by their farmer organisation, without the reporting member knowing how much of the total premiums paid to the farmer organisation are actually paid to the farmers. This explains why the category of "premium paid to the farmer organisation/cooperative and subsequently shared with the farmer" was rarely used in the reporting.

During the data cleaning, efforts were made to filter out any double counting of a same premium paid once but reported under both categories. In next monitoring rounds, members will be additionally sensitised to report the same premium only once.

- Different premium regulations within countries. Members had the option to report country specific data on premiums or aggregated data across countries.
- Having aggregated data on premiums, while policies on premiums are country-specific, significantly reduces the capacity to interpret the data and thus draw conclusions on the actual situation in the field.
- Premium policies differ between industry and retail members and certification standards. Some premiums include payments that are required by the farmer to be spent to comply with standards or activities. In other cases, the premium is always additional to other program costs, that are budgeted and paid for separately. A lack of standard definitions and shared guidelines

⁴ This includes the members stating that no premiums were paid by them or on behalf of them, as this also counts as having reported on premiums



for premiums makes it impossible to compare or to aggregate data between members at this stage.

A proposal for improvement of data collection on premiums will be developed for the next monitoring round in cooperation with the UAG Working Group "Monitoring" of GISCO and other platforms for sustainable cocoa in Europe.

Target indicator 1.2: (Project/program indicator): By the end of 2022, GISCO members with income relevant projects/programs will include living income related indicator(s) and report transparently on the measures implemented.

63% of the reported projects and programs (12) are reported to be income related, 67% (8) of these projects/programs have living income related indicator(s) and report transparently on the measures implemented.

Note: It should be noted that the percentage of projects reported is unweighted, meaning that small projects are counted equally as large ones when it comes to "number of projects".

Figure 6 shows the strategies implemented by the projects/programs to contribute to the achievement of living incomes for farming households. 9 projects/programs reported on their strategies to contribute to a living income for cocoa farmers. Crop diversification (8), premiums for cocoa (7) and minimum prices for cocoa (7) are the most prevalent strategies, followed by women's economic empowerment (6), adaptation to climate change (5) and income activities in the framework of community and landscape approaches (5).

Note: Figure 6 does not provide information on resources for strategy implementation or on outcomes and impacts of each strategy; as noted, project information is presented here unweighted.

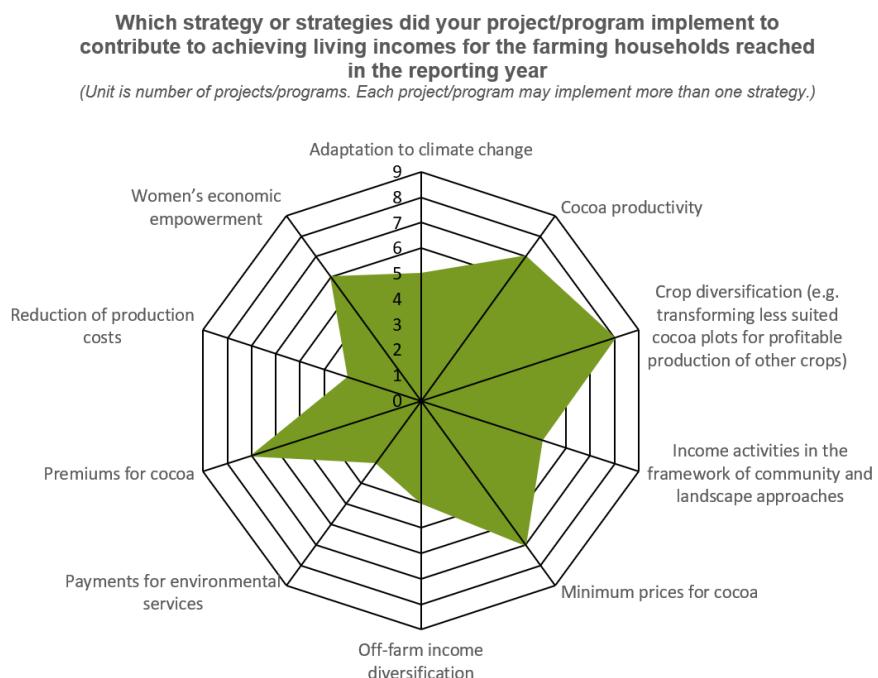


Figure 6: Strategies implemented by projects/programs to contribute to achieving living income



Target indicator 1.3: (Project/program indicator): By the end of 2023, GISCO members with relevant projects/programs will report on the development of net household income in relation to the Living Income benchmark.

For 5 projects/programs, data was provided on the net household income in relation to the living income benchmark. A total of 3 of these projects/programs⁵ were reported on by an industry member, 1 by a civil society member and 1 by BMZ/BMEL. It is not possible to present aggregated data per country due to the limited data and the limited information available on the methodology used to calculate household income data for each of the projects/programs. While an anonymised presentation of household income data per project/program was prepared, it was decided not to include in this report, as the graph might lead to wrong impressions or irrelevant discussions.

In the 2018 Living Income Report in Cocoa growing areas in rural Côte d'Ivoire⁶, a living income for rural cocoa regions in Côte d'Ivoire is estimated at CFA 262.056 (US\$454) per month. This has been updated in 2020 to allow for inflation rates since the publication of the study. The new estimate is at CFA 265.384 per month for a typical family of two adults and four children. A similar update has been made for the cocoa producing regions of Ashanti, Central, Eastern and Western regions of Ghana. The original living income country report for Ghana estimated the monthly living income as GHC 1,464 (\$329) in March 2018⁷. The living income for March 2020 was estimated at GHC 1,683 per month (\$312). KIT Royal Tropical Institute analysed actual incomes of cocoa growing households, based on data collected in 2017.

The average household income was estimated at 36% of the Benchmark value in Ivory Coast in 2018 (implying a living income gap of 64%)⁸. For Ghana, the average household income was estimated at 52% of the Benchmark value in 2018 (implying a living income gap of 48%)⁹. For other cocoa producing regions and countries where cocoa has been sourced for the German market, household income data were not reported. The Living Income community of Practice has created a database with updated and standardized living income and living wage benchmarks for most producing countries¹⁰.

Note: Average net household income relative to the living wage benchmark is not indicative of how many households are below a living wage or how large the gap is to a living income. Average net household income is susceptible to distortion because it does not show differences among farm households within a project or program. To mitigate this, the value-added indicator 1.4 was introduced.

Target indicator 1.4: (Project/Program indicator): By 2025, at least 80 % of farmers reached through relevant GISCO member projects/programs will have increased their net household income by at least 35 % (Baseline KIT, 2017¹¹)

⁵ Whenever the term "project" is used, it might either refer to a project or a program or a number of projects reported in an aggregated way.

⁶ Ivorian Center for Socio Economic Research (Cires), Living Income Report Rural Côte d'Ivoire Cocoa growing areas, https://c69aa8ac-6965-42b2-abb7-0f0b86c23d2e.filesusr.com/ugd/0c5ab3_a437a776dc7747c2999d3b0c60a46a97.pdf

⁷ Sally Smith, Research Consultant, with Daniel Sarpong, University of Ghana, Living Income Report Rural Ghana Cocoa growing areas of Ashanti, Central, Eastern, and Western Regions, https://c69aa8ac-6965-42b2-abb7-0f0b86c23d2e.filesusr.com/ugd/0c5ab3_55017cee608047d494f56b496925ae4a.pdf

⁸ Tyszler, M., Bymolt, Laven, A. (2018), Analysis of the income gap of cocoa producing households in Côte d'Ivoire Comparison of actual incomes with the Living Income Benchmark. Prepared for the Living Income Community of Practice. KIT Royal Tropical Institute

⁹ Tyszler, M., Bymolt, Laven, A. (2018) Analysis of the income gap of cocoa producing households in Ghana. Comparison of actual incomes with the Living Income Benchmark. Prepared for the Living Income Community of Practice. KIT Royal Tropical Institute.

¹⁰ <https://www.living-income.com/living-income-benchmarks>

¹¹ R. Bymolt, A. Laven, M. Tyszler: „Demystifying the cocoa sector in Ghana and Côte d'Ivoire“, The Royal Tropical Institute (KIT), 2018



Only 1 member broke down the number of farming households per income-category (+100% of a living income, 81% to 100% of a living income, 61% to 80% of a living income, 41% to 60% of a living income, 40% of a living income or below). More data are needed to be able to assess the evolution of this indicator in the following years. Furthermore, additional detailed information about the projects/programs would be required to interpret the available data correctly.

It should also be acknowledged that this targeted indicator (SO1 – Target Indicator 4) is susceptible to misleading interpretations. It is not clear if reference should be made to the own previous income of each household or to the average household income estimated in the 2017 KIT study. It should be noted that the baseline average household income, as per the KIT study 2017, corresponded to only 36% of a living income. Thus an increase of 35% such income, would raise the average income only with 13.6% of a living income in 8 years. The target of indicator 1.4 would thus be to bring 80% of farmers to at least 48.6% of a living income. This would correspond to an improvement of less than 2% of a living income per year and thus this seems a particularly low target.

An alternative would be to revise the target indicator 1.4 to read: by 2025 at least 80 % of farmers reached through relevant GISCO member projects/programs will have increased their net household income to at least 60% of a living income.

In short, the collected 2020 data does not provide sufficient data to assess progress vis-à-vis target indicator 1.4. Furthermore the target itself needs to be revisited.

As additional information, this report refers to a study that was published recently by Fairtrade¹². That study found that the average annual household income of Ivorian cocoa farmers operating under the Fairtrade system grew from \$2,670 USD in 2016/17 to \$4,937 USD in 2020/21, an increase of 85% driven, in part, by increased revenue from (higher volumes of) cocoa sales and diversification through in-kind and off-farm incomes to which the Fairtrade premium has indirectly contributed. In addition, a significant number of Ivorian cocoa farmers have moved out of extreme poverty with 61% of the farmers' households in the referred Fairtrade study living above the extreme poverty line, as compared to 42% based on data collected in 2016/17 and published in 2018. The study is a recent case of the different drivers of income of cocoa farming households.

Conclusion SO1

While specific objective 1 refers to several leverages or drivers to enhance cocoa-related income and to the corresponding intermediate outcomes, not all leverages to reach a living income are included under the indicators presented under this specific objective 1. For example, improving productivity and quality of cocoa is discussed under specific objective 2, but also relevant for specific objective 1. Figure 7 presents the income driver model and the interlinkages with the GISCO specific objectives. Specific income drivers are discussed in the dedicated chapters.



Figure 7: Income driver model

¹² Impact Institute (2021). 'Cocoa farmer income. The household income of cocoa farmers in Côte d'Ivoire and strategies for improvement.' Amsterdam, the Netherlands.



Price of cocoa

The price of cocoa is a contributing factor for cocoa farming households to achieve a living income. Pricing interventions need to be part of a holistic approach to reach a living income as presented in the income driver model.

Figure 8 shows the evolution of the cocoa price based on ICCO daily price statistics, between 2016 and 2021. For 2020 there is a noticeable drop in the cocoa price as a result of the covid-19 pandemic and the lower levels of demand, among other contributing factors.



Figure 8: Evolution cocoa price (USD/kg) 2016-2021 (source: ICCO daily price)

For the 2020-2021 crop, the Ivorian Conseil du Café et Cacao (CCC) and the Ghana Cocoa Board (COCOBOD) introduced the Living Income Differential (LID). Côte d'Ivoire and Ghana charged an extra fee of USD 400 per ton of cocoa exported in a claimed attempt to increase the farming household income from cocoa.

Figure 9 shows the evolution of the farm gate price in Côte d'Ivoire in the last decade.

