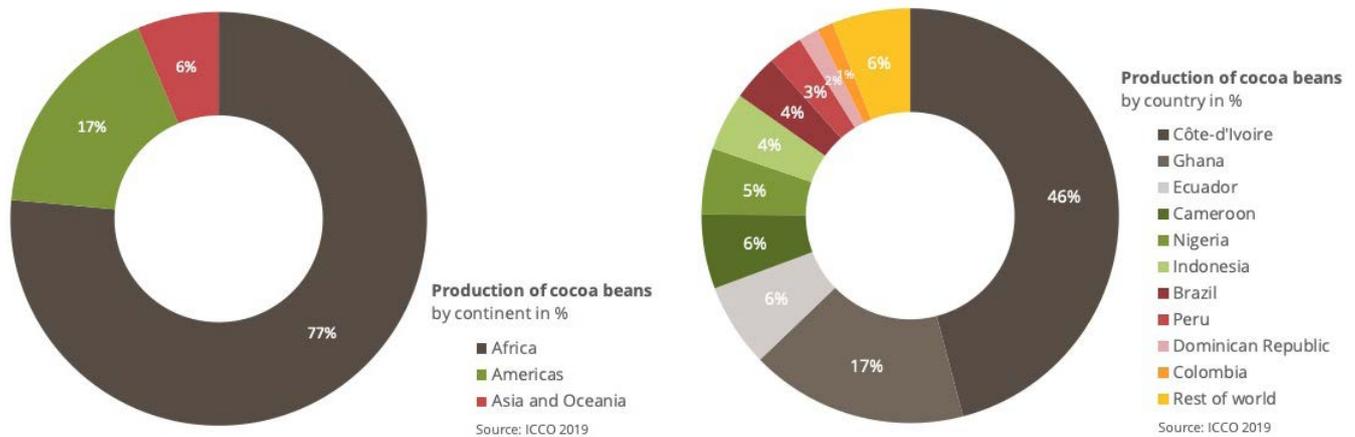# TFA EU DEEP DIVES
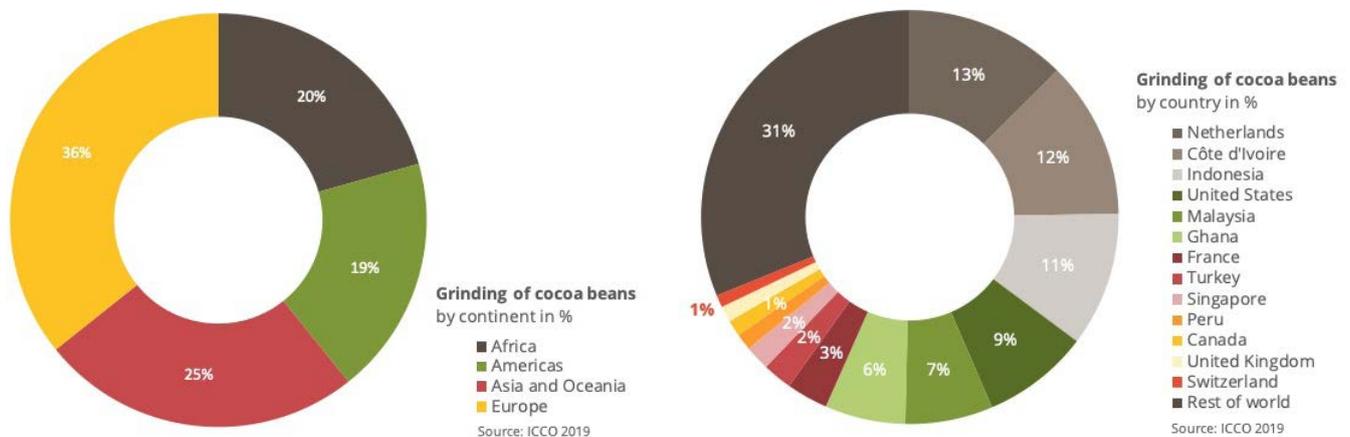## GEOLOCATION & TRACEABILITY SESSION – COCOA

1. COCOA PRODUCTION AND SUPPLY CHAIN

Africa is the main cocoa producing region in the world, with Cote d'Ivoire and Ghana accounting together for 63% of global production. In comparison, the Americas and Asia represent a combined 23% of world production.

Production of cocoa beans by continent in %
- Africa
- Americas
- Asia and Oceania

Source: ICCO 2019

Production of cocoa beans by country in %
- Côte-d'Ivoire
- Ghana
- Ecuador
- Cameroon
- Nigeria
- Indonesia
- Brazil
- Peru
- Dominican Republic
- Colombia
- Rest of world

Source: ICCO 2019

Source: Swiss Platform for Sustainable Cocoa - Cocoa facts and figures - Kakaoplattform

In terms of the processing of cocoa beans, Europe is the biggest cocoa processing region conducting 36% of global grounding of cocoa beans. Europe is also the leading region for cocoa consumption, accounting for 45% of world consumption.

