



THE EU SUSTAINABLE COCOA INITIATIVE



#CocoaTalks

THE EU SUSTAINABLE COCOA INITIATIVE (SCI)



The European Union is the world's largest cocoa importer accounting for 60 percent of the world's imports, with beans originating mainly from Côte d'Ivoire (the world's largest producer), Ghana and Cameroon. The cocoa supply chain in these three countries is facing many interlinked challenges in terms of sustainability which include persistent poverty of small producers, child labour and deforestation.

In view of making the cocoa value chain more equitable and sustainable, the EU launched in 2020 the EU Sustainable Cocoa Initiative (SCI) to help provide a better income for farmers, contribute to national public revenues, and put an end to environmental degradation, deforestation, and labour rights abuses, which include child labour and gender inequality.

The EU SCI was launched following a joint Côte d'Ivoire and Ghana decision in 2019 to boost the sustainability of the cocoa sector by supporting farmers' revenues through the introduction of a 'Living Income Differential' (LID) equating to a premium of USD400 on global market prices for their cocoa exports.

The EU SCI recognises the importance of price mechanisms such as the LID in boosting incomes and tackling farmer poverty, which is a root cause of unsustainable practices in cocoa value chains. The objective is to reach a cocoa export target price of USD 2600 per tonne, of which 70 percent would go to farmers.

The EU SCI seeks to support action on the core issue of cocoa prices while linking these efforts to further progress on social and environmental challenges such as child labour and deforestation.

It is a flagship initiative under the EU Green Deal articulated around two key pillars:

1

an inclusive multi-stakeholder dialogue, the **Cocoa Talks**, organised by the European Commission to bring consensus and identify priority actions for the sector.

2

a regional **Sustainable Cocoa Programme (SCP)**, a €25 million programme for Côte d'Ivoire, Ghana and Cameroon to ensure the needed resources to make progress on the action points defined through the multi-stakeholder dialogue.

Multi-stakeholders dialogue: The Cocoa Talks

The EU Cocoa Talks aim to build consensus among all EU stakeholders (EU Member States, industry, civil society, etc) on the transitions towards sustainable cocoa value chains in Côte d'Ivoire, Ghana and Cameroon. They are organised by the European Commission in Brussels. Representatives from cocoa-producing countries participate and help to guide its conclusions.

In that framework, an **Alliance for Sustainable Cocoa** and a **Roadmap was established in June 2022** to foster progress on sustainability goals by defining objectives, action points, and indicators. They will serve as a reference framework to monitor progress.

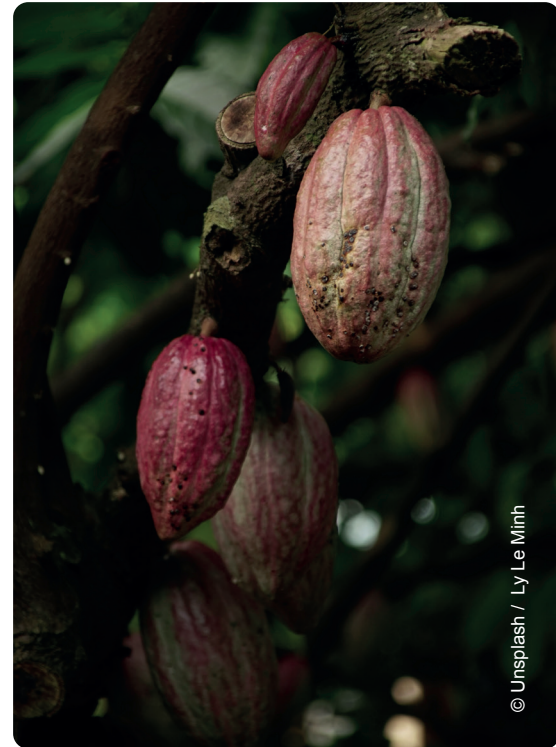
The National Dialogues on Sustainable Cocoa took place in Côte d'Ivoire, Ghana and are ongoing in Cameroon. They delve into further details to build consensus among national stakeholders and feed into government strategies and policies as a way forward.

Development cooperation: the Sustainable Cocoa Programme (SCP)

Together with other resources allocated by the EU, the SCP will support **the priorities that emerge from the multi-stakeholder dialogues and/or the national strategies and policies on cocoa**. These priorities will be identified and developed with the national authorities in cocoa-producing countries.

Allocated budget

- Budget support for the implementation of the national strategy on sustainable cocoa in Côte d'Ivoire (EUR 8 million).
- A flexible, demand-driven technical assistance in Côte d'Ivoire, Ghana and Cameroon (EUR 17 million), delivered by four implementing partners: the Food and Agriculture Organization of the United Nations (FAO), the Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH (GIZ), the European Forest Institute (EFI) and the Joint Research Centre of the European Union (JRC).



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Priorities and action points

Through the EU Cocoa Talks and National Dialogues, stake-holders have identified six priority areas and related action points, of which two are particularly urgent for their ability to act as a catalyst for greater sustainability in cocoa value chain:

Cocoa prices. It is widely recognised that current cocoa prices do not allow farmers to make a living. Farmer poverty is one of the main drivers of socially and environmentally unsustainable practices such as child labour and deforestation, and therefore a higher income is a necessary precondition for more sustainable cocoa production. As part of above-mentioned roadmap, a focus group on markets and prices has been proposed, to be led by the Côte d'Ivoire-Ghana Cocoa Initiative (CIGCI), for making recommendations regarding market-based mechanisms and policies to improve prices and farmers' living incomes.

Sustainability standards and traceability.

The European Union is taking action to reduce the adverse social and environmental impacts in its supply chains with two legislative proposals:

- a “Corporate Sustainability Due Diligence Directive” that requires large companies operating in the EU to conduct human rights and environmental due diligence in their supply chains
- a “Regulation on Deforestation-Free Products” that prohibits the placing on the EU market of certain commodities (including cocoa) associated with deforestation in the country of origin after a specified cut-off date.

To facilitate compliance with upcoming EU legislation and guarantee the sustainability of cocoa production and trade, stakeholders have agreed to work on a list of action points which include:



- Encouraging the development of sustainability standards such as the African Regional Standard on Sustainable Cocoa (ARS 1000), which define through a set of recognised criteria what is required to produce sustainable cocoa,
- supporting the creation of national, government-mandated, sector-wide cocoa traceability systems to identify the origin of cocoa and demonstrate that it is compliant with agreed standards,
- establishing, reinforcing, or expanding child labour and deforestation monitoring systems to identify unsustainable practices and address risks where they exist and connect these systems with cocoa traceability mechanisms.

Other important priority areas for the SCI include facilitating the **transition towards sustainable production practices** (e.g. agroforestry); improving financial and technical assistance mobilization and coordination; understanding consumer markets and behaviours.



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FOR MORE INFORMATION

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