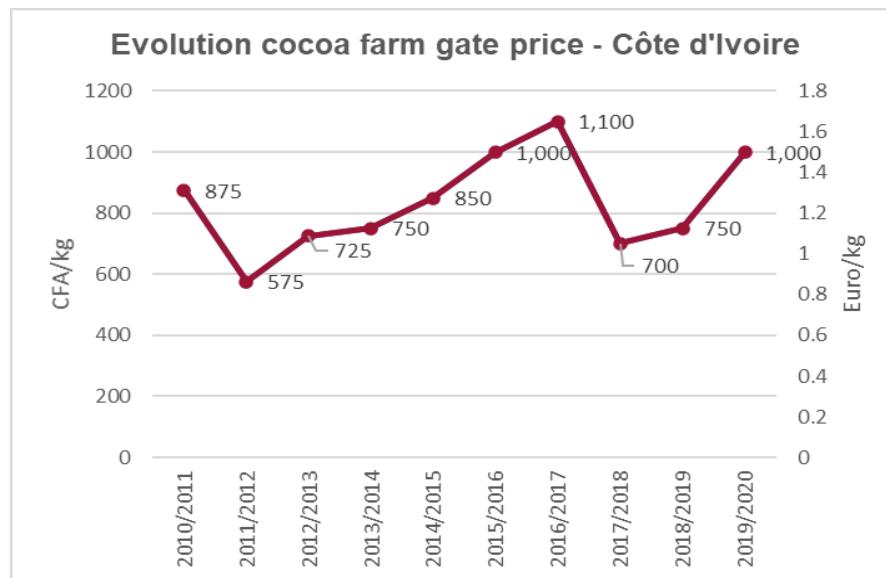


Figure 9: Evolution Cocoa farm gate price (Côte d'Ivoire) source BDSI, Conseil du café cacao



The current GISCO member reporting does not include reporting on farm gate prices paid and as such it remains a missing link in the analysis of the effectiveness of the strategies of GISCO members to contribute to a living income.

Premiums

More in depth country specific information is required to deconstruct the price effectively paid to the farmer on the basis of the combination of premiums paid to the farmer.

Household income

Target indicators 1.3 and 1.4 aim to capture the extent in which the income related measures, implemented by the members, contribute to closing the living income gap. Reporting on living income (target indicator 1.3) remains limited.

Data from the 2020 monitoring round do not allow assessing progress towards closing the living income gape, due to: (a) the limited number of project/programs reported on by the members; (b) the limited representativity and quality of data reported and (c) the lack of a uniform methodology to collect and analyse household income data. Efforts are underway with the other European platforms and the WCF to complement monitoring beyond the member questionnaire with independent impact evaluations and studies so that progress in this area can be better captured.

SO2 - Improving productivity and quality

SO2 at a glance

Specific objective
SO2: GISCO members are committed to improve the productivity of cocoa cultivation and the quality of cocoa.
Main conclusion
For both Ghana and Côte d'Ivoire, the most prevalent countries in the project/program reporting by GISCO members, the reported average yield is significantly lower than the potential yield estimated at 800 kg/ha in reference studies.
Main recommendation
In the coming years, the data provided for a project/program could be compared with the data for the same project/program collected from previous years, provided that reporting is done for the same farming households to show improvement.

Table 2: Overview SO2

Data analysis

14 projects/programs (70% of the reported projects/programs) reported on both “average size of the cocoa farming land per farming household under cocoa cultivation” and on the “average cocoa yield per hectare”. Figure 10 does not show a clear relation between the average size of the farming land under cocoa cultivation and the average cocoa yield per hectare.

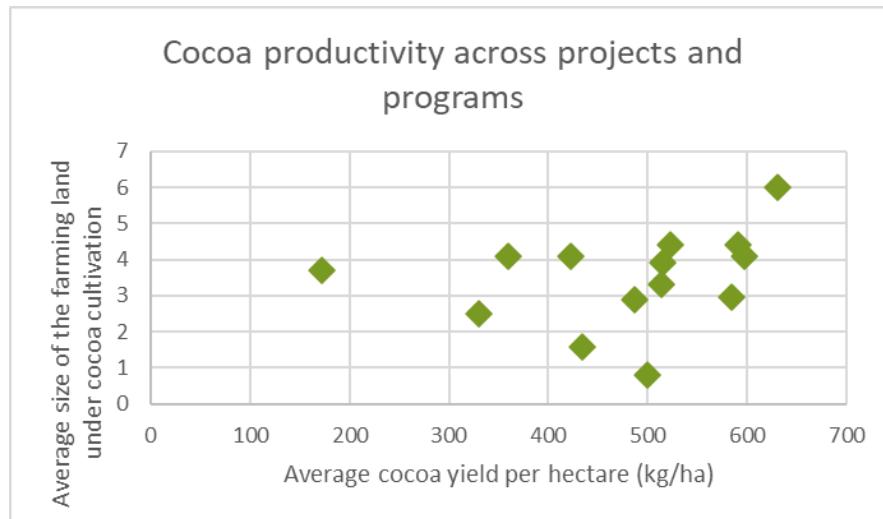
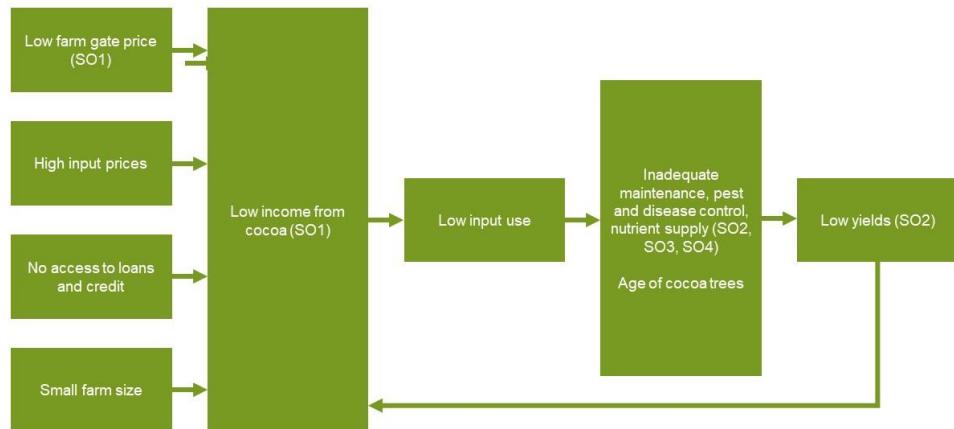


Figure 10: Cocoa productivity across projects and programs

It is worth noting that figure 10 does not automatically imply comparability between projects/ programs, while some projects/programs measure cocoa farms only as peak productive/ main farm land (which gives higher yield) others use ‘any land with cocoa’ (which gives lower yield). For both Ghana and Côte d’Ivoire, the most prevalent countries in the project/program reporting by GISCO members, the reported average yield is significantly lower than the potential yield estimated at 800 kg/ha¹³ in reference studies.

Cocoa yields may depend on many factors, the figure below presents the main causes of low yield in farmers cocoa in West Africa. For reasons of clarification and to demonstrate interlinkages between the GISCO objectives, the main causes of a low yield are linked to the relevant GISCO specific objectives.



*Figure 11: Causes of low yield in farmers cocoa in West Africa (source: Wessel, M., & Quist-Wessel, P.F. (2015). *Cocoa production in West Africa, a review and analysis of recent developments*)*

¹³ https://files.fairtrade.net/2019_RevisedExplanatoryNote_FairtradeLivingIncomeReferencePriceCocoa.pdf



Conclusion SO2

The second specific objective is about improving the productivity of cocoa cultivation and the quality of cocoa. Improving productivity is one of the leverages to increase cocoa-related income in cocoa growing households. When increased cocoa productivity on the best suited plots is combined with reallocation of part of the agricultural land from cocoa to other crops, it can also increase the non-cocoa income of cocoa-growing households. As such SO2 may be considered as providing a more detailed focus on part of SO1.

To avoid overproduction (see SO3) due to increased productivity of cocoa cultivation, it is crucial to convert part of the farming land from cocoa to other uses; thus also contributing to income diversification. Therefore, members are also asked to report on the size of farming land used for cocoa production by the farming households reached within the projects/programs.

With regard to improved quality of cocoa it is important to understand quality levels of cocoa and the corresponding differences in market price. Hence, it is essential to distinguish between a higher farm gate prices for higher quality cocoa beans and living income related premiums.

In the coming years, the data provided for a project/program could be compared with the data for the same project/program collected from previous years, provided that reporting is done for the same farming households to show improvement. Ideally, the project/programme questionnaire should ask for information related to yield improvement and lessons learned from related efforts and interventions.

SO3 – Development of holistic regional agricultural programs

SO3 at a glance

Specific objective
SO3: GISCO members are committed to support governments and other stakeholders in the development of holistic regional agricultural programs in order to create alternatives to cocoa cultivation and thus counteract overproduction.
Main conclusion
35% (7) of the projects/programs have an intervention strategy with a combined focus on (a) sustainable farming, (b) income diversification and (c) strengthening of producer countries. 35% (7) of the projects/programs have an intervention strategy that combines income diversification and sustainable farming. 10% (2) of projects/programs have an intervention strategy that combines sustainable farming and strengthening of producer countries. 15% (3) projects/programs focus their intervention strategy on sustainable farming while 5% (1) project/program focuses only on strengthening producer countries. This means that all projects address at least one of the topics associated with the development of holistic regional agricultural programs to create alternatives to cocoa cultivation and thus counteract overproduction.
Main recommendation
Effectiveness with respect of supported holistic regional agricultural policies and programs in achieving agricultural diversification (away from cocoa) as to counteract risks of cocoa overproduction, would have to be reported on. However, as to avoid additional reporting burden, the related data were not collected with the questionnaires used for the 2020 data collection. Since this specific objective does not primarily relate to the activities of the GISCO members, but rather to governments and political decision-makers, other indicators (in addition to the member survey) should be added in the future to measure this specific objective.

Table 3: Overview SO3



Data analysis

The third specific objective (SO3) is about supporting governments and other stakeholders in the development of holistic regional agricultural programs in order to create alternatives to cocoa cultivation and thus counteract overproduction. This specific objective is about the creation of opportunities for income diversification and is therefore closely linked to specific objective 1 and specific objective 2.

This objective SO3 can also be linked to landscape and multi-commodity approaches, including with respect to forest preservation and restoration which are discussed under specific objectives 4 and 5.

When reviewing the topics a project/program focuses on, we can subdivide the projects/programs to visualise the degree in which the projects / programs support governments and other stakeholders in the development of holistic regional agricultural programs in order to create alternatives to cocoa cultivation and thus counteract overproduction.

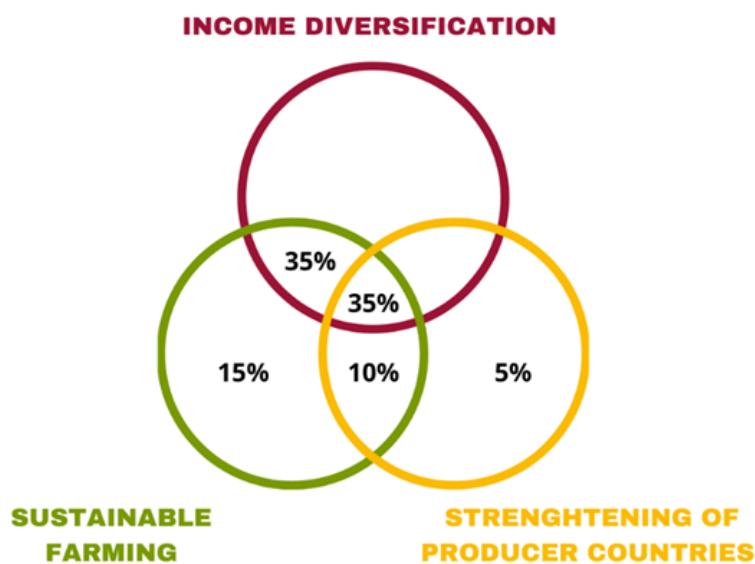


Figure 12: Development of holistic agricultural programs

35% (7) of the projects/programs have an intervention strategy with a combined focus on (a) sustainable farming, (b) income diversification and (c) strengthening of producer countries. 35% (7) of the projects/programs have an intervention strategy that combines income diversification and sustainable farming. 10% (2) of projects/programs have an intervention strategy that combines sustainable farming and strengthening of producer countries. 15% (3) projects/programs focus their intervention strategy on sustainable farming while 5% (1) project/program focuses only on strengthening producer countries. This means that all projects implement at least one of the topics associated with the development of holistic regional agricultural programs to create alternatives to cocoa cultivation and thus counteract overproduction.

