EUROPEAN COCOA ASSOCIATION (ECA) AND CAOBISCO NOTE – EU COMMISSION PUBLIC CONSULTATION ON STEPPING UP EU ACTION ON DEFORESTATION AND FOREST DEGRADATION
(February 2019)

1. BACKGROUND

Addressing the global challenge of reducing deforestation in the supply chain is one of the main priorities for ECA and CAOBISCO members. Deforestation of tropical rainforests is a major issue in cocoa producing countries, particularly in Côte d’Ivoire and Ghana which together produce nearly two-thirds of the world’s supply of cocoa. Over a ten-year period, approximately 2.1 million hectares of forest area have been cleared in Côte d’Ivoire and 820,000 hectares in Ghana, with severe consequences on biodiversity. One quarter of this deforestation has been attributed to cocoa production.

Therefore, the underlying causes of forest loss in the cocoa supply chain are linked to:
- continuous poverty,
- low productivity of small holder farmers,
- the lack of crop diversification,
- lack of clarity and land and tree tenure,
- cocoa farmers following logging trails into forests,
- lack of basic infrastructures,
- complexity of the cocoa supply chain,
- political instability
- migratory patterns in sub-Saharan Africa with cocoa continuing to attract workers to Côte d’Ivoire and Ghana from neighboring countries, i.e. Mali, Burkina Faso and others,
- weak law enforcement in some countries.

Since cocoa is mentioned as one of the thirteen priority Forest Risk Commodities, ECA and CAOBISCO have reflected on the added value of EU action as well as what would be the main priorities from the cocoa supply chain perspective. In the absence of enforced forest protection laws in some origin countries, our members have been involved over the past years in projects aimed at the rehabilitation of deforested land and in training for farmers.

During the COP23 in November 2017, two thirds of the global cocoa supply chain together with the governments of Ghana and Côte d’Ivoire, convened under the auspices of the Prince of Wales’s International Sustainability Unit (ISU), IDH (The Sustainable Trade Initiative) and the World Cocoa Foundation to tackle deforestation and forest degradation through Frameworks of Action of the Cocoa and Forests Initiative (CFI) that they signed in November 2017 at the COP23 in Bonn.

These Frameworks for Action provide for a series of timebound actions and commitments from the private and public sectors.

Signatory companies are also currently implementing individual programs on environmental protection and sustainable production of cocoa and have committed to developing CFI individual action plans.

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2 The Prince of Wales's International Sustainability Unit (ISU) has now ceased to exist. Several of its projects, including the forest work, have merged into the World Resources Institute (WRI), with the Prince of Wales becoming a patron of the WRI.
2. INDUSTRY EFFORTS

Concretely, several main objectives are being pursued by the cocoa and chocolate industry, as outlined in the sectorial ‘Cocoa and Forests Initiative’ Framework presented at COP23 by the industry and producing country governments:

i. No further conversion of any forest land
   As defined under national regulations and using methodologies such as High Carbon Stock (HCS) and High Conservation Value (HCV) approach - for cocoa production and a ban on the production and sourcing of cocoa from National Parks, Wildlife Sanctuaries and Wildlife Resource Reserves, except from farms with existing legal status.
   This is planned to be achieved through:
   − Improved forest protection/reduced encroachment on forest land
   − Improved management of forest reserves, based on the level of degradation of forests
   − Up-to-date maps on forest cover and land-use
   Verifiable monitoring systems for traceability from farm to the first purchase point are being set up by individual businesses along with governments’ effective national framework for traceability of all actors in the cocoa supply chain.

ii. Sustainable production and development of alternative livelihoods for farmers through:
   − Income diversification
   − Food crop diversification
   − Agricultural inter-cropping
   − Development of mixed agro-forestry systems
   − Other income generating activities
   Cocoa smallholders have limited access to modern agricultural techniques. Moreover, farm management skills are lacking, farmers often looking for short-term economic benefits of increased yields. Therefore, through training programs, the purpose has been to improve cocoa yields in an environmentally sound manner while encouraging diversification of crops to ensure better income for farmers.

iii. Community engagement and social inclusion:
   − Engagement between farmer organizations, governments and the civil society is required to establish social safeguards to protect farmers and local communities.
   − Actions are directed towards farmers affected by the proposed land-use changes.

iv. Measurement and Monitoring
   − Industry contribution to government efforts to develop effective satellite monitoring and traceability systems, notably through mobilization of technical and financial partners, including deforestation alert, which should be made publicly available for all stakeholders to measure and monitor progress on the overall deforestation target.
   − Adoption of a set of high-level and verified land use, environmental, socio-economic indicators.
   − Annual publicly disclosed reporting by signatory companies and Government on progress and outcomes related to the implementation of the specific actions in the Framework.
3. EU SUPPORT NEEDED

It should be highlighted that companies’ initiatives to ensure a fully sustainable and traceable cocoa supply chain cannot replace governments’ efforts at origin to have credible forest law enforcement regulation and the ability to change production practices.

