



# Initiative for a sustainable cocoa Côte d'Ivoire – Ghana – Cameroon

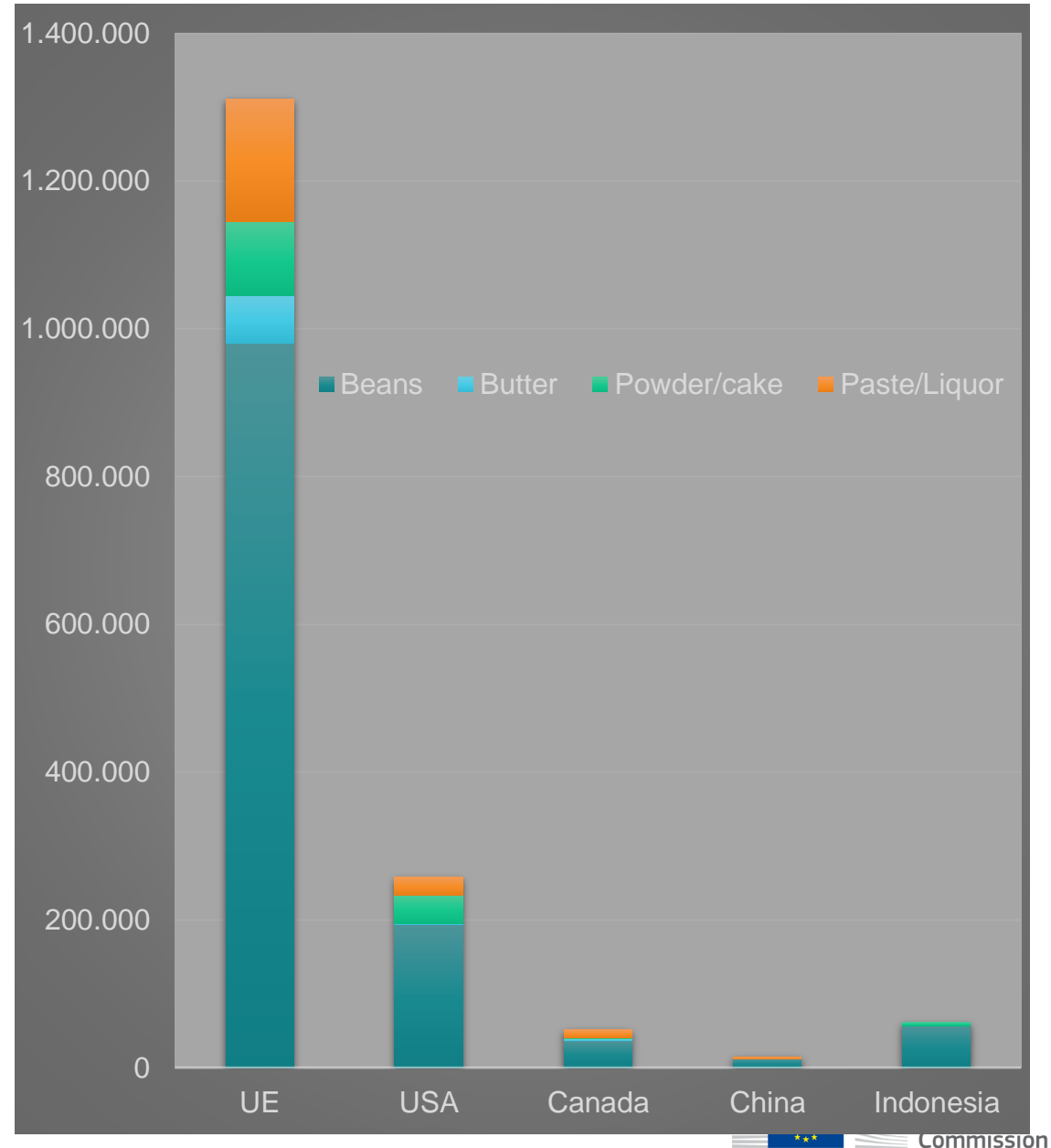
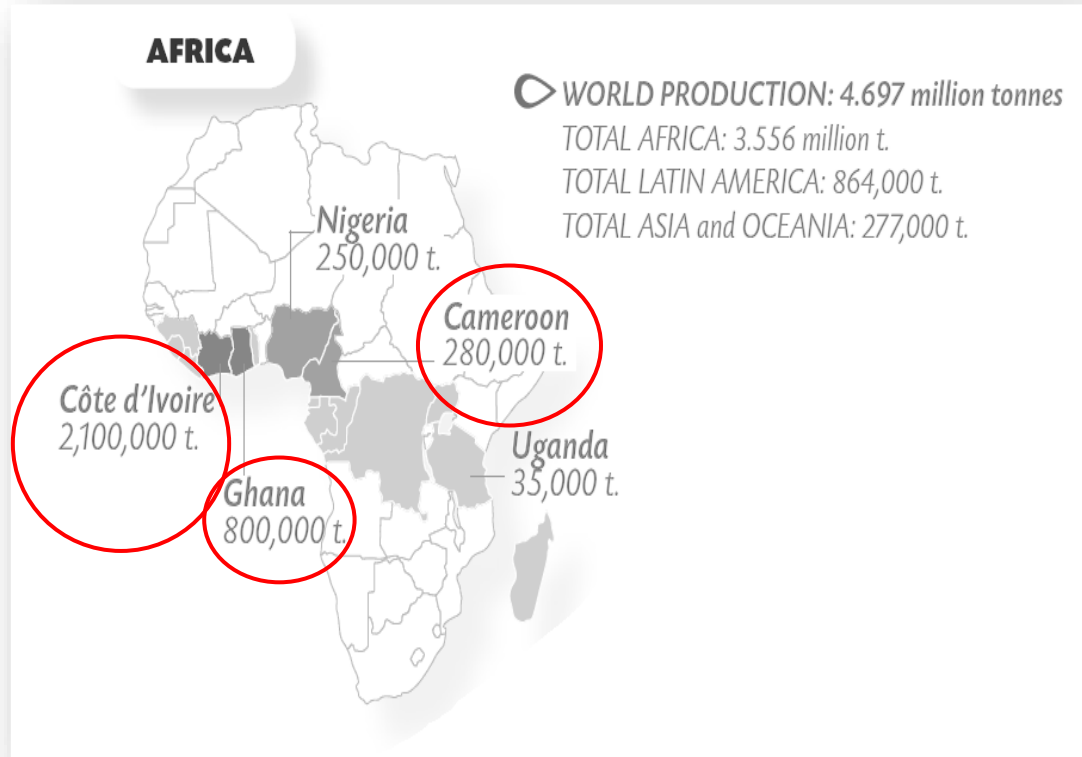
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# Exportation (Côte d'Ivoire)