Conclusion SO3

The analysis provides some information on the efforts aligned to SO3. Yet, the available information is not sufficient to make statements about the effectiveness of such efforts.

In order to obtain more meaningful information, the project/program questionnaire should cover the following aspects more systematically: (a) the increase in yield per hectare, including data on the number



of hectares as well as on and (b) the conversion of the least suitable cocoa cultivation areas as to avoid overproduction.

Also, effectiveness with respect of supported holistic regional agricultural policies and programs in achieving agricultural diversification (away from cocoa) as to counteract risks of cocoa overproduction, would have to be reported on. This ambition of SO3, to combine enhancing cocoa yield on the best suited land/farms and reconverting other agricultural land from cocoa production to other usage, is related to the concept of dual transition¹⁴, further discussed in the below quote.

Market Concentration and Price Formation in the Global Cocoa Value Chain

"At the macro level, the most effective way to raise cocoa farmers' incomes is to create conditions for them to diversify away from cocoa. This does not necessarily mean that all farmers should aim to combine cocoa farming with other types of farming or other income generating activities. Rather, the way forward would be a 'dual transition' whereby the farmers that remain in cocoa would become (much) more productive, while many other cocoa farmers will diversify away from cocoa. Such a transition would require significant improvements in farmers' access to information, training, infrastructure, and finance. Developing a good security net for farmers to make the transition and overcome temporary drops in income will also be crucial. Most likely, cocoa producing governments in West Africa will not be able to make this transition on their own. (Oomes et.al, 2016)"

SO4 – Development and use of sustainable and diversified production systems

SO4 at a glance

SO4: The GISCO members are committed to promote the development and use of sustainable and diversified production systems, in particular agroforestry systems, which conserve natural resources as well as ending the application of hazardous and/or unauthorized pesticides

Target indicators

Target indicator 4.1: (Project/program indicator): By the end of 2022, relevant GISCO member projects/programs will have a strategy to promote diversified and sustainable farming systems

Target indicator 4.2: (Project/program indicator): By the end of 2025, 30 % of the total area under cocoa cultivation in GISCO member projects/programs will be managed as agroforestry systems.

Target indicator 4.3: (Project/program indicator): By the end of 2025, all cocoa farmers reached by relevant GISCO member projects/programs will no longer apply hazardous pesticides.

Main conclusion

Although more substantial data are needed to assess progress towards achieving specific objective 4, from the available data we can conclude that there are sufficient indications that this specific objective can be attained. 98% of farming households reached, are reached through a project/program that has a strategy to promote diversified and sustainable farming systems.

Main recommendation

In the coming years, GISCO should reflect on targets beyond 2025. This requires for example further understanding and documenting the best practices of cocoa agroforestry systems and the social and environmental return on investment in cocoa agroforestry when the conditions to do so are met.

Table 4: Overview SO4

¹⁴ Oomes, N., Tieben, B., Laven, A., Ammerlaan, T., Appelman, R., Biesenbeek, C. & Buunk, E. (2016). Market concentration and price formation in the global cocoa value chain. SEO Amsterdam Economics: Amsterdam. <http://www.seo.nl/en/page/article/marktconcentratie-en-prijsvorming-in-de-mondiale-waardeketen-voor-cacao/>



Data analysis

Target indicator 4.1: (Project/program indicator): By the end of 2022, relevant GISCO member projects/programs will have a strategy to promote diversified and sustainable farming systems

Having a "strategy to promote diversified and sustainable farming systems, as a contribution to environmental sustainability", implies that the cocoa sustainability project aims for changes in farming practices or systems used by cocoa farming households. Such strategy may target (a) reducing or mitigating the adverse environmental effects of existing farming practices or systems or (b) the adoption by the farming households reached of other farming practices and systems that have positive effects for the environment. This may include targets with respect to the usage of natural resources, soil quality, pesticides, biodiversity, climate resilience, forest coverage, etc. Such strategy should be somehow documented and explicit, but it does not have to be a separate specific strategic document on these topics. *Note: The strategy can be part of a project document, a Theory of Change of a project, etc.*

Members reported that 13 projects/programs, being 65% of reported projects/programs have a strategy to promote diversified and sustainable farming systems as a contribution to environmental sustainability.

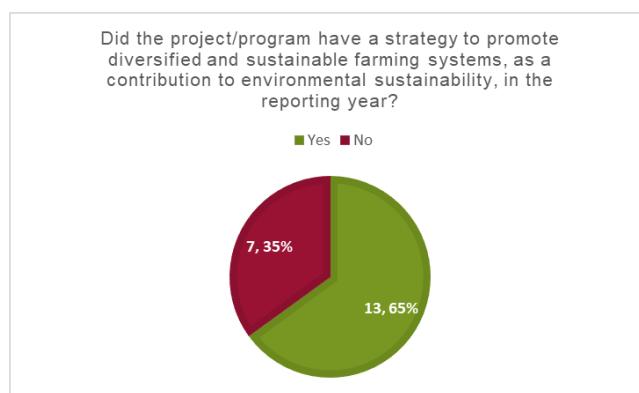


Figure 13: Promotion of diversified and sustainable farming systems

For the 14 projects/programs that provided data on the number of farming households covered by the project, *98% of farming households reached*, are reached through a project/program that for 2020 had a strategy to promote diversified and sustainable farming systems.

Target indicator 4.2: (Project/program indicator): By the end of 2025, 30 % of the total area under cocoa cultivation in GISCO member projects/programs will be managed as agroforestry systems.

The promotion of agroforestry is an important element of this specific objective. Agroforestry refers to farming fields in which cacao trees are deliberately combined with preferably native non-cocoa tree species that have proven to be useful for agroforestry in a stratified spatial arrangement and temporal sequence. This includes other agricultural crops on the same land management unit, triggering ecological, economic, social and sociocultural benefits. Agroforestry approaches must be locally adapted and must take into consideration the ecologic, social and cultural environment as well as local conditions for cocoa cultivation.

- The functions of agroforestry systems are to enable long term, sustainable cocoa production which preserves biodiversity, prevents erosion, protects the climate and natural genetic resources, diversifies and sustains production to the benefit of all land users. Cocoa agroforestry systems can be developed from different starting points, in different ecologic environments.



- Agroforestry systems aim to provide diversified sources of income, can reduce costs and can create co-benefits to increase the economic resilience and to enhance health and food supply of particularly smallholder farmers and local communities living in rural areas.
- Cocoa farmers play a crucial role for the definition, adoption and longevity of agroforestry systems. A joint process where the needs, preferences and experiences of farmers are taken into account is very important to maintain and improve the existing production system towards long-term sustainability. The establishment of agroforestry systems must not stem from deforestation or degradation of forest areas.
- Banana plants / plantains do not count as trees/tree species.

50% (10) of the reported projects/programs indicated that they contribute to establishing cocoa agroforestry systems. Among these, 5 projects/programs specified the type of agroforestry systems that have been newly established in 2020.

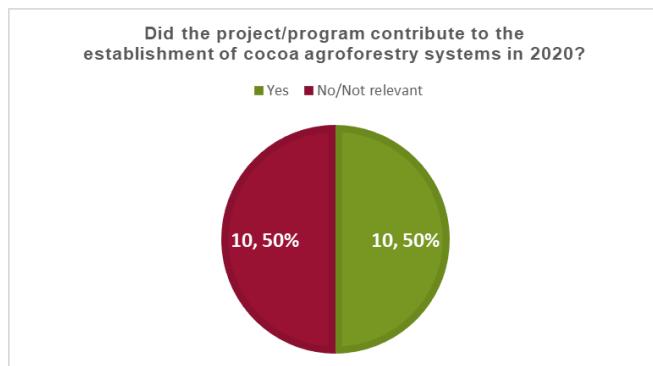


Figure 14: Did the project/program contribute to the establishment of cocoa agroforestry systems in 2020?

Table 5 contains the description of agroforestry categories and systems as defined by the ISCOs.

Entry level for agroforestry At least 16 (non-cocoa) trees per ha with a minimum of 3 different tree species, that are preferably native. Description: This entry level for AGROFORESTRY systems corresponds to CFI and WCF indicators on AGROFORESTRY	Basic Category for Agroforestry At least 40% shade canopy cover with a minimum of 5 different native tree species. This category for AGROFORESTRY is in accordance with Rainforest Alliance's shade coverage and species diversity reference parameters.
Advanced Category for agroforestry At least 40% shade canopy cover Minimum of 12 different native tree species (pioneer species excluded) At least 15% native vegetation coverage 2 strata or stories and shade species should attain a minimum of 12-15 meters in height. In this category a special focus is given to the landscape approach on agroforestry. This category is alignment with the recommendations of the VOICE Network	Dynamic agroforestry Systems These systems are characterized by a very high density of trees per hectare. There is an abundance of different tree species, high biodiversity, plant communities with different life cycles that serve different purposes (CO2, income sources, food etc). They grow in different stories (strata) without competition. There are at least 3 different stories (strata), regenerative practices are used, and food security and income sources outside of cocoa are guaranteed. This system mimics the natural habitat of cacao in a highly developed cultivation system. Chocolats Halba's Dynamic agroforestry Projects are seen as a model for this category

Table 5: Description of agroforestry categories and systems (source ISCOs, <https://cocoamonitoring.net/definition>)



The cocoa cultivation areas reported as agroforestry systems in the member survey add up to 130,986.4 hectares, of which 98,449.4 hectares were newly established in 2020. For 3 projects/programs data for entry level agroforestry were reported, 2 projects/programs reported data for the basic category of agroforestry and one of these projects/programs also reported data for the advanced category of agroforestry (table 5). No data were reported for dynamic agroforestry systems. It is not possible to provide data on the area under cacao cultivation for each of the agroforestry categories; due to a limited amount of available data per category, data confidentiality would not be assured if divulging such data.

If we look at the total area under cocoa cultivation managed as agroforestry systems for the members who reported on agroforestry systems, we estimate that 20% of the total area under cocoa cultivation is managed as an agroforestry system. Data collection on total ha under cocoa cultivation and on total ha per category of cocoa agroforestry system will need to be improved in the coming years to better report vis-à-vis this significant indicator.

Target indicator 4.3: (Project/program indicator): By the end of 2025, all cocoa farmers reached by relevant GISCO member projects/programs will no longer use hazardous pesticides

A total of 11 projects/programs, i.e., 55% of the reported projects/programs, stated that they contribute to the application of integrated pest management by cocoa farming households. For 7 of these projects/programs, members were able to report the number of farming households that apply integrated pest management; this totalled to 473,946 farming households. All of these projects/programs estimated the occurrence of hazardous pesticide usage among the cocoa farming households reached by their project/program. No incidences were reported for 25% of the cocoa farming households, for 49% of the cocoa farming households few incidences were reported, for 26% of the cocoa farming households frequent occurrence of hazardous pesticides was reported. Currently, it is not possible to show differing occurrences of pesticides between households and between countries. (Within one project/program members can only choose one level of occurrence, for instance "few instances". But especially for programs that are implemented in different countries it is possible that there are large differences between households. There is no information on these differences.)

Did the project/program contribute to integrated pest management application by cocoa farming households in the reporting year?

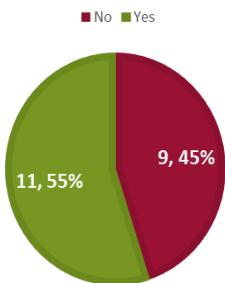


Figure 15: project/program contribution to integrated pest management

Occurrence of hazardous pesticides among the cocoa farming households reached by project/program during the reporting year

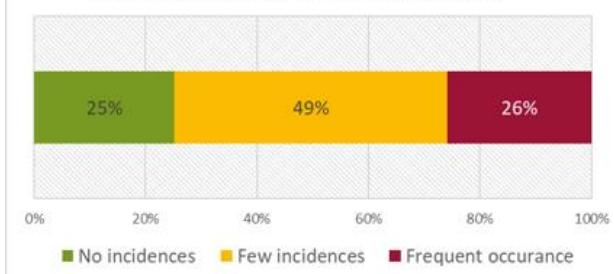


Figure 16: Occurrence of hazardous pesticides among cocoa farming households



Conclusion SO4

Although more substantial data are needed to assess progress towards achieving specific objective 4, the analysis of the available data provide some indications that this specific objective can be attained.