Along with better government action, we consider that the EU should complement the actions already taken by private companies and ensure that the specificities of all thirteen identified forest risk commodities are well taken into account.

We strongly believe that the EU should develop an initiative with a coherent framework to address deforestation and forest degradation, including measures that support and enhance the coherence of existing commitments and initiatives by EU Member States governments, civil society and the private sector. The EU should support procuring countries’ capacity for integrated rural development and land use policies that do not risk unintended consequences on livelihood opportunities for farmers. Lessons from the FLEGT-VPA process could be good learning points to ensure that governance reforms improve accountability, efficiency and transparency on deforestation.

The role the EU should play is through capacity building via:

✓ Political engagement with local governments in cocoa producing countries
✓ Technical assistance through implementation of programs
✓ The willingness to share information, increase inclusiveness and openness for dialogue with stakeholders
✓ Support improvement of local governance on forest areas in cocoa exporting countries;

Furthermore, the EU added value should include the following priority areas:

i. Mapping of forests and cocoa farms
   - Funding and technical support for satellite mapping of cocoa farms and forests and development of integrated traceability systems in cocoa-producing countries
   - Support identification of high value forest areas (such as HCS/HCV) to prioritise protection and restoration actions
   - Sharing of best practices and ways to implement REDD+ opportunities in cocoa producing countries
   - Engaging in dialogue with the EU cocoa and chocolate industry on funding opportunities
   - Assigning a team of experts to work closely with the industry and cocoa producing countries
   - Sharing of public data with stakeholders involved in the supply chain

ii. Land tenure
   - Nationwide sensitization/education on the need for farmers to seek to document their farm/lands and tenure arrangements to have land security
   - Technical support for the design of a simple, sustainable, and affordable land administration system for customary land registration
   - Funding for farmers to apply for credits for land purchase
   - Political support to engage with governments in producing countries for implementing clearer rules on farm ownership and land titles
   - Engaging policymakers and partners in producing countries to drive greater transparency on land tenure and land rights and to align policies

iii. Enforcement of existing legislative framework
   - Measure progress in existing funding programmes and continue the projects only if objectives are achieved
   - Designate a team of experts in charge of monitoring progress in law implementation in producing countries
- Raise the visibility of REDD+ and engage with the private sector
- Build stronger Public-Private Partnerships
- Political support to the decision makers for monitoring of sustainable forest management and rehabilitation of the forest reserves
- Support the linking of technical services (mapping, satellite monitoring noted above) with the establishment of effective national regulatory structures (linking to land tenure above) and legal enforcement to ensure cocoa traceability to farm level

4. CONCLUDING REMARKS

The European cocoa and chocolate industry fully support the five actions that were listed in the EU Commission Roadmap preceding this public consultation as we believe that their combination would ensure positive long-term results. However, the following needs to be emphasized in relation to the five listed actions:

- EU actions to end deforestation should be viewed in a broader context of ending poverty and ensuring alternative livelihoods for farmers.
- In case of a due diligence system for the cocoa sector, the EU should foresee a transitional period in the implementation process to ensure that different actors at origin – notably farmers, cooperatives, local authorities – have sufficient time to prepare for expected changes.
- The EU should take into account existing experience on voluntary international due diligence practices (such as OECD-FAO Responsible Agricultural Supply Chains Guidance) when developing new policy tools.
- The EU should clearly promote transparent supply chains, e.g. through due diligence type approaches. Companies already have reporting commitments under the CFI; however, due diligence on exporters alone will not solve dysfunctions at origin and will therefore not result in a measurable impact.
- Any policy option needs to be put in place with EU accompanying measures (i.e. capacity building).
- The EU needs to ensure better coordination of sector policies in cocoa exporting countries, increase capacity building of public institutions and improve forest governance through implementation of FLEGT Voluntary Partnership Agreement. This would also help to promote a level-playing field at origin.
- The EU should also ensure a global level-playing field amongst all actors of the cocoa value chain (including retailers).

We hold the view that a collaborative framework, based on commitments from the different public and private stakeholders (governments, industry and civil society organizations) is the best approach to build effective partnerships with producing countries and promote a sustainable and transparent cocoa supply chain. We are in favor of a multi-commodity approach provided that the specificities of cocoa production are well taken into account, including incentivizing measures for governments and industry.

Given that the social implications of measures to stop deforestation and forest degradation are significant, we would strongly support if the EU Commission would evaluate the possibility to provide alternative livelihoods for farmers living in protected forest areas to minimize the adverse social impact for forest-dependent communities. We notably encourage the EU Commission to ensure that data used to assess risk and progress remain up to date and action is taken to support broader monitoring and datasets.

Last but not least, we believe that the EU Commission should avoid an over-regulated environment. The EU Commission should mainly focus on the already existing initiatives and collaborate with existing frameworks such as the Cocoa and Forests Initiative.