## Production





Côte d'Ivoire 1st producer

Ghana 2nd

Cameroon 5th

(62% of world production)

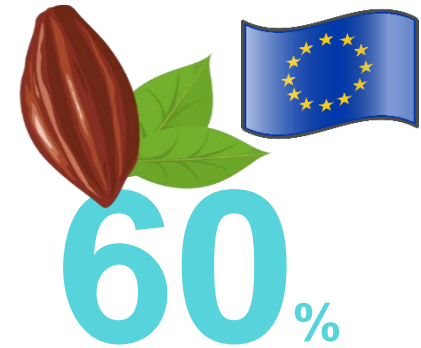


CI: 15% of GDP

GH: 9% of GDP

CM: 1-2 % of GDP

In CI alone ensures livelihood  
for 6 M people



EU world largest  
importer of cocoa (60%  
of global imports) with  
DE 1st consumer; BE  
1st transformer and NL  
1st importer

**=> Cocoa is a key economic sector for both producing countries and the EU**



# Cocoa: value chain with important sustainability challenges



Smallholders farmers  
revenues



Majority of farmers leave  
below the poverty threshold

5.3% of value accruing to  
cocoa farmers only

Deforestation



CI: 64% of forest lost  
between 1990 and 2020

GH: 16% lost since 1990

Child labour



1,56 million children are  
engaged in child labour in  
cocoa in CI (790,000) and  
GH (770,000) – much less  
so in CM