- 98% of farming households reached, are reached through a project/program that has a strategy to promote diversified and sustainable farming systems.
- For the members that reported the total number of hectares under cocoa cultivation that is managed as an agroforestry system, we found that 20% of the area under cocoa cultivation is managed as an agroforestry system. From which we can conclude that the members who reported data are on the way to reach the 30% target by 2025.
- With regard to the use of pesticides, more progress is needed to reach the target in 2025. No incidences were reported for only 25% of the cocoa farming households, for 49% of the cocoa farming households few incidences were reported, for 26% of the cocoa farming households frequent occurrence of hazardous pesticides was reported. Data were only available for 7 of the 20 projects, covering 473,946 farming households.

SO5 – Ending deforestation and contributing to conservation and reforestation

SO5 at a glance

SO5: GISCO members are committed to end deforestation and contribute to conservation of forests and biodiversity, and to reforestation.	
Target indicators	
Target indicator 5.1: (supply chain indicator): By the end of 2025, GISCO member companies will ensure 100% traceability to farm level in their direct supply chain including farm mapping systems.	
Target indicator 5.2: (supply chain indicator): By the end of 2025, 85% of the cocoa purchased/processed by GISCO members in Germany is deforestation free (for CIV: is sourced from farms that are not located in protected areas nor protected forests) (traceability from farm to cooperatives provided by farm mapping systems)	
Main conclusion	
Even if there is transparency for 21% of the cocoa volume in that it comes from deforestation-free cultivation, this is not sufficient to make a clear statement regarding the achievement of the target. Here, the development of the indicators over several years becomes relevant.	
Main recommendation	
In line with the CFI (Cocoa and Forests Initiative) strategy and the focus of targeted indicator 5.1 on farm mapping, it is recommended to focus on moving all cocoa sourcing to at least “Score 5: Farm known and having point coordinates of the farm household (farm mapping)”. As to have a fuller picture, the targeted indicator 5.1 should be extended to cover both direct and indirect supply chains, as it is already the case for targeted indicator 5.2.	

Table 6: Overview SO5



Data analysis

Looking at the total volume (direct and indirect supply combined), we find that 39% of the total volume of cocoa contained in end consumer products supplied to the German market, implies a documentation of farms being sourced from (cocoa origin transparency levels 5, 5+ and 6 – cf. table 7).

It should be noted that the collected data do not distinguish between direct and indirect supply; which is more ambitious than just limiting the focus on the direct supply chain as done by target indicator 5.1.

If we consider the total volume of cocoa contained in the end consumer products supplied to the German market, 21% has a supply origin transparency score 6.

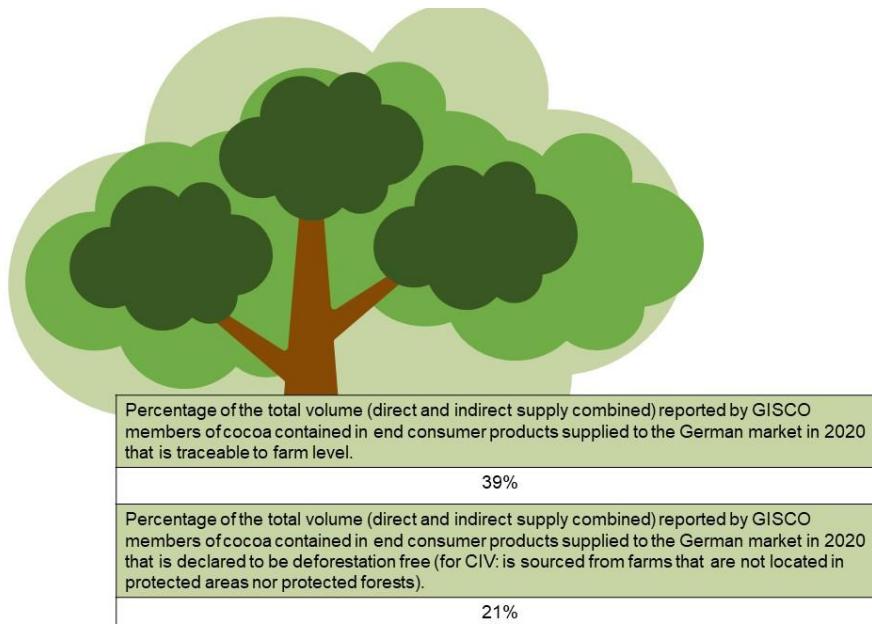


Figure 17: Target indicators - Ending deforestation and contributing to conservation and reforestation.

Cocoa origin transparency levels
1 Origin unknown or only country of origin known
2 Country and region of origin known
3 Country, region and municipality/cooperative of origin known
4 Farm known, in addition to the country, region and municipality/cooperative of origin
5 Farm known and having point coordinates of the farm household (farm mapping)
5+ Farm known as well as the polygon boundaries of the farm
6: Farm known, having polygon boundaries of the farm and farm plots verified as not in a protected forest and as not comprising land that has been deforested since 2018

Table 7: Cocoa origin transparency levels



Additional indicators related to SO5	
Farm mapping (at least one GPS point)	887,849 farms reported
Multi-purpose trees distributed to farmers for on-farm planting in the context of agroforestry promotion	4,6 million reported
Hectares of off-farm forest restored	213.48 hectares reported
Off-farm trees planted	242,915 reported

Table 8: Additional indicators related to SO5

Origin transparency and traceability

Those at the end of the value chain, i.e., consumers and retailers, as well as investors and shareholders may and should consistently demand trustworthy proof of progress toward enhanced sustainability in the cocoa sector. The concepts of cocoa origin transparency and enhanced cocoa traceability allow for appropriately responding to such demands and should gradually lead to convincing stakeholder accountability in the cocoa sector.

Figure 18 shows the cocoa origin transparency levels relative to the total volume reported by members of cocoa contained in the end consumer products supplied to the German market in 2020. Score 1 accounted for the biggest share: (58.8%), followed by score 6 (20.8%) and score 5+ (15.2%). Score 2 (0.1%), score 3 (0.3%), score 4 (2.1%) and score 5 (2.6%) accounted for a limited share relative to the total volume of cocoa contained in the end consumer products supplied to the German market.

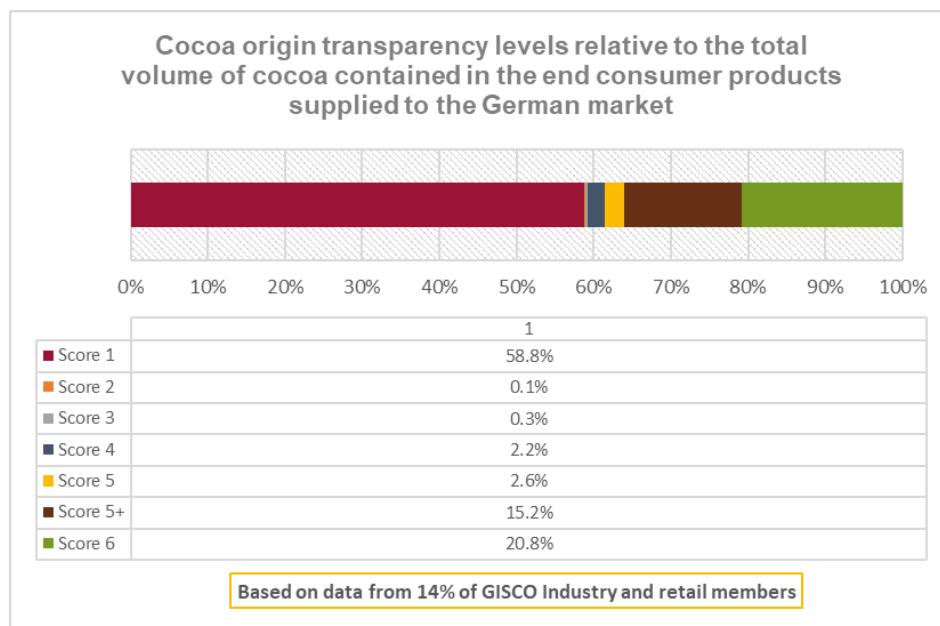


Figure 18: Cocoa origin transparency levels relative to the total volume of cocoa contained in the end consumer products supplied to the German market



The available data suggests an ongoing shift from score 2 upwards and therefore an indication for increased cocoa origin transparency in the supply chain. However, it is important to note that the data provided for 2020 are still only based on 14% of GISCO Industry and retail members, caution is required for the interpretation of this data.

Definitions levels of traceability	
Conventional	Cocoa sourced without conforming to the traceability requirements of 'mass balance', 'segregated', or 'identity preserved' - please refer to the corresponding definitions.
Mass Balance	The mass balance system administratively monitors the trade (transaction) of conforming cocoa throughout the entire supply chain. The mass balance system requires a transparent documentation and justification of the origin and quantity of conforming cocoa (= certified or independently verified cocoa) purchased by the first buyer. The mass balance system allows mixing conforming and nonconforming cocoa in next stages of the cocoa supply and value chain (e.g. transport, processing, manufacturing). Cocoa supply chain actors can sell a certain mass of conforming cocoa, or an equivalent volume of conforming cocoa-containing products, to the extent that the actual volumes of sales of conforming products are tracked and audited through the supply chain and that these volumes do not exceed the cocoa bean equivalents of conforming cocoa bought at origin. (Definition drafted using elements borrowed from ISO-CEN and Fairtrade)
Segregated	Segregated cocoa - Certified or independently verified cocoa meeting the segregation requirements. As per the mass-balance system, segregation requires a transparent documentation and justification of the origin and quantity of conforming cocoa (this is certified or independently verified cocoa) purchased by the first buyer. Conforming cocoa is kept segregated from nonconforming cocoa, including during transport, storage, processing cocoa, and manufacturing of cocoa-containing products. Segregation does allow mixing cocoa from different origins, to the extent that all cocoa being mixed qualifies as conforming cocoa (as per the certification standard or verified company scheme being applied). The cocoa supply chain actors shall demonstrate that they have taken the required measures to avoid mixing conforming cocoa with nonconforming cocoa. (Definition drafted using elements borrowed from ISO-CEN and Rainforest Alliance).
Identity preserved	Identity preserved is the highest traceability type. There is no mixing of cocoa, neither with non-conforming cocoa, nor with cocoa from other origins. If the 'single origin' is set at cooperative level or at cocoa-producing area (combining different cooperatives), then conforming cocoa from this broader origin may be combined. In other words, the "identity preserved" system meets all requirements of "segregated cocoa" but it does not allow mixing cocoa from different origins.

Table 9: Definitions levels of traceability

Figure 19 shows the traceability levels relative to the total volume of cocoa contained in the end consumer products supplied to the German market reported by the GISCO members. Mass balance accounts for the biggest share: 82.0%, followed by conventional 12.2%, Identity preserved 3.3% and segregated 2.5%.

