

Reflection of target indicators in Common Indicators and comments by C-Lever

Oct.2020, C-Lever

Target	Comment	Corresponding CI	Proposed action – Point of attention
Specific objective 1: Improved 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			
SO1 – Target 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.	This is a “transparency and accountability” related commitment! What is to be understood under “price sustainability premiums”? Ideally all premiums will be reported with a segregation by type of premium, but what premiums are included in this target? (see also below on quality premiums).	<u>Yes</u> CI-2.3.0.1-G CI-2.3 (cocoa pricing); comprising data points CI-2.3.0 up to 2.3.9.	A specific GISCO indicator “2.3.0.1-G - % of reporting on sustainability premiums paid” has been added to track progress vis-à-vis this target. To clarify, what type of Members need to report on this information: only producers of cocoa containing products or also retailers? How far in the supply chain is the obligation maintained? This may require new practices of supply chain information (= transparency) to be transferred in each step in the supply chain. information to be obtained from suppliers). The <u>reporting tool</u> should be able to flag the members who should report on this information and to what extent they did report on it.
SO1-Target 2	Not finalized		
SO1 – Target 3 (project indicator) By the end of 2022 GISCO members with income relevant	This is a “transparency and accountability” related commitment! It remains difficult to interpret this target, as a	<u>Yes</u> 2.0.1-G Many of the common indicators may qualify,	A specific GISCO indicator “2.0.1-G - % of living income related effort reporting” has been added to track

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<p>projects / programs will include living income related indicator(s) and report transparently on the measures implemented.</p>	<p>“living income related indicator”, could cover any of the leverages towards living income. Anyhow, the proposed sect of common indicators comprises elements for reporting on a broad range of efforts and on outcomes towards reducing the living income gap of the farming households reached.</p> <p>We can presume that most cocoa sustainability projects / programmes have some links to enhancing income for cocoa farming households.</p>	<p>depending on the type of living income leverage used by the project/programme.</p>	<p>progress vis-à-vis this target.</p> <p>Ideally every project / programme should indicate which indicators are relevant and what it will report on. If required a third party could validate such a choice.</p> <p>The reporting tool shall allow flagging the indicators to be reported on. The tool would then be able to provide information on the extent of compliance with such reporting requirements.</p>
<p>SO1 – Target 4 (project indicator) By the end of 2023, GISCO members with relevant projects/programs** report on the development of net household income*** in relation to the Living Income benchmark.</p>	<p>This is also a “transparency and accountability” related commitment!</p> <p>This is linked to the above target 3.</p> <p>This requires projects / programmes to also track and appreciate the final outcome / impact of their efforts in terms of reducing the living income gap of the farming households supported.</p>	<p><u>Yes</u> 2.0.2-G CI-2.1.1 till CI-2.1.3 with all underlying data points.</p>	<p>A specific GISCO indicator “2.0.2-G - % of living income related outcome reporting” has been added to track progress vis-à-vis this target.</p> <p>Ideally every project / programme should indicate which indicators are relevant and what it will report on. If required a third party could validate such a choice.</p> <p>The reporting tool shall allow flagging the indicators to be reported on. The tool would then be able to provide information on the extent of compliance with such reporting requirements.</p>

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			<p>Mainly</p> <p>CI-2.1.1 “Household Income”</p> <p>CI-2.1.2 “# of farming households having benefitted from a significant increase in their income.”</p> <p>CI-2.1.3 “# and % of farming households at +100%, +80%, +60%, +40%, -40% of a living income.</p> <p>CI-2.2.1 “Total net household income (USD) from cocoa – average per cocoa producing household”</p> <p>CI-2.2.2 “Total net household income (USD) from other sources of household revenue generation – average per cocoa producing household”.</p> <p>This will require a consolidated data collection methodology and approach at project / programme level; ideally linked to periodical sector studies.</p>
<p>SO1 – Target 5 (project indicator) By 2025, at least 80 % of reached farmers in relevant GISCO member projects/programs** have increased**** their net household income*** by at least 35 % (Baseline KIT, 2017)</p>	<p>This is a final outcome / impact target.</p> <p>This target is rather confusing: is reference being made to the own previous income of each household or are we referring to the average household income estimated 2017 KIT study?</p> <p>Maybe what is meant could rephrased as follows:</p>	<p><u>Yes</u></p> <p>CI-2.1.3.3</p> <p>CI-2.1.2 till CI-2.1.3</p>	<p>A specific GISCO indicator 2.1.3.3-G, “# and % of farming households having reached 60% of a living income”, has been added to track progress vis-à-vis this target. (As per reformulation of the target proposed below.)</p> <p>Consider rephrasing SO1 – Target 5, using</p>

