



Accra, 10th of June 2021

SUSTAINABLE COCOA DIALOGUE - GHANA

ROUNDTABLE ON MULTI-STAKEHOLDER COORDINATION TOWARDS A SUSTAINABLE COCOA SECTOR

On the 10th of June 2021, the third meeting of the Ghanaian dialogue on sustainable cocoa was held via Zoom. The meeting was moderated by Mr Viwanou Gnassounou, former Assistant Secretary-General at the ACP Secretariat.

Opening remarks

Honourable Minister Owusu Afriyie Akoto, Minister of Food and Agriculture of the Republic of Ghana, opened the roundtable by observing that the sustainability of cocoa production is the joint responsibility of both consumers and producers. *We are all in this together*, he declared. Cocoa farmers, however, are the bedrock of the industry and yet appear to be the most vulnerable link in the cocoa value chain. The industry therefore has a duty to try to resolve their specific problems.

The Minister reassured the audience that he has been keenly following the discussions over the course of the various roundtable discussions, which have made it clear that the challenges around sustainable cocoa production are multi-faceted and require a multi-sector approach. A multiplicity of interventions by different stakeholders have led to duplication of efforts, farmer fatigue, lack of scale and low return on investment. In light of this, he confirmed that the theme of the day's dialogue is both timely and crucial for Ghana's accelerated transition to sustainable cocoa production.

The Minister identified an urgent need to create a sustainable mechanism or structure which will allow Ghana to coordinate all interventions from different stakeholders whilst building synergies and complementarity. This will enable Ghana to achieve scale and realise the full impact of its investments in sustainable cocoa production, he said. The mechanism should ensure ownership, transparency, alignment and build trust among stakeholders. It should guarantee the country's sovereignty while offering an opportunity for increased participation, knowledge-sharing and coordination of efforts towards achieving sustainable cocoa production.

While looking for the best practises, he concluded, it is important not to lose sight of the unique features of Ghana's cocoa industry and its social and cultural dimensions. On that note, he expressed the Ghanaian government's support for the dialogue and his own eagerness to hear the conclusions of the discussions.

H.E. Diana Acconcia, European Union Ambassador to Ghana, introduced the theme of the roundtable: *Multi-Stakeholder Coordination Towards a Sustainable Cocoa Sector*. She observed that, without proper coordination, it is impossible to make any gains on the social, environmental and

financial sustainability of the Ghanaian cocoa sector. She acknowledged that the long-term development strategy of the sector is a key responsibility of the Ghanaian government, including the Ministry of Food and Agriculture, the Ministry of Labour, the Ministry of Education, the Ministry of Lands, the Ministry of Trade, and the COCOBOD. However, multi-stakeholder approaches can facilitate policy formulation and the implementation of support activities in the entire value chain. In this regard, it is important to take into account the multitude of projects and sustainability programmes being rolled out in cocoa producing districts and the plethora of activities implemented by local and international NGOs, by international industry players and by development partners. These include the EU's €25 million package of budget support and technical assistance for Côte d'Ivoire, Ghana and Cameroon and the work of multi-stakeholder initiatives at the European level – including Beyond Chocolate (Belgium Partnership for a Sustainable Belgian Chocolate Industry), DISCO, (Dutch Initiative on Sustainable Cocoa), GISCO (German Initiative on Sustainable Cocoa) and SWISSCO (The Swiss Platform for Sustainable Cocoa). The Ambassador also recognised the important contribution of the private sector and civil society towards the collective effort towards sustainability as the pioneers of innovative solutions and large sustainability voluntary programmes, including voluntary certification systems, traceability and due diligence systems, which demonstrated that progress can be made. The Ambassador concluded by encouraging participants to align their priorities, find collaborative solutions, and gradually establish a coordination framework for the cocoa sector.

Framing the discussion: Looking at past coordination efforts and suggestions for improvement and moving forward.

Mr. Isaac Kwadwo Gyamfi, Regional Director West Africa Solidaridad West Africa, on behalf of the Ghana Civil Society Platform, thanked the organisers for asking him to share some perspectives on the important topic of cocoa sustainability, in light of the mandatory due diligence legislation being considered by the European Commission and the European Parliament.

He reasserted some of the points made by the Honourable Minister and the Ambassador from the EU, confirming that producers continue to be the weakest link in the cocoa supply chain. Furthermore, he added, voluntary standards and certification have proved insufficient to bring about sustainable production and to guarantee market access. Mandatory due diligence legislation in Europe, he explained, is a paradigm shift that will “raise the bar” for producers and producing countries, and all actors in the cocoa supply chain must be prepared to adapt to this new reality. “Business-as-usual” approaches will no longer be acceptable.