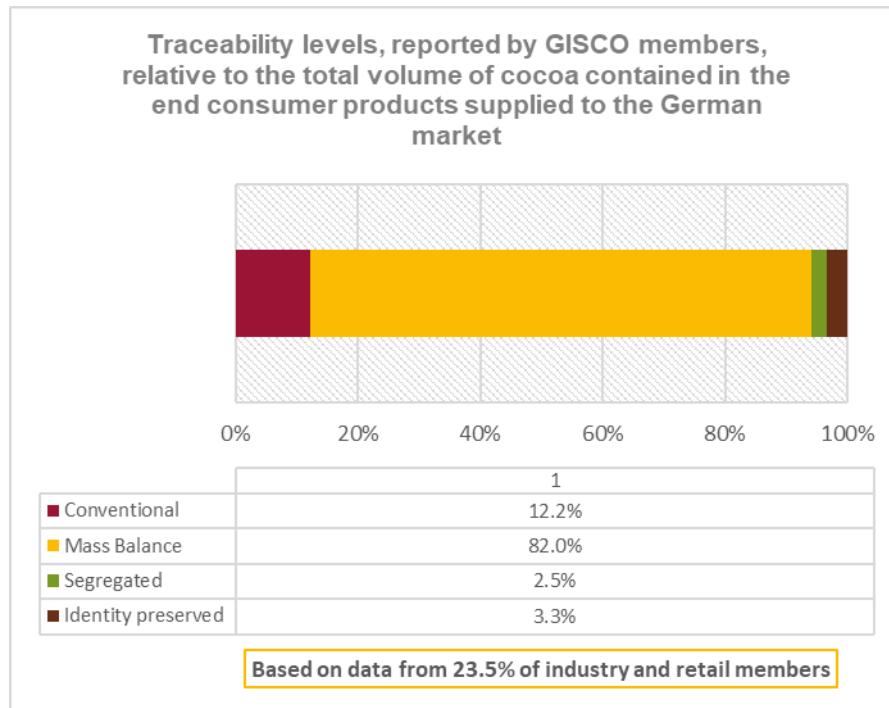


Figure 19: Traceability levels relative to the total volume of cocoa reported by the members as produced for end consumer products for the German market in 2020

Conclusion SO5

In line with the CFI (Cocoa and Forests Initiative) strategy and the focus of targeted indicator 5.1 on farm mapping, it is recommended to focus on moving all cocoa sourcing to at least “Score 5: Farm known and having point coordinates of the farm household”. As to have a fuller picture, the targeted indicator 5.1 should be extended to cover both direct and indirect supply chains, as it is already the case for targeted indicator 5.2. Here the 2020 data show 42%, still significantly away from 100% (if the extension to the full supply chain is accepted).

The targeted indicator 5.2 aims for 85% of cocoa sourcing with a cocoa origin transparency level 6. The 2020 data show that only 20.8% of cocoa sourcing reached this level; still far away from the 85% target.

Currently, as per SO10 and SO11, the focus currently is on volumes of cocoa sourced for cocoa containing end products supplied to the German market, but targeted indicators 5.1 and 5.2 should also be reported on and monitored separately for cocoa processing in Germany (as the objective refers to all GISCO members).

An important additional point of attention is that the two targeted indicators under specific objective 5 all fit within a single commodity approach and the question remains whether this will be effective. While there are good arguments for striving to a generalisation of the cocoa origin transparency level 6 across the whole supply chain, there is a risk that this leads to “deforestation free cocoa”-style window dressing. Therefore, it is essential to track also other efforts as well as outcomes/impacts with respect to effective forest preservation and restoration in cocoa producing areas.



SO6 - Abolition worst forms of child labour

SO6 at a glance

SO6: GISCO members are committed to abolish worst forms of child labour in cocoa production.
Target indicators
Target indicator 6.1: (Project/program indicator): By the end of 2025, 100 % of reached households in GISCO member projects/programs are covered by a strategy or system for the prevention, control, monitoring and remediation of the worst forms of child labour.
Main conclusion
While only 35% (7) of the 20 projects/programs provided data on the number of farming households covered by child protection systems in 2020, these included some larger programs, thus reaching a coverage of 51% of the reported projects/programs. While this is showing progress, the gap with the targeted indicator of 100% to be reached by 2025 is still wide.
Main recommendation
Focus with regards to the abolition of worst forms of child labour should be on the overall supply chain and not only in the projects/programs implemented by the members. Therefore, the Child Labour Indicators should be discussed in view of harmonizing with the other ISCOs (European Initiatives on Sustainable Cocoa) and ICI (International Cocoa Initiative). Data collection should include information on the form of child labour identified and of the remediation implemented. Furthermore the monitoring focus on negative scores such as incidence rate of child labour for which reliable data are difficult to obtain could be complemented with a focus on positive factors (and related indicators) with respect to numeracy, literacy, life skills and physical and mental health and development of children in cocoa growing community.

Table 10: Overview SO6

Data analysis

Overall, 10 of the 20 projects/programmes covered reported to have a system or strategy regarding child labour, 35% (7) of the 20 projects/programmes provided data on the number of farm households covered by child protection systems (CLMRS). In total, these projects and programs reached 955,759 farming households in 2020. By the end of 2020, 51% of the households reached by projects/programmes (485,943 households) were covered by a strategy or system to prevent, control, monitor and remedy the worst forms of child labour. For 2020, no information was requested on the remediation of identified cases of child labour.

A total of 4 members provided information on the number of farm households in their supply chain, outside of their sustainability projects/ programs, that were covered by child labour protection systems (CLMRS). In total, 205,747 additional farmer households were covered by child labour protection schemes (CLMRS) outside of projects/programs.

More in-depth data on child labour in the cocoa sector is available from supporting member ICI¹⁵ and from the NORC report¹⁶ Assessing progress in reducing child labour in cocoa production in cocoa growing areas of Côte d'Ivoire and Ghana.

¹⁵ <https://cocoainitiative.org/>

¹⁶ https://www.norc.org/PDFs/Cocoa%20Report/NORC%202020%20Cocoa%20Report_English.pdf



NORC Final Report: Assessing Progress in Reducing Child Labour in Cocoa Production in Cocoa Growing Areas of Côte d'Ivoire and Ghana, October 2020

The 2018/19 data from agricultural households (with at least one child in the 5-17 age group) in the cocoa growing areas of Côte d'Ivoire and Ghana indicated that approximately:

- 1,56 million children were engaged in child labour in cocoa production (including approximately 790,000 children in Côte d'Ivoire and 770,000 in Ghana).
- 1,48 million children were exposed to at least one component of hazardous child labour in cocoa production (including approximately 770,000 children in Côte d'Ivoire and 710,000 in Ghana) under the common definition.

The data on the prevalence of child labour in cocoa production (proportion of children in cocoa growing areas age 5-17 engaged in child labour in cocoa production) indicates that in 2018/19:

- 45% of children living in agricultural households in cocoa growing areas age 5-17 were engaged in child labour in cocoa production in aggregate across Côte d'Ivoire and Ghana.
- The country-specific data indicated that in cocoa growing areas 38% of children in Côte d'Ivoire and 55% of children in Ghana living in agricultural households were engaged in child labour in cocoa production.

The data on prevalence of hazardous child labour in cocoa production (proportion of children in cocoa growing areas age 5-17 engaged in hazardous work in cocoa production) indicated that in 2018/19:

- 43% of children living in agricultural households in cocoa growing areas age 5-17 were engaged in hazardous work in cocoa production in aggregate between the two countries.
- The country-specific data indicates that in cocoa growing areas 37% of children in Côte d'Ivoire and 51% of children in Ghana living in agricultural households were engaged in hazardous work in cocoa production.

A total of 9 members indicated that they were involved with the International Cocoa Initiative (ICI) that promotes child protection in cocoa growing communities. The ICI also reported in the 2020 data collection round as a supporting member of GISCO.

Did the project/program, in the reporting year, have a strategy and/or system regarding child protection/HRDD that prevents and addresses child labour?

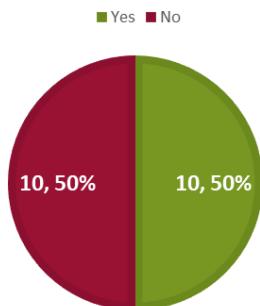


Figure 20: Project/programs with a strategy and or system that prevents and addresses child labour

During the reporting year, did your organization have a strategy and/or system regarding child protection/HRDD that prevents and addresses child labor?

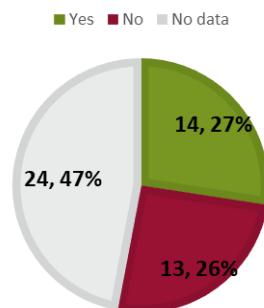


Figure 21: Members with a strategy and or system to prevent and address child labour in their supply chain



Table 11 provides an overview of the indicators related to addressing child labour in the cocoa sector.

ADDRESSING CHILD LABOUR IN COCOA	
Number of farming households reached by the project / program covered by child protection / HRDD systems that prevent and address child labour	485,943
Number of farm households in the supply chain protected by child protection systems (CLMRS) in 2020 (in addition to sustainability programmes).	205,747
Targeted indicator 6.1: Percentage of farming households reached by the projects/programs covered by child protection systems (CLMRS)	51%
Number of cases of child labour identified in the reporting year*	40,810

Table 11: Addressing child labour in the cocoa sector

**Note: The current member questionnaire did not also ask how the child labour cases identified were dealt with. This additional question will be included in the next questionnaire so that the number of cases can be compared with an indication of the “proportion of cases in which remediation actions were taken”. Any interpretation of the child labour cases should also take into account that uncovering cases of child labour is in fact a quality feature for a functioning CLMRS system.*

Conclusion SO6

The choice to focus on worst forms of child labour was a deliberate choice of GISCO which was backed up by key actors promoting child protection in cocoa growing communities in particular the International Cocoa Initiative (ICI).

However, in the meantime, the focus of key actors has moved from “worst form of child labour” to “child labour” in general. Thus, the target indicator 6.1 should be adapted to read: “By the end of 2025, 100 % of reached households in GISCO member projects/programs are covered by a strategy or system for the prevention, control, monitoring and remediation of child labour.”

While only 35% (7) of the 20 projects provided data on the number of farming households covered by child protection systems (CLMRS), these included some larger programs, thus reaching a coverage of 51%. While this is showing progress, the gap with the 100% target to be reached by 2025 is still wide.

It should be noted that information on the form of child labour identified and of the remediation implemented is not available.

It is recommended to move beyond measuring whether a child labour prevention and mitigation strategy is being implemented and also target and track the results of such efforts in terms of reduced exposure of children to child labour risks and improved performance vis-à-vis targets of child development. The latter could cover alimentation, physical and mental health, literacy, numeracy, etc. Doing so would require further collaboration of the European platforms with ICI, WCF, UNICEF and other key actors in this field.



SO7 – Gender equality and improvement of opportunities for women and young people

SO7 at a glance

Specific objective
SO7: GISCO members are committed to the enhancement of gender equality and improvement of opportunities for women and young people in the cocoa sector
Main conclusion
From the available data we can conclude that capacity enhancement activities and trainings and activities to improve access to finance are specifically targeted towards female cocoa growers in an effort to enhance gender equality and improve opportunities for women in the cocoa sector. This somehow compensates for the dominance of male farmers among those formally reached (as head of the farm).
Main recommendation
Having a separate specific objective is key for enhancing the visibility and confirming the importance of gender equality and empowerment of women/young people within the GISCO strategy. However, this should still be viewed as a cross-cutting ambition, to be embedded in the implementation of most other specific objectives. This goal and the corresponding indicators shall be further developed applying such an inclusive and cross-cutting perspective.

Table 12: Overview SO7

Data analysis

The 7th GISCO specific objective is about the enhancement of gender equality and improvement of opportunities for women and young people in the cocoa sector. The existence of a separate GISCO specific objective related to gender equality confirms the importance of empowerment for women/young people in cocoa growing communities. It is a cross-cutting ambition, embedded in the implementation of most other specific objectives. For instance the role of women in income diversification, productivity and improved quality of cocoa.

A couple of measures were taken in response to the lack of gender sensitive data from the GISCO pilot. Most importantly a section was added for data on cocoa growers reached, to capture more gender sensitive data. In 2020, 17% of the cocoa growers reached through the projects/programs are female, versus 83% male. Regarding participation in training, it is reported that 37% of participants are female. 47% of the target audience reached by efforts to improve access to finance is female.



Figure 22: Indicators gender equality and improvement of opportunities for women



The collected data does not generate further insight into gender inequality in the cocoa sector. More gender sensitive data or research is needed to assess cross-cutting progress on this specific objective. The gender and Cocoa Livelihoods Toolbox¹⁷ developed by KIT and WCF offers tools for actors to understand the social aspects of cocoa production: who plays what role on a family farm, who benefits, who has decision making power and how to address gender inequalities in the cocoa sector. The toolbox also comprises a tool that provides guidelines to improve existing data collection processes by making them gender sensitive. Strategies towards improving gender equality in the cocoa sector could be a key area of interest for GISCO members to share best practices.