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	<ul style="list-style-type: none"> • “By 2025, at least 80 % of reached farmers in relevant GISCO member projects / programs have reached a net household income of at least the 2017 average income, increased by 35 %.” <ul style="list-style-type: none"> ○ A 35% increase of an average income at approximately 43% of a living income, corresponds only to 15% of a living income! But it is still a significant increase in income. ○ Not using average income allows distortion because of significant higher by a limited number of better off farmers. • “By 2025, at least 80 % of reached farmers in relevant GISCO member projects / programs benefitted from an average income increased of 35 %.” <ul style="list-style-type: none"> ○ But then the value of a 35% income increase would vary significantly depending on the baseline income of the family; those who have a higher revenue would require 		<p>the proposed common indicator CI-2.1.2 and/or CI-2.1.3</p> <p>CI-2.1.2 : “# of farming households having benefitted from a significant increase in their income (=at least 10% of a living income) and average income increase obtained, compared to 2017, expressed in % of the living income”</p> <p>SO1 – Target 5 would become: “By 2025, at least 80 % of reached farming households in relevant GISCO member projects / programs have benefitted from a significant increase in their income (= at least 10% of a living income); the average income increase obtained, compared to 2017, is at least in 15 % of the living income.</p> <p>CI-2.1.3: “# and % of farming households at +100%, +80%, +60%, +40%, -40% of a living income.”</p> <p>The reformulation of target SO1-T5, that makes most sense, could be as follows:</p> <p><i>SO1 – Target 5: “By 2025, at least 80 % of reached farmers in relevant GISCO member projects/ programs have reached 60% of a living income (thus increasing their net household income to at</i></p>

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	more revenue increase to qualify		<i>least 35 % above the baseline average - Baseline KIT, 2017)</i>
Specific goal 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.			
SO4 – Target 1 (project indicator) By the end of 2022, relevant GISCO member projects/programs will have a strategy to promote diversified and sustainable farming systems	This is also a kind of “transparency and accountability” related commitment. Still it is not clear what is needed to qualify as having a strategy to promote diversified and sustainable farming systems.	<u>Yes</u> 4.0.1-G Many indicators qualify to fit under such a strategy.	A specific GISCO indicator “4.0.1-G - % of living income related outcome reporting” has been added to track progress vis-à-vis this target. Ideally every project / programme should indicate which indicators are relevant and what it will report on. If required a third party could validate such a choice. The reporting tool shall allow flagging the indicators to be reported on. The tool would then be able to provide information on the extent of compliance with such reporting requirements.
SO4 – Target 2 (project 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.	This is an output / immediate outcome level target. If we want to measure transition to cocoa-agroforestry, then it would be good to consider also the # of ha transformed from traditional cocoa production to cocoa-agroforestry.	<u>Yes</u> CI-4.3.3; but also, CI-4.3.1 and CI-4.3.2	Consider whether the target should not combine the following: CI-4.3.1: # of ha of cocoa agroforestry systems newly established in the reporting period CI-4.3.2: # of ha of cocoa agroforestry systems maintained (> 3 years) CI-4.3.3: % under cocoa agroforestry systems

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<p>SO4 – Target 3 (project indicator) By the end of 2025, all cocoa farmers reached by relevant GISCO member projects/programs* will no longer apply hazardous pesticides.</p>	<p>This is an output / immediate outcome level target.</p>	<p><u>Yes</u> CI-4.7.4 “Farmers practice appropriate (environmentally friendly) pest management”; but also, CI-4.3.1 and CI-4.3.2</p>	<p>Consider whether the target should not combine the following: CI-4.7.4.1: # Farming households having abandoned the usage of hazardous pesticides and applying appropriate pesticide management CI-4.7.4.2: # of ha of farming land under appropriate (environmentally friendly) pest management</p>

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Specific goal 5: Ending deforestation and contributing to conservation of forests and biodiversity, and to reforestation.			
<p>SO5 – Target 1 (supply chain indicator)</p> <p>By the end of 2025, GISCO member companies will ensure 100% traceability to farm level in their direct supply chain including farm mapping.</p>	<p>This is also a kind of “transparency and accountability” related commitment.</p> <p>The relevance of this target might remain limited if the share of the direct supply chain remains limited.</p> <p>To be clarified if this is only required for the Supply origin transparency level or if this is to be combined with the “identify preserved” and if so, up to what stage.</p>	<p><u>Yes</u></p> <p>CI-1.1.1.1-G CI-1.1.1 And also, CI-1.1.2</p>	<p>A specific GISCO indicator “1.1.1.1-G - % of farm level origin transparency in direct supply chain” has been added to track progress vis-à-vis this target.</p> <p>To define if this corresponds only to “CI-1.1.1 - Supply origin transparency level of cocoa sourced” or if it also requires “CI-1.1.2 Cocoa traceability level”.</p> <p>It is recommended to focus on moving all cocoa sourcing (both direct and indirect supply chain) to “Score 5: Farm known and having point coordinates of the farm household (farm mapping)” or “Score 5+: Farm known and having polygon boundaries of the farm.</p> <p><i>If required</i>, data collection for CI-1.1.1 and CI-1.1.2 shall disaggregate between the “direct” and the “indirect” supply chains.</p>
<p>SO5 – Target 2 (supply chain indicator)</p> <p>By the end of 2025, 85 % of the cocoa purchased / processed by GISCO members in Germany is deforestation free (for</p>	<p>As explained already in this report, the concept of “deforestation free cocoa” is rather problematic and may even be contra-productive. The following reasons need</p>	<p><u>No</u></p> <p>In the initially proposed set of indicators this was not an indicator.</p> <p><u>Yes</u></p> <p>CI-1.1.1.2-G</p>	<p>A specific GISCO indicator 1.1.1.2-G - % origin from "deforestation free cocoa farming land", has been added to</p>