Not all actors will be able to adapt to whatever legislation is put in place, Mr Gyamfi explained; especially farmers, who suffer from obvious vulnerabilities that limits their ability to engage more fully with the process. He therefore urged stakeholders to anticipate potential market exclusion or marginalisation that might result from the legislation. In other words, those producers and countries that are not able to respond to the legislation may experience some degree of temporary market exclusion, which would in turn exacerbate poverty and impact their capacity to develop sustainable practices. Investments should therefore seek to raise producers' capacity to respond to new market access requirements.

Mr Gyamfi went on to explain that good coordination is needed to develop a common understanding of the issues that confront the sector, both from the producer side but also from the market side. Stakeholders need to focus on how different investments can come together – like the pieces of a jigsaw puzzle – to ensure market access for cocoa. He also called for a common, sector-wide theory of change and associated KPIs, which could allow private sector entities, civil society, government and development investors to work towards a common goal, while tracking and monitoring their impact.

Mr Gyamfi seconded Ambassador Acconcia's call to scale up successful innovations by collecting lessons learnt, harnessing best practices, and identifying the institutional structures that are necessary to catalyse sector-wide transformation. One particularly salient gap, according to Mr Gyamfi, is the need for credible data on which to base a national Cocoa Management System. Data collection efforts have been made at different levels, but they are not holistic, and the sector is still unable to identify individual cocoa farmers and single out the most important areas for investment.

Mr Gyamfi called on the national regulator to lead the coalition process by facilitating an inclusive public-private partnership and institutional framework for sector coordination, aimed at improving market access. This will allow both the public and private sector to put resources into a common pool, to finance efforts led by the regulator, in collaboration with other stakeholders from the private sector and from civil society. This framework could also seek to develop a national cocoa development strategy, including sector-wide KPIs and common definitions of sustainable cocoa.

Coordinate can also be facilitated through greater transparency in the sector, Mr Gyamfi continued. For example, there has been a lot of conversation around the Living Income Differentials in Ghana: Are companies paying it? Are farmers aware of their rights? Do they feel they are benefitting from it? How has it been structured? These questions can be addressed through greater transparency and a commitment to include all players in the conversation. Better data and transparency can also ensure that investments are targeted towards the right people, so that even the weakest producers can meet the requirements of the upcoming EU legislation enter the EU market.

Mr Gyamfi concluded by sharing the experiences of his NGO – Solidaridad – in setting up Cocoa Service Centres, which are embedded in supply chain business models like LBCs and organized farmer groups. With funding from the Netherlands, Solidaridad has been able to implement a cocoa rehabilitation programme, providing rehabilitation and input delivery through service centres.

Multistakeholder sector coordination: best practices and reflections

Willemien van Asselt, Director Dutch Topsector Agri & Food, shared the lessons learnt from the Dutch diamond approach as a model for cooperation towards sustainable agriculture. She began by stressing that stakeholders involvement in general is a big challenge, no matter what type of model one chooses. In the Netherlands, the government adopted in 2012 what is called the “top sector” approach. Under this approach, a public-private board is established at national level that includes the government, research / knowledge institutes like Wageningen, big and small and farmers' organisations. This board is then responsible for steering Dutch priorities on knowledge and innovation in Agriculture, water and food.

One year ago, the Netherlands decided to make this agenda more forward-looking and mission-driven, she explained, to improve climate resilience in the national agricultural sector, to introduce circular economy principles into the sector, ensuring that water and biomass are used in a sustainable way, and to deliver healthy food to the population. Reiterating a point made by one of the previous speakers, Ms van Asselt expressed her strong belief that key technologies and data can play crucial role in delivering these kinds of objectives. In particular, data and new technologies can help grow more food and to ensure a more transparent food chain.

What is really important about the top sector approach, she insisted, is that it is a public-private initiative, allowing for the creation of a joint narrative. This allows the Netherlands to look beyond the short term and to set goals and even budgets over a longer-term horizon, and these budgets in turn allow stakeholders to deliver on the agenda. The approach is not only about innovation and technology, she added, it is also about education. This should be a crucial component in the strategy: new technologies presuppose that the nation is ready to work with the new technologies, to understand what is happening with the climate and to act.

The top sector has also developed a theory of change and a monitoring system to track whether the strategy is indeed delivering results in terms of climate resilience. There is never one “blueprint” for success, she insisted, but the focus should rather be on collaboration – “sitting together at the same table” – to develop a narrative, an agenda, and common goals, and then to monitor progress based on this framework.