PRO-Planteurs: The distribution of work between women and men in cocoa production¹⁸

In 2020, PRO-PLANTEURS commissioned a study to analyse the distribution of work between women and men in cocoa production in Agboville, Abengourou and Aboisso in the east and south-east of Côte d'Ivoire. The study showed that women are engaged in almost all stages of cocoa production starting with the installation of cocoa plots, up to cocoa harvest and post-harvest activities. Women are less involved in planting and agricultural maintenance activities as well as the commercialization of cocoa beans. Cocoa production is not the only activity women are engaged in, usually they are also involved in other agricultural activities. Also, women are solely responsible for reproductive activities of the family, like housekeeping and childcare. Finally, they engage, together with men, in community activities like the organization and participation at cultural or religious ceremonies or local political activities. The main challenges identified in the study were the following:

- Women face difficulties in accessing land for food production.
- Women do not regularly and intensively carry out productive activities in cocoa production and only engage in cocoa activities after fulfilling the needs of the family.
- Decision-making within the household is generally done by men in consultation with women. In some households the man also decides on how to use the income resulting from the wife's agricultural activities. Social and ethnic context, age and the contribution to household expenses influence the women's participation in decision-making within the household.
- Women, who have their own cocoa plots and are married, are members of the farmer organization in the same capacity as men. Though their participation is limited.

Conclusion SO7

From the available data we can conclude that the farmers formally reached by the sustainability projects/programs are dominantly male (as per farm ownership, registration at the cooperative, etc.), with females only representing 17%. However, capacity enhancement activities and trainings (37% female participants) as well as activities to improve access to finance (47% female participants) are specifically targeted towards female cocoa growers. Such effort to enhance gender equality and improve opportunities for women in the cocoa sector partly compensates for the high overrepresentation of male cocoa growers among the "cocoa growers reached".

¹⁷ <http://genderandcocoalivelihoods.org/tools/>

¹⁸ https://www.kakaoforum.de/fileadmin/Redaktion/Studien/Summary_GenderStudy_PRO-PLANTEURS_20201218_en.pdf



SO8 – Enforcing compliance with human rights and environmental aspects

SO8 at a glance

SO8: GISCO members are committed to enforce compliance with human rights (implementation of the UN Guiding Principles on Business and Human Rights) and environmental aspects by all actors in the cocoa supply chain and contributing to the discussion on possible regulatory measures at EU level.
Target indicators
Target indicator 8.1 (supply chain indicator): By the end of 2025 all GISCO members implement human rights and environmental due diligence.
Main conclusion
Overall, members are still at the early stages of applying HRDD and EDD. 45% of Industry and retail members did not report on the implementation of HRDD.
Main recommendation
The current data collection tool does not leave enough room for nuance regarding the implementation of HRDD. Several members commented on the data collection questions in the tool to indicate that the current data collection questions do not allow to report specifically about the degree of HRDD implementation, beyond choosing 'no', 'partly' or yes, for each aspect of HRDD and EDD. The recently published guide to conducting risk analyses for cocoa producing countries published by SÜDWIND e.V. in collaboration with the GISCO working group Human Rights Due Diligence, can serve as an inspiration to improve monitoring of the implementation of HRDD.

Table 13: Overview SO8

Data analysis

Human rights and environmental due diligence dimensions are tracked separately. We first discuss implementation of HRDD approaches, before discussing environmental risk management.

Human rights due diligence (HRDD)

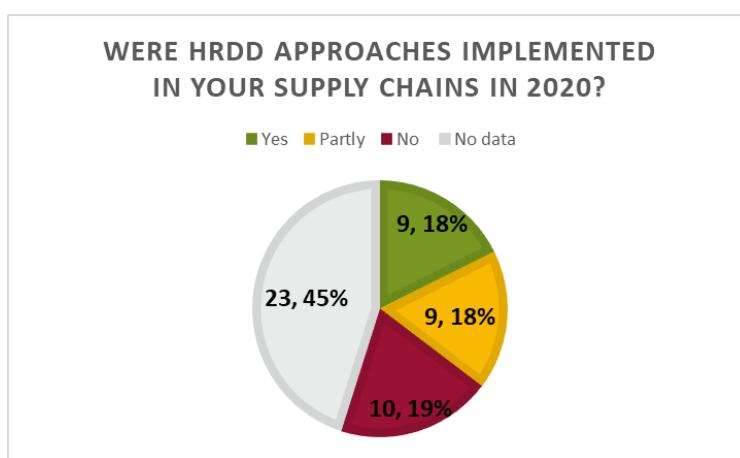


Figure 23: Were HRDD approaches implemented in your supply chains in 2020?

This question (figure 23) was only asked to members from the categories industry and retailers. 18% (9) of these members reported "yes", stating that they have implemented HRDD approaches in their supply chains.



Another 18% (9) of the members reported that they 'partly implemented' HRDD approaches in their supply chains. 19% (10) of the members indicated that they did not implement HRDD approaches in their supply chains in 2020. 45% of Industry and retail members did not respond to the question.

All members that reported that they implement or partly implement HRDD approaches have given more in-depth information about the implementation of specific elements (figure 24).

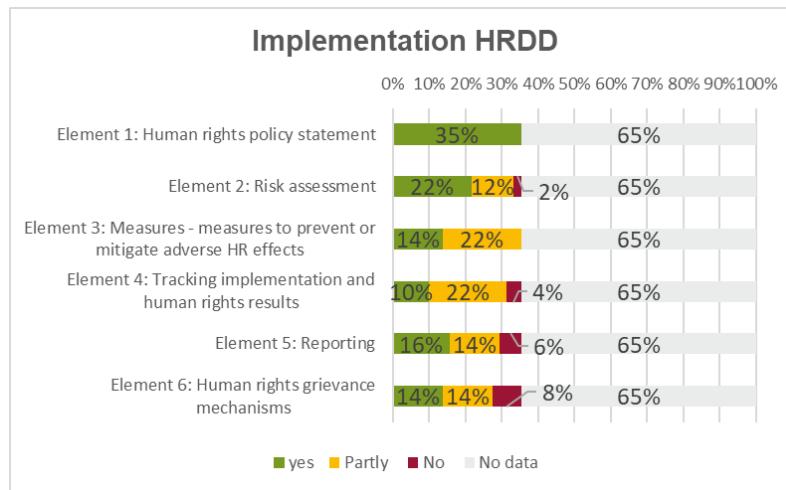


Figure 24: Implementation HRDD

83% (15) of the members that implemented a HRDD approach in the reporting year indicated that they published HRDD reports. This represents 29.4% of all industry and retail members. A link to these reports is provided by each of those members.

Environmental due diligence (EDD)

18% (9) of the members (industry and retail) reported that they implemented **environmental risk management** and/or **due diligence** approaches in their supply chains. 14% (7) of the members reported that they partly implemented environmental risk management and/or due diligence approaches in their supply chains. 23% (12) of the members indicated that they did not implement environmental risk management and/or due diligence approaches in their supply chains in 2020. 45% (23) of industry and retail members did not provide any data.

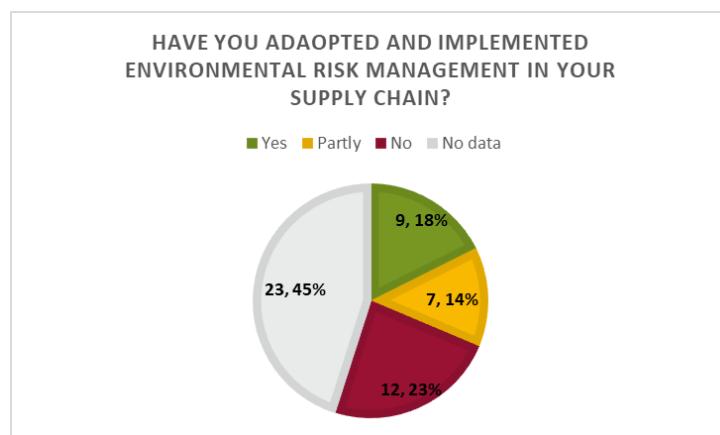


Figure 25: Have you adopted and implemented environmental risk management in your supply chain?



All members that reported implementing environmental risk management approaches have given more detailed information about the implementation of specific elements (figure 26).

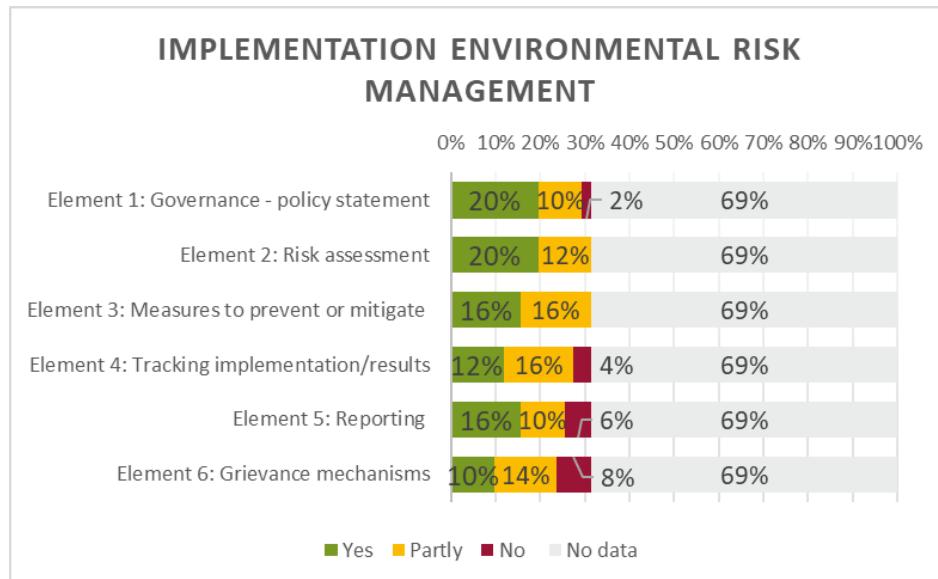


Figure 26: Implementation environmental risk management

Conclusion SO8

Overall, members of GISCO with cocoa supply chains are still at the early stages of applying HRDD and EDD. However, the importance of this is expected to increase rapidly in few of new legislative and regulatory initiatives in Germany, other countries and at EU level.

The data collected for 2020 provides an interesting overview and allows for tracking progress in HRDD and EDD for those members that have responded to the related questions in the questionnaire. However still 45% of members concerned (industry and retail) are not yet responding to these questions.

The current data collection tool does not leave enough room for nuance regarding the implementation of HRDD. Several members commented on the data collection questions in the tool to indicate that the current data collection questions do not allow to report specifically about the degree of implementation of HRDD and environmental risk management.

The recently published guide to conducting risk analyses for cocoa producing countries published by SÜDWIND e.V. in collaboration with the GISCO working group Human Rights Due Diligence can serve as an inspiration to improve monitoring of the implementation of HRDD¹⁹.

¹⁹<https://suedwindinstitut.de/files/Suedwind/Publikationen/2021/Titelbilder/202118%20Guide%20risk%20analyses%20cocoa%20sector.pdf>



SO9 – Strengthening of governments, farmer organizations and cooperatives and civil society

SO9 at a glance

Specific objective
SO9: GISCO members are committed to strengthen governments, farmer organizations and civil society in the cocoa value chain in the producing countries.
Main conclusion
50% of the reported projects/programs indicate that they contribute to strengthening governments, farmer organisations/cooperatives or civil society in producer countries. However, the collected 2020 data do not allow assessing the effectiveness of such strategies to strengthen actors in producer countries.
Main recommendation
The implementation of an institutional component to achieve greater sustainability by empowering local actors should become an integral part of the Theory of Change of all cocoa sustainability projects and programmes.