Grinding of cocoa beans by continent in %
- Africa
- Americas
- Asia and Oceania
- Europe

Source: ICCO 2019

Grinding of cocoa beans by country in %
- Netherlands
- Côte d'Ivoire
- Indonesia
- United States
- Malaysia
- Ghana
- France
- Turkey
- Singapore
- Peru
- Canada
- United Kingdom
- Switzerland
- Rest of world

Source: ICCO 2019

Source: Swiss Platform for Sustainable Cocoa - Cocoa facts and figures - Kakaoplattform

OVERVIEW OF THE COCOA SUPPLY CHAIN:

Production

Cocoa is usually grown by smallholder farmers on farms averaging 2 to 4 hectares in size. It is found in hot and humid regions, mostly in West Africa (Côte d'Ivoire and Ghana), Latin America (Ecuador), and South East Asia (Indonesia). There are three main varieties of cocoa trees: Criollo, Trinitario, and Forastero (Amelonado). Most varieties thrive best in the shade of larger trees, making it a crop well suited for agroforestry practices. The fruits of the trees, the cocoa pods, grow directly from the trunk or old branches and can be harvested during two peak harvests per year. The pods are harvested by hand and cut open to remove the cocoa beans from the husks. The fresh beans are fermented and dried, usually directly on the plantation by the farmers.

Trade and Processing

Once fermented and dried, the cocoa beans are packed in bags, bought by distributors or governmental agencies and brought to central warehouses. The exporting company inspects and grades the cocoa, and sends it to a warehouse near a port. Sometimes additional drying is necessary at this point. Intermediaries such as small traders and wholesalers can play a role between cocoa farmers and exporters as described above. Sometimes, cocoa beans are sold directly to exporters by cooperatives, or even directly exported. Direct sourcing enhances traceability, proximity, trust, and efficiency in the supply chain. A small proportion of the beans are processed in the country of origin, the rest is shipped to processing plants. The beans are cleaned, shelled and roasted, and ground into cocoa mass. Some of the mass is then pressed to produce cocoa butter and cocoa powder.

The processing stage typically encompasses roasting and grinding of cocoa beans. In the past, these operations were performed almost entirely in importing countries, but, nowadays, origin countries are also increasingly engaged in processing. Cocoa is roasted to reduce water content and to obtain rich aromas and flavor from the beans. This can be done on the whole beans before shelling (i.e. bean roasting), or on the nib after shelling (i.e. nib roasting). Sometimes, the removed shell that covers the nibs is sold and used as agricultural mulch or by fertilizer producers. After the beans are roasted, they undergo other processes, including alkalization, which makes semi-finished cocoa products darker and reduces their acidity. The time and temperature for roasting the beans are key etermineants of the flavor of the semi-finished products. After the beans have been shelled and roasted, the nibs are ground to produce fine cocoa liquor under high temperatures. The cocoa liquor may be used directly as an ingredient for chocolate. Otherwise, it is pressed through a fine sieve or by using extraction solvents to obtain cocoa butter, leaving a solid material called cocoa cake or press cake. The extracted cocoa butter is then filtered and stored in tanks in liquid form for use in chocolate manufacturing. The cake is either broken into smaller pieces and sold in generic cocoa markets or pulverized to produce a fine cocoa powder.

Manufacturing

Cocoa beans are mostly used to produce chocolate. To do so, manufacturers mix the cocoa mass with cocoa butter, sugar, and sometimes milk powder. Depending on the desired taste, nuts and other ingredients are added. Some manufacturers roast and grind the cocoa beans in their own plants before molding chocolate or creating other cocoa-based products.