Turning to farmers, Mrs van Asselt informed the audience that there are similar concerns in the Netherlands regarding farmers, and how they can take into account environmental challenges whilst still ensuring that they make a decent living from their farming activities. It is clearer and clearer that farmers should be at the centre of any reflection on sustainability and should not bear all the burden of this transition. There is therefore an effort, in the Netherlands, to transfer knowledge from universities to farmers, to train them on sustainable practice, to empower them to become the owners of their own data and to use that data as an alternative source of income.

The Netherlands occupies a strategic position in international trade, meaning that its agriculture is no longer national. The sector is globalizing, and cocoa is an excellent of this, so it has become crucial to interact with other countries, to exchange ideas on how to work with farmers and with consumers. Mr van Asselt ended, in this regard, by expressing how happy she was to join the Ghanaian dialogue on sustainable cocoa, calling on all cocoa stakeholders to work towards common solutions that benefit the environment and economy, as well as farmer themselves.

Harold Poelma, Chairman of the European Cocoa Association, observed that actors in the cocoa sector do not seem to lack vision on what needs to be accelerated on the ground. However, there is a need to ensure synergies, enhanced coordination, prioritise and target resources, to create an enabling environment for cocoa communities to thrive. In this context, the World Cocoa Foundation has developed its vision, with actions and targets in three focus areas, for a thriving and sustainable cocoa sector in which farmers prosper, communities are empowered, and the planet is healthy.

To channel and scale up current efforts from industry and other stakeholders, and to achieve concrete results at a faster rate, he explained, the sector needs a holistic plan for sustainable cocoa. The plan should be agreed upon by all public and private stakeholders, it should be based on sustainable development goals, it should be captured in Partnership Agreements that generate adequate financial and technical support, and it should include key performance indicators that allow stakeholders to measure progress against the set targets.

Mr Poelma went on to call for a multi-stakeholder investment plan, with very clear deliverables to support sustainable cocoa farming, as an absolute priority. This plan should be in alignment with other initiatives and policies. While the government of Ghana is and has to be in the lead, the European Union can provide support and act as an enabler to allow the different actors to play their respective roles.

An enabling environment is fundamental, Mr Poelma explained, to make meaningful progress for cocoa farmers and their communities. He outlined five elements which the industry considers to be essential in building an enabling environment:

- First, it is important to achieve sector-wide traceability and transparency, through the establishment of a national cocoa traceability system such as the cocoa management system and an effective farmer registration system that matches land titles and polygon mapping. Mr Poelma welcomed EU involvement to further facilitate the establishment and implementation of the Cocoa Management System in Ghana.
- Secondly, strong agriculture policies are needed, which encompass better coordination between national production targets and the global demand for cocoa. Policies for cocoa need to be part of a wider agricultural and rural policy which open alternative income opportunities and other crops for farmers and communities.

- Thirdly, farmer entrepreneurship needs further support, through farmer aggregation, capacity-building for farmer organisations, and access to training on financial literacy, as well as loans for inputs and services.
- Fourthly, Mr Poelma called for the development and enforcement of appropriate national laws and policies addressing environmental protection and human rights.
- Last, but not least, Mr Poelma called for effective implementation of the African Regional Standard on sustainable cocoa, in a way that is aligned with the EU regulatory framework on environmental and human rights due diligence. This will ensure that there is a clear set of expectations from all actors.

Mr Poelma continued by expressing the firm belief of the European Cocoa Industry that combined efforts are the best strategy to preserve and restore forests, citing the Cocoa and Forests Initiative, which has been signed by 35 companies and the governments of Ghana, Ivory Coast, and Colombia. The Cocoa and Forests Initiative has already proved its value by increasing traceability, with 82% and 74% of cocoa being traceable in Ghana and Cote d'Ivoire respectively in the direct supply chains of ECA member companies, following extensive GPS mapping of cocoa farms. Thanks to these joint efforts, the Cocoa and Forests Initiative has contributed to a 50% reduction of forest loss from 2018 to 2019, according to the latest Global Biodiversity Outlook report.

On the topic of child labour, Mr Poelma observed that getting and keeping children into school is the best way to prevent child labour. A recently published ICI annual report highlighted 96% school enrolment in cocoa areas in Ghana, up 8% in the past decade. To further reduce the risk of child labour, Mr Poelma continued, the EU should consider supporting the child learning and education facility (CLEF) and the early learning and nutrition facility (ELAN). Child Labour Monitoring and Remediation Systems (CLMRS) are being rolled out by leading cocoa and chocolate companies in partnership with the government, ICI, and other stakeholders, he explained. Increasing the coverage of CLMRS requires broad financial support, to achieve the goal of 100% of the cocoa supply chain by 2025.