Table 14: Overview SO9

Data analysis

Aligning with and contributing to the empowerment of farmers and their organisations/cooperatives, is increasingly recognised as an essential, but still missing, aspect of sustainable cocoa value chains. Farmer level participation in cocoa traceability systems and value chain transparency should in no way harm or threaten their personal, economic or financial interests. On the contrary, collecting, managing and sharing their data for extensive cocoa traceability and value chain transparency should empower and benefit farmers and their “producer organisations” (POs), in the short, medium and long term. This requires embedding efforts towards enhancing cocoa traceability within a broader farmer empowering and conducive approach that substantially valorises sustainability efforts and achievements of cocoa farming households, their communities and/or organisations. This also implies aligning with and empowering public authorities concerned at local, intermediary and national levels.

Regarding the strengthening of actors in producer countries we take a closer look at the project topics of the reported projects/programs. In addition to projects lead by the member group A, BMZ²⁰/BMEL, 4 industry projects, 1 retail project and 4 civil society projects reported on contributing to strengthening related actors in producer countries. Overall, this means that 50% of the reported projects/programs indicate that they contribute to strengthening governments, farmer organisations/cooperatives or civil society in producer countries. However, the collected 2020 data do not allow assessing the effectiveness of such strategies to strengthen actors in producer countries.

²⁰ BMZ is the Federal Ministry of economic cooperation and development, BMEL is the Federal Ministry of food and agriculture

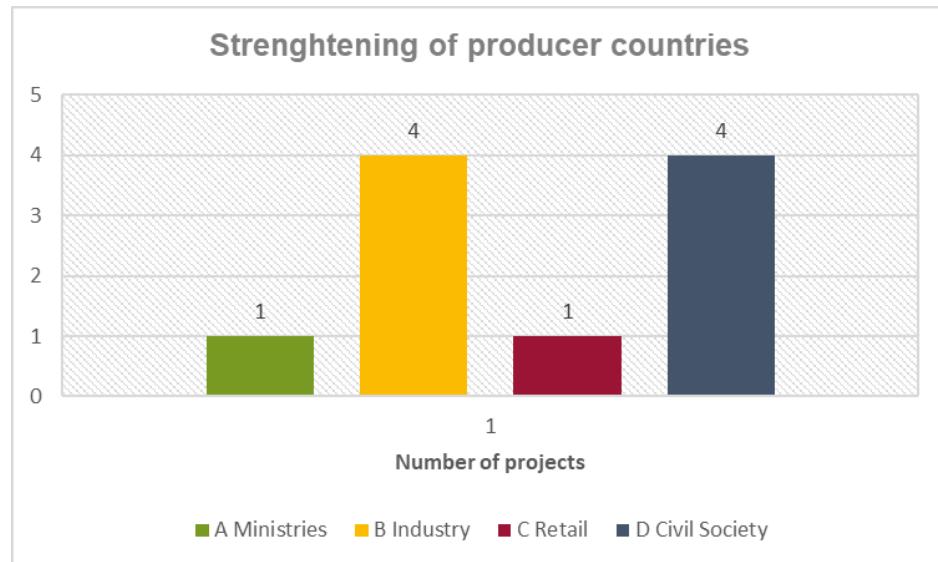


Figure 27: Strengthening of producer countries, (Unit = number of projects/programs that selected strengthening of producer countries as a topic)

Strengthening of civil society

Plateforme De La Societe Civile Et De Organisation de Producteurs en Cacao (1 member)



Ghana Civil Society Cocoa Platform (2 members)

The 2020 data indicate that 2 civil society members have contributed to two platforms that aim to strengthen local civil society and farmer organisations/cooperatives ("Plateforme de la société civile et d'organisations de producteurs en cacao" in Côte d'Ivoire" and "Ghana civil society cocoa platform").

Figure 28: Strengthening of civil society

Participation in trainings ²¹	
Farmers	1,444,839 participants
Staff of cooperatives / Farmer organisations	368 participants
Government staff	40 participants

Table 15: Participation in trainings

Conclusion SO9

50% of sustainability projects/programs reported to have contributed to the achievement of SO9 in 2020. The current data collection does not allow to make any statements about the nature or the achievements of interventions or strategies to strengthen governments, farmer organizations/cooperatives and/or civil society in producer countries. Applying an institutional sustainability paradigm, fully empowering the local actors should be mainstreamed and embedded in the theory/pathway of change of all cocoa sustainability projects and programmes. This becomes even more important when acknowledging the importance of concerted, multi-commodity efforts towards establishing sustainable agriculture production at landscape / local jurisdictional levels.

²¹ Remark – the data in the table provided above are not corrected for double counting of farmers having participated in several trainings.



SO10 – Sustainable cocoa-containing end products sold in Germany

SO10 at a glance

Specific objective
SO10: GISCO members are committed to the entire cocoa in cocoa-containing end products sold in Germany to come from sustainable cultivation in the long term.
Main conclusion
Specific objective 10 is situated at a high level and is to be achieved through the attainment of the other specific objectives and targets on certification, living income, child labour, deforestation, human rights and environmental due diligence, etc. At this stage it is not yet possible to provide conclusions on the (compound) achievements visa-à-vis this objective.
Main recommendation
If the goals of national initiatives for sustainable cocoa in Europe, such as GISCO, are to be achieved, the origin transparency and information on the sustainability characteristics of cocoa batches in the supply chain must be improved.

Table 16: Overview SO10

Data analysis

It should be noted that specific objective 10, stating that all cocoa in cocoa-containing end products sold in Germany should come from sustainable cultivation in the long term, is situated at a high level and is to be achieved through the attainment of the other specific objectives and targets on certification, living income, child labour, deforestation, human rights and environmental due diligence, etc.

Conclusion SO10

Enhancing and consistently ensuring the sustainability of cocoa farming leading to sustainable cocoa on the German market, is not possible without adequate forms of cocoa traceability, gradually contributing to enhanced cocoa value chain transparency. For the ambition of European initiatives for sustainable cocoa such as GISCO, SWISSCO, Beyond Chocolate and DISCO, to be achieved, a means of distinguishing between different levels of cocoa sustainability is needed. Improving the cocoa origin transparency (identifying where it was grown) and enhancing knowledge of the sustainability characteristics of cocoa batches along the value chain are crucial components of cocoa business ecosystems that foster sustainable production, as well as fairness and accountability for all parties.

Effective and trustworthy traceability is essential to create a level playing field for sustainable cocoa and to establish an ecosystem that gradually replaces unsustainable cocoa with more sustainable produce across the different types of value chain²².

Increasingly stringent supply chain due diligence requirements in import countries and regions are expected to reinforce the presence of sustainable cocoa on the German market. See specific objective 8 for more information on compliance with HRDD requirements.

As extended cocoa traceability is being implemented, an agreed upon mechanism, allocating weights to each partial sustainability aspect and corresponding score, would generate a compound cocoa sustainability score for each lot of cocoa beans and subsequently for each cocoa containing end product. (For more information, please refer to “From the Bean and Back - Innovating Traceability in the Cocoa

²² IDH, GISCO, C-lever.org, 2021: Technical Brief on Cocoa Traceability. P. Stoop, N. Ramanan, H. Geens, A. Lambrecht and S. Dekeister, <https://www.idhsustainabletrade.com/uploaded/2021/04/Cocoa-Traceability-Study-20.7L.pdf>



Value Chain - Discussion Paper" by C-lever.org 13th April 2021).²³ Calculating the weighted average of such compound cocoa sustainability score, for all cocoa contained in consumer end products brought to the German market, would allow to genuinely track progress vis-à-vis SO10.

However, this will first require a mainstreaming of extended cocoa traceability providing detailed information on sustainability characteristics of the cocoa, beyond merely knowing if cocoa is certified or not. In the meantime, SO11 provides a partial proxy by tracking the % of cocoa brought to the German consumer market that is certified by sustainability standards or equivalently independently verified.

SO11 – Cocoa in cocoa-containing end products is certified

SO11 at a glance
Specific objective
SO11: GISCO members are committed to a share of at least 85 % of cocoa in cocoa-containing end products sold by the producing members in Germany to be certified by sustainability standards or to be equivalently independently verified by the year 2025.
Main conclusion
This objective has been reached for the members who have reported data. 87% of the combined total volume brought to the German consumer market by those members was reported to be certified. The analysis is based on only 27.4% of industry and retail members. The combined market share of these members is estimated at around 40% of the German consumer market. We note an underrepresentation of SMEs (small and medium sized enterprises). This number is higher than the % of certified cocoa reported by BDSI for 2020, which is 77%. <i>Note: It is possible that the average certification rate will decrease in the next monitoring rounds when more members participate.</i>
Main recommendation
This is only an intermediary objective. The certification standards or schemes currently applied in the cocoa value chain still fall significantly short of the sustainability definition of GISCO. The benchmarking of certification standards and verified company schemes, will provide better insight in the extent to which these standards and schemes meet the sustainability ambition of the GISCO definition. GISCO could already reflect on next step targets; this may imply (a) onboarding additional members as to increase the share of the German consumption market covered by GISCO; (b) extending the target to cocoa processing (including for export) ; (c) moving from 85% to a 100% certification target and (d) targeting cocoa sustainability beyond what is now required for certification.

Table 17: Overview SO11

²³ "From the Bean and Back - Innovating Traceability in the Cocoa Value Chain - Discussion Paper" by C-lever.org 13th April 2021



Data analysis

Specific objective 11 states that at least 85% of cocoa in cocoa-containing end products sold by the producing members in Germany shall be certified by sustainability standards or equivalently independently verified, by the year 2025.

It is worth noting that requiring certification is only an intermediary step towards further enhancing the sustainability of cocoa beyond the current certification requirements.

Certified cocoa is defined as cocoa produced in compliance with the requirements of accepted certification standards or independently verified company schemes on sustainable cocoa. The list of accepted certification standards and independently verified company schemes currently comprises the following: UTZ/Rainforest Alliance, Fairtrade, Organic and Company schemes (to be specified).

Only 29% of industry and retailer members provided data on the share of certified or independently verified cocoa for the volume of cocoa in cocoa-containing end products sold by them in Germany in 2020²⁴. 87% of the combined total volume brought to the German consumer market by those members was reported to be certified. This number is higher than the % of certified cocoa reported by BDSI for 2020, which is 83%. The share of the volume of cocoa contained in the end consumer products for the German market that is certified (87%) corresponds well with the share of conventional cocoa reported for 2020 (13%).

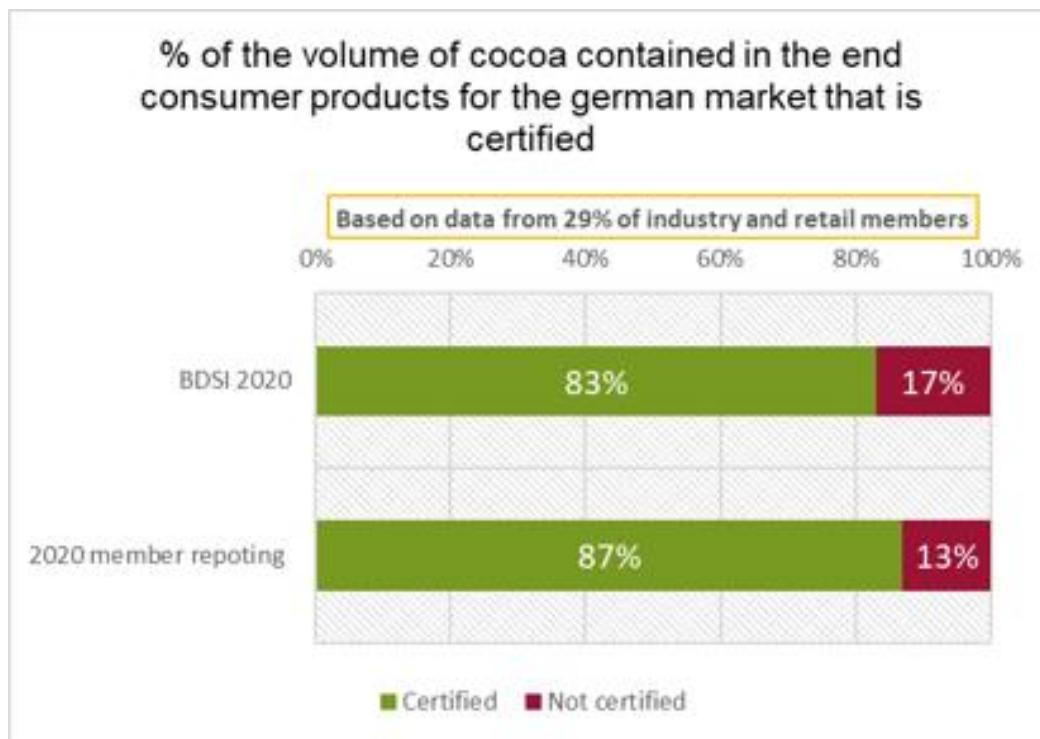


Figure 29: % of the volume of cocoa contained in the end consumer products for the German market that is certified

²⁴ Note that in order to avoid double counting not all members of member group B Industry report on the volumes sold on the German market e.g members that produce couverture chocolate or semi-finished products do not have to report.