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CIV: is sourced from farms that are not located in protected areas nor protected forests)	to be considered: (1) deforestation is not a single commodity issue; (2) a focus on “deforestation free cocoa” could very well lead to a “displacement” of deforestation (for other crops / other usage); (3) even evolving to 100% “deforestation free cocoa” may have no or insignificant impact on the destruction and disappearance of valuable forests in cocoa producing areas; (4) moving away from areas at risk in deforestation might be counterproductive, because the leverages to influence and counteract deforestation in the area might get lost. Therefore it is recommended not to use this “deforestation free cocoa” concept. An additional issue of this target is that it addresses cocoa purchased / processed, without referring to the previous target (SO5-T1) and thus difficult to compare.	Multiple other indicators can be used to track progress related to forest preservation and restoration in cocoa producing areas.	track progress vis-à-vis this target. It is still recommended to refocus the targets on indicators that have a stronger leverage on forest preservation and restoration, or at least complement them with other indicators. If <i>required</i> the CI-1.1.1 – “Supply origin transparency level of cocoa sourced”, could be further enhanced with a score 6: “farm known, having polygon boundaries of the farm and farm fields verified as not in a protected forest and as not comprising land that was deforested since 2018”.
It is confusing that targets SO5-T1 and SO5-T2 look at different aspects of cocoa sourcing and that they may not be aligned to the base for CI-1.1.1. It would be recommended to always target "% of cocoa contained in end consumer products sold in Germany"; potentially to be extended to "% of cocoa processed in Germany"; not mixing both data as to avoid double counting. Limiting SO5-T1 to the direct supply chain provides little added value without a target for the % of total volume.			
Specific goal 6: The abolition of worst forms of child labour in cocoa production			
SO6 – Target 1 (project indicator) By the end of 2025, 100 % of reached	As explained above such a yes/no indicator might result in a checklist approach and does not	<u>Yes</u> CI-3.1	The indicator CI-3.1 “# of households covered by a CLMRS or comparable child

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<p>communities 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.</p>	<p>really allow to track progress. It is just a first step.</p>		<p>labour mitigation strategy and system”, can be compared with the total number of farming households reached. It is recommended to move beyond activity and also target and track outcomes. A “child labour and child development score (potential CI-3.2) could be used to that effect.</p>
<p>Specific goal 8: Call for 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.</p>			
<p>SO8 – Target 1 (project indicator) By the end of 2025 all GISCO members implement human rights* and environmental** due diligence</p>	<p>As discussed above with respect to CLMRS, it is important to avoid getting stuck in bureaucratic approaches and in yes/no measurements. As they fit in different parts of the overall results chain and as a Member could qualify (or perform better) for one than for the other, the “human rights” and the “environmental” dimensions might be tracked separately.</p>	<p><u>Yes</u> CI-1.9.1 CI-1.9.2</p>	<p>Envisage evolving beyond a yes/no measurement for the following 2 proposed common indicators CI-1.9.1 – “Adoption and implementation of human rights due diligence obligations by Members / Signatories” CI-1.9.2 – “Members appropriately identify and address environmental risks in relation to the cocoa supply and value chains they are involved in.”</p>

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Specific goal 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.			
<p>SO11 (supply chain indicator)</p> <p>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</p>	<p>The wording of GISCO’s SO 11 is still subject for interpretation of the scope; this is to be confirmed:</p> <ul style="list-style-type: none"> • The wording : “cocoa in cocoa-containing end products sold ... in Germany” would be very clear • But the wording “sold by the producing members” is still confusing <ul style="list-style-type: none"> ○ Is it about cocoa in cocoa-containing end products “produced” in Germany ? ○ Is it about the part of that production ‘sold’ in Germany? ○ Do we want to capture all cocoa-containing end products sold in Germany? ○ Or only cocoa-containing end products produced in Germany and sold in Germany? ○ Including what producing members produce outside Germany but sell in Germany? 	<p><u>Yes</u></p> <p>CI-1.2.1.1</p>	<p>A specific line CI-1.2.1.1-G was added to capture the particular wordings and scope used for the target corresponding to GISCO’s SO-11.</p>