Consumption

Consumers buy chocolate and other cocoa-based products and thus represent the final link in the cocoa value chain. Consumer behavior and willingness to pay have a major impact on the entire cocoa sector.
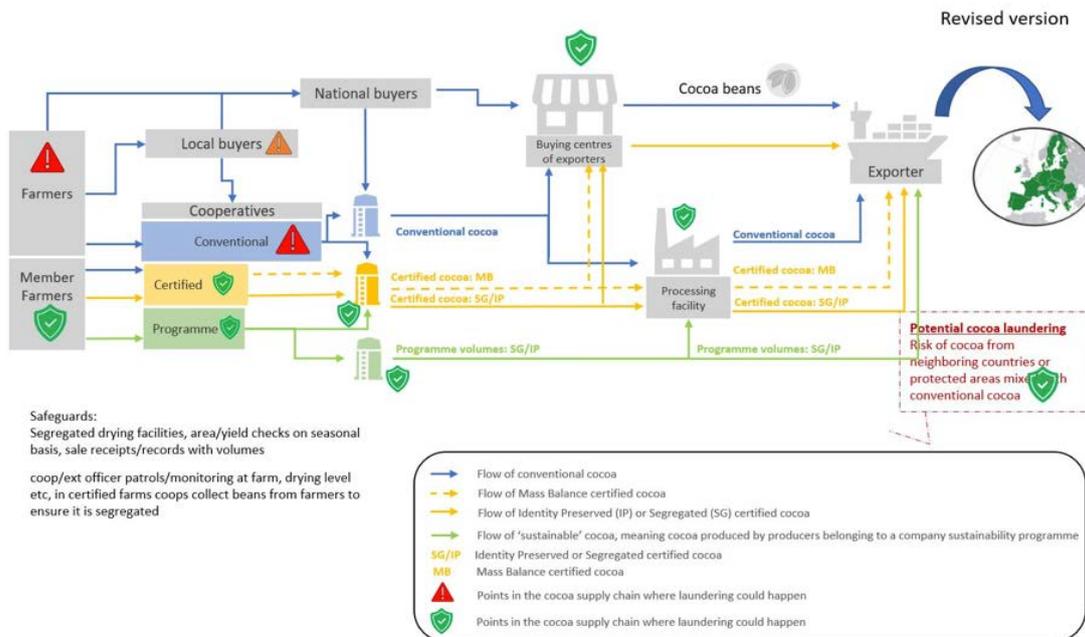
2. TOOLS AVAILABLE FOR GEOLOCATION AND TRACEABILITY

International and national certification schemes

Chain of custody requirements vary amongst the different certification schemes, establishing various levels of traceability and information collection requirements. Note that traceability level definitions might change slightly from one certification scheme to another.

In cocoa certification against production level sustainability standards occurs at farm level, with subsequent processing sites holding Chain of Custody certification only in most cases.

» Identity Preserved: Certified cocoa is uniquely identifiable to its origin and is kept physically isolated from all sources throughout the supply chain.

» Segregation: Certified cocoa comes only from certified sources. Mixing of certified product from a variety of sources is permitted.

» Mass Balance: When a producer or company delivers a quantity of certified cocoa to a factory or site, only the equivalent amount of processed cocoa (calculated based on conversion factors for beans to liquor; liquor to powder and liquor to butter) leaving that site may be sold as certified. Physical mixing of certified and non-certified cocoa is allowed, provided that the quantities are controlled in documentation.

International certification systems also require farmer organisations to maintain processes and structures to manage segregation of certified and non-certified cocoa from farm to farmer organisations. These requirements are complemented with support services to farmer organisations to comply with requirements.

Most common ones in cocoa: RA and Fairtrade

Emerging cocoa certification schemes in producer countries: African Regional Standard for Sustainable Cocoa

» Producer country sustainability programmes and systems that provide traceability systems, farm mapping and databases

Côte d'Ivoire and Ghana's traceability (and forest monitoring) systems came in part out of their leadership in the Cocoa & Forests Initiative (CFI) which is driving progress towards sustainable cocoa supply chains in West Africa. National traceability is one of the key elements of the two countries' CFI action plans.

Côte D'Ivoire:

In its CFI implementation plan, Côte d'Ivoire committed to developing a national traceability system, improved supply chain mapping and an auditable cocoa tracking system from farm to port. It is a large undertaking to develop these systems, and Côte d'Ivoire, based on the outputs of a feasibility study conducted in 2020, decided to adopt an integrated public traceability system from farm to port aiming at setting up a "unified traceability system and a satellite-based deforestation monitoring and early warning system."

To complement the traceability system, the Ivorian government has adopted the IMAGES system as the monitoring system for the CFI. IMAGES provides land use maps, deforestation alerts and future deforestation risk index.

CÔTE D'IVOIRE NATIONAL COCOA TRACEABILITY AND FARM MAPPING SYSTEMS	
Existing Systems	
TRACEABILITY	**Cocoa sales registration at farm level** » Cocoa sales on farms are registered on paper-based receipts provided by Conseil Café et Cacao (CCC). **Intermediary cocoa sales registration** » A digital system named SYDORE[iii] is run by CCC. SYDORE collects purchased volumes and sub-prefecture origins from cocoa cooperatives and national traders. So far, SYDORE provides limited traceability level (from first buyer only) and coverage. **Cocoa sales registration before export** » A digital system called