A closer look at the share of certification standards reported by BDSI for 2020 compared to the member reporting reveals a difference between the share of UTZ/Rainforest Alliance (54 % member questionnaire vs. 61 % BDSI) and Fairtrade (29 % member questionnaire vs. 23 % BDSI).

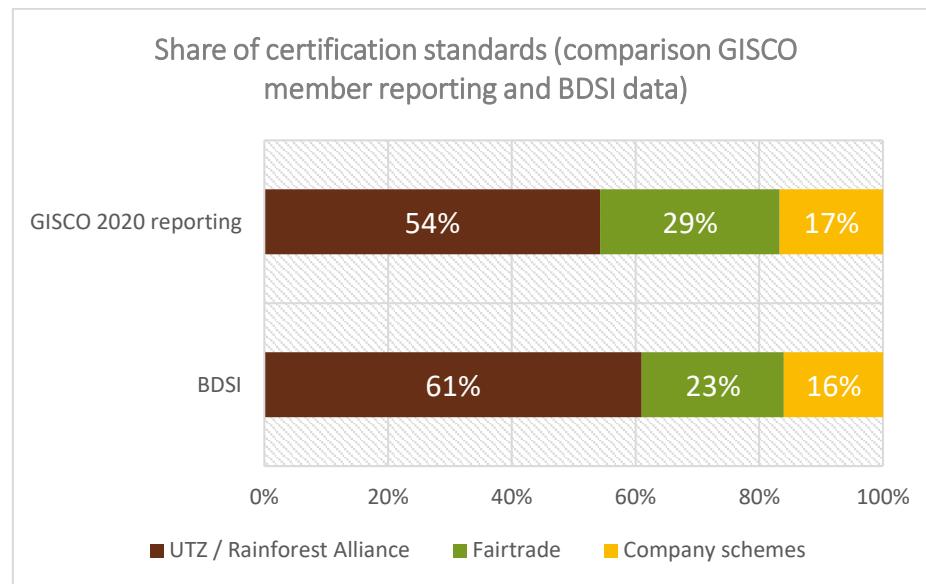


Figure 30: Comparison GISCO member data and BDSI data

Conclusion SO11

While 2020 data indicate that the target for this specific objective of 85% certification has been reached, there are a couple of elements that need to be further addressed.

- The analysis is based on only 29% of industry and retail members. The combined market share of these members is estimated at 35% of the cocoa for end consumer products of the German market. We note an underrepresentation of SMEs (small and medium sized enterprises).
- Possible explanations for the difference between BDSI data for 2020 and GISCO member data, in particular differences in the overall share of certification must be identified.
- The certification standards or schemes currently applied in the cocoa value chain still fall significantly short of the sustainability definition of GISCO. The benchmarking of certification standards and verified company schemes, provides us a better insight in the extent to which these standards and schemes meet the sustainability ambition of the GISCO definition.



SO12 – Promoting multi-stakeholder partnerships and collaboration

SO12 at a glance

Specific objective
SO12: GISCO members are committed to promote multi-stakeholder partnerships and collaboration for more sustainability, networking, sharing information and experience, learning from each other and reporting on progress in achieving objectives and applying best practices.
Main conclusion
While there is a lot of evidence of multi-stakeholder partnerships and collaboration including sharing lessons learned and best practices, the extent to which these partnerships and collaborations are beneficial for the value chain actors and to what extent this is improving the cost-effectiveness of their efforts of ensuring the sustainability of cocoa in end-products sold / consumed in Germany cannot be measured by current data collection methods.
Main recommendation
Rather than trying to map multi-stakeholder initiatives through the annual data collection increasing the reporting burden for members, GISCO together with the other ISCOs should continue to actively facilitate collaboration with other multi-stakeholder initiatives and find ways to facilitate lessons learned and best practices.

Table 18: Overview SO12

Data analysis

43% of GISCO members contributed to at least one multi-stakeholder or policy initiative in 2020. In total, 108 initiatives were reported by the members.

Did your organisation contribute to any multi-stakeholder and/or policy dialogue initiatives during the reporting year?

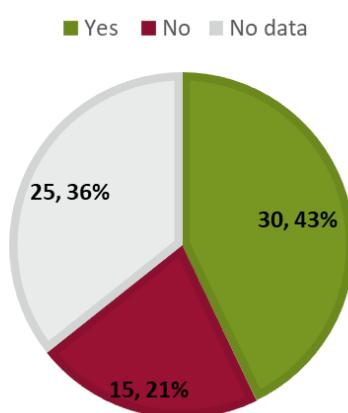


Figure 31: Participation in multi-stakeholder and policy initiatives

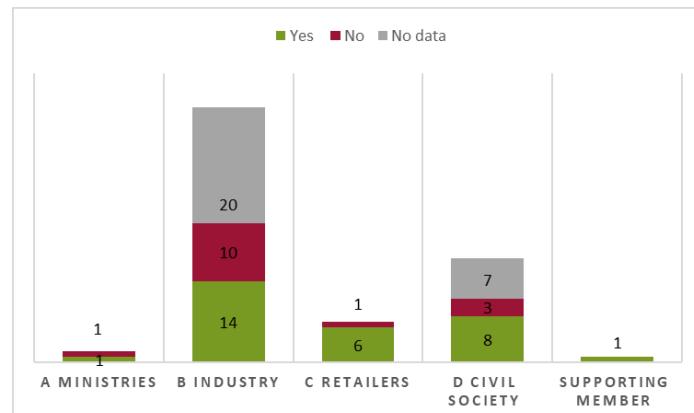


Figure 32: Participation in multi-stakeholder and policy initiatives per member group



Taking a closer look at multi-stakeholder initiatives reveals that participation in other National platforms for sustainable cocoa in Europe (29) and in the living income community of practice (12) were the most prevalent.

These initiatives are followed by the Cocoa & Forests Initiative (CFI), the World Cocoa Foundation (WCF) and, the International Cocoa Initiative (ICI) for which each time 10 members reported to have contributed to the respective initiative.

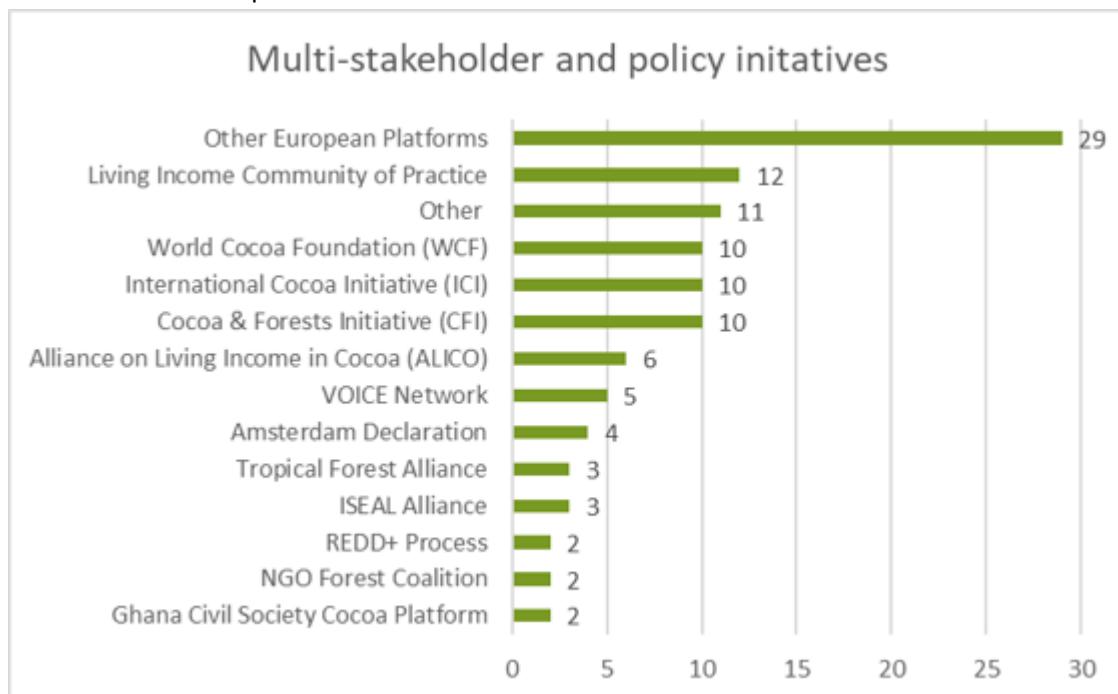


Figure 33: Overview multistakeholder and policy initiatives

Regarding civil society initiatives, 5 members reported to have contributed to the Voice network, 2 member have contributed to the NGO forest coalition, 2 civil society members contributed to the Ghana Civil Society Cocoa Platform, 1 civil society member contributed to the *Plateforme De La Societe Civile Et De Organisation de Producteurs en Cacao* (See SO9). 4 members contributed to a policy initiative: Amsterdam Declaration (4) and REDD+ process (2).

In total 30% (21) of GISCO members reported to have documented and shared lessons learned with respect to sustainability in the cocoa sector.



Did your organization document any lessons learned from its activities/strategies/studies with respect to sustainability in the cocoa sector?

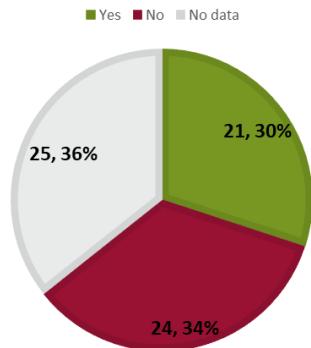


Figure 34: Documenting lessons learned and best practices

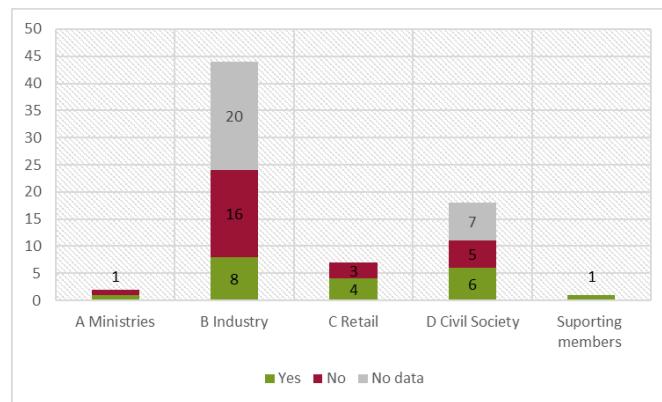


Figure 35: Lessons learned and best practices per member group

The word cloud in figure 36 illustrates the most important topics discussed in the lessons learned.



Figure 36: Word cloud lessons learned

Data analysis

While members reported about their participation in multi-stakeholder and policy initiatives and collective learning, current data collection methods do not allow to measure the extent to which these sustainability-related collaboration in multi-stakeholder and policy initiatives is effectively leading to added value for the value chain actors and to what extent this is improving the cost-effectiveness of their efforts of ensuring the sustainability of cocoa in end-products sold / consumed in Germany.



4. ANNEX

Click [here](#) to go to the annex.

Annex 1: Member questionnaires 2020

Annex 2: Project questionnaire 2020

Annex 3: Overview response rates for target indicators

Annex 4: Recommendations for action for GISCO members

Annex 5: List of target indicators

Annex 6: Self-commitments of the GISCO members in relation to the specific GISCO objectives



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