In his closing remarks, Mr Polema reiterated that the international cocoa industry wants to see farmers prosper. This is a target that the industry embraces strongly, along with sustainable development goals 1, 8 and 10. He ended by outlining a few fundamental objectives:

- the implementation of farm development plans, providing technological and agricultural inputs to improve yields, increase productivity and rehabilitate cocoa plantations;
- identification of alternative livelihoods for cocoa farmer farmers who are unable to successfully implement a farm plan;
- support income diversification, as cocoa is a seasonal crop that cannot be expected, on its own, to bridge the poverty gap;
- continuation of efforts to enhance access water sanitation and hygiene in communities;
- training on good agricultural practices, integrated pest and disease management and climate smart agriculture;
- access to digital financial services.
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Mr. Alex Arnaud Assanvo, Executive Secretary Cote d'Ivoire-Ghana Cocoa Initiative, introduced his institution to the audience. He explained that the Côte d'Ivoire d'Ivoire Cocoa Initiative was established in response to the expressed wish of the two Presidents of Côte d'Ivoire and Ghana, to be responsible for coordination across the cocoa sector in the two countries and to create one interlocutor with the mandate to represent both countries. His institution will also be responsible for reflecting on the future needs of the cocoa sector and to drive strategies aimed at increasing the strength of the two countries on the markets.

In this context, Mr Assanvo welcomed all the initiatives, programmes, projects and coalitions that aim to make cocoa sustainable. But despite the good intent of all partners, he noted, there is a risk of lack

of coherence and even duplication. From the producer country perspective, it is becoming incredibly challenging to engage so with so many stakeholders, to engage with so many initiatives, and to participate in so many meetings. To achieve meaningful impact, these initiatives need to be coordinated and geared towards a common objective defined by the producer countries.

Mr Assanvo called on stakeholders to establish common definitions, to define standards and benchmarks, and to build harmonisation. Côte d'Ivoire and Ghana have shown the way in creating the Côte d'Ivoire-Ghana Initiative Secretariat. Partners now have to find a way to come together and to align with the new institution in an efficient way. The Initiative's small team, he declared, will not have the capacity to interact with a large number of different stakeholders and programmes; it needs a limited number of counterparts.

Mr Assanvo then turned to some of the key priorities that he has observed during the virtual meetings on sustainable cocoa. Everyone agrees that living income is a necessary precondition for sustainable cocoa production, he announced. There seems also to be a consensus that cocoa prices constitute a key element for farmers to earn a decent income. The producing countries have highlighted this point: if cocoa farmers' right to earn a living income is not met, it is unrealistic to expect other human rights and positive environmental impacts to be achieved. The Initiative is therefore geared towards this objective of increasing farmer income.

So how can one achieve a decent price for cocoa farmers? Mr Assanvo mentioned the Living Income Differential established by Côte d'Ivoire and Ghana as a flagship intervention in this area, but acknowledged that the price mechanism is facing serious challenges on the market. He therefore asked the audience for additional ideas on how to achieve the broader vision of a creating a business case and the right incentives for cocoa farmers. He deplored the fact that there is so much focus on sustainable cocoa production, without an accompanying discussion on how to reward cocoa farmers for their efforts. He called for collaborative reflection on the role of the market in the cocoa sector, since "business-as-usual" has consistently failed to deliver sustainable production.

Hon. Joseph Boahen Aidoo, Chief Executive, Ghana Cocoa Board, took good note of the consensus among participants that there is a need for a mechanism or organ that will coordinate implementation of programmes and activities related to sustainable cocoa production. In the case of Ghana, there are various private companies, institutions, civil society organisations, and others, whose activities are not adequately coordinated, leading to multiplicity, over-concentration in some areas, lack of activities in other areas, overlapping and duplication of activities, and so on. The time has come, he declared, to introduce some kind of structure or framework to coordinate activities related to traceability, certification, etc.

The Chief Executive therefore proposed the creation of a Ghana Cocoa Monitor, with an oversight steering committee that includes all the relevant stakeholders. The mandate of this proposed Monitor would include the following:

1. map all interventions of stakeholders in the cocoa sector;
2. evaluate the suitability of all cocoa sustainability project proposals from stakeholders;
3. recommend projects for approval and implementation to the multi-stakeholder steering committee;
4. keep track of all interventions by private sector organisations;
5. coordinate and harmonise activities all private stakeholders and actors in the cocoa sector, to avoid duplication and over-concentration;
6. develop a matrix of interventions, to ensure that stakeholders are aware of existing cocoa projects on topics such as child labour issues, environmental issues and economic issues;

The structure of the Monitor would include a Secretariat and a steering committee, comprised of:

- Government of Ghana: COCOBOD, Ministry of Lands and Natural Resources, Ministry of Employment and Labour Relations, Ministry of Environment, Forestry Commission, Ministry of Education.
- International and national development agencies: European Union, AFD, GIZ, USAID, JICA, World Bank, AfDB, UNICEF, ILO.
- Private companies (e.g. Barry Callebaut, Nestlé, Hershey) and their representative, the World Cocoa Foundation.
- Civil society organizations.
- Farmer organizations.