# Cocoa: value chains at the heart of producing countries politics

June 2019 – historic agreement between Côte d'Ivoire and Ghana to set-up the **Living Income Differential**: premium of 400 USD/ton on global market prices to ensure minimum revenues for farmers based on:

- A legislated minimum of **70 % of achieved average gross free on board (FOB) price of USD 2,600** to be paid to farmers in both countries
- When FOB price between minimum price level of **USD 2,600 and USD 2,900**: bonus payments and investments for farmers to be decided by each country
- When FOB price **above USD 2,900**, excess value placed in stabilization fund handled by Ghana-Côte d'Ivoire Initiative Secretariat to ensure farmers still receive minimum when international prices fall

# Cocoa: at the heart of European political debate on sustainability



Strong pressure from public opinion/European consumers, echoed by European Parliament and civil society for more sustainable products in all three dimensions: so agreement of the European cocoa and chocolate industry to pay the LID but:

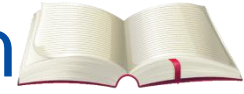
- Price increase not a sufficient condition for sustainability: must be linked to clear commitment on deforestation and child labour
- As price increase might lead to unsustainable overproduction: EU and producing countries policies and legal/regulatory framework required to incentivise sustainable production and penalise deforestation and child labour.
- Industry wants a level playing field within the private sector and a clear division of responsibilities with producing countries calling for EU policy and legal action



## Alignment of stars for the EU to be a game changer and “honest broker” for the sustainability of the cocoa sector

- Convergence of economic interests: sector crucial for respective economies
- Convergence of political interests: demands from constituents on both parts
- Legal leverage: call within EU for legislation
- Financial leverage: buy-in from the private sector ready to play its part: LID and beyond

# EU response: general regulation and legislation



Environmental  
sustainability



Regulation on  
imported deforestation

Economic  
sustainability



**Private sector binding legislation on due  
diligence with respect to respect for huma  
rights (decent work & child labour)**

Social  
sustainability





# EU response: sustainable cocoa partnerships



End-goal: agree on and help producing countries to set-up and implement a new framework for sustainable cocoa production that complies with EU requirements

- Agreement with producer countries on what is “sustainable cocoa”
- Producer countries insert this definition in their own legislation and put in place compliance monitoring mechanism (traceability, verification)
- cocoa produced along these rules is *de facto* imported without barriers in the EU and paid a higher price by industry (licensing)

Different policy options:

- Non-mandatory specific cocoa guidelines based on horizontal due diligence legislation
- Voluntary Partnership Agreement such as FLEGT
- Trade and sustainable development chapters under the EPAs
- Approach similar to the EU system against illegal, unreported and unregulated fishing

# EU response: sustainable cocoa partnerships (continued)



## Tools:

### ➤ Multi-stakeholder Dialogue:

- EU-level (#cocoatalks) EU, Member States, European Parliament, industry, civil society with representatives from Ivory Coast and Ghana (Cameroon requested to be part) on LID; standards; traceability, transparency and accountability with regard to child labour and deforestation; regulations; sustainable cocoa production; development assistance and finance
- Africa-level: African stakeholders with European representatives

### ➤ Cooperation:

- New programming: Team Europe Initiatives
- Pilot action for early support

# Initiative for Sustainable Cocoa in Côte d'Ivoire, Ghana and Cameroon



## Two-fold objective:

- Support local multi-stakeholder dialogue and build the capacity of local actors to participate
- Provide assistance to local actors to put in place the necessary frameworks and to implement them
  - Help public authorities undertake necessary reforms
  - Strengthen the private sector (farmers in the first place) to abide by the new rules

Budget: 25 MEUR from the 11<sup>th</sup> EDF reserves

# Initiative for Sustainable Cocoa (continued)



8 Mio €  
budget support for  
Côte d'Ivoire



- Support to elaboration of national strategy and implementation

- Technical assistance & coordination
- Studies
- Support to value chain
- Child labour (with ILO)

- Satellite-based imagery for deforestation monitoring

- Agroforestry
- Reforestation
- Conservation

- Regional approach
- Policy and legislative support
- LID

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# Thank you



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