The monitor itself would have a Head of Programmes and other appointees, including a technical manager, two administrative officers and a secretary. The steering committee would be responsible for formulating strategy policy decisions, reviewing and approving project proposals for implementation. This Ghana Cocoa Monitor would run its own operations with the contributions of organisations that are seeking to fund cocoa sustainability projects.

The expected outputs of the Ghana Cocoa Monitor would be: to produce reports and data on sustainability programs/projects in the cocoa sector; to verify the impact of these interventions / projects / programs established; coordinated implementation of projects initiated by development partners, private sector, and civil society organizations; flag issues for multi-stakeholder dialogue.

Question and Answer Session

Before the Q&A session, the EU Ambassador and all the other panellists welcomed the proposal from the Ghana Cocoa Board. Mr Alex Assanvo added that coordination should ideally extend beyond Ghana to other cocoa-producing countries in West Africa and beyond.

In response to a question about cocoa prices, Mr Poelma confirmed the industry position that price is one of key dimensions of achieving a living income, though it is not the only dimension. Farmers, he added, also need to organize themselves into cooperatives and become more professional. Their incomes can be boosted through increased productivity and diversification of revenue-generating activities. When it comes to price, it is important to ensure that demand remains strong, and that production does not outpace demand, as market imbalances are the key driver of low prices. To guarantee demand, stakeholders need to safeguard the reputation of cocoa and chocolate by ensuring that it is produced in a sustainable manner and is not associated with child labour and deforestation.

In response to a question on the costs of certification and traceability, Mr Poelma claimed that it is possible to transfer these costs downstream, all the way to the end consumer. This has been done on a voluntary basis over the past decades, through a premium equivalent to about 10% of the cocoa price being redirected towards farmers, either through cash payments or support services.

In response to a question on the role of the Cocoa and Forests Initiative in coordinating efforts in the cocoa sector, Mr Gyamfi replied that the CFI does indeed coordinate an important number of initiatives that focus on forests. However, what is under discussion in this roundtable is the coordination of the cocoa sector as a whole, at a much broader level, including labour conditions, etc.

In response to a question on the role of financial institutions in financing the transition towards sustainable agricultural practices, Ms Willemien confirmed that banks in the Netherlands are increasingly getting involved in sustainable agriculture. This is crucial, because farmers need financing to invest in new techniques, technologies, and farming models. Banks are included in the public-private board of the Dutch top-sector. Rabobank recently launched a carbon banking concept, focused on farmers and companies that contribute to carbon capture worldwide.

In response to a question on how data collection efforts can be oriented towards raising investment and boosting farmer productivity, Hon. Aidoo pointed towards the planned Cocoa Management System, which will provide a reliable database for service providers, input providers, and even potential investors. Prospective investors could, for example, check on the land tenure arrangements governing specific cocoa parcels, thus removing some of the risk associated with investments in the cocoa sector. The Cocoa Management System will also allow investors and others to identify high-performing farmers. Data are thus central to the Cocoa Board's plans to raising investments for the sector.

Closing remarks

In his closing remarks, **H.E. Ron Strikker, Ambassador of the Netherlands to Ghana**, congratulated participants for being so constructive on the issue of coordination, which is not an easy one to deal with, given the number of actors that are involved. He praised the dialogue as a whole for contributing to a shared understanding of the complexities of the cocoa sector and a shared view on "the road forward" how to deal with deforestation and child labour. He reiterated that the EU is committed to being involved in the cocoa sector over the coming years, to provide support towards meeting the requirements of the forthcoming due diligence legislation. He also underlined the need to have a fair price for the farmer, low prices often being an issue across the whole agricultural sector worldwide. In this regard, he supported the comments from Mr Alex Assanvo and Hon. Baidoo on the LID, and recommended participants to seek a better understanding of how such a price mechanism can function in the context of international markets. Lastly, he welcomed the proposals from Hon. Aidoo and Mr Gyamfi of Solidaridad on setting up a coordination mechanism and said he was confident that putting the best elements of both together would create a good basis for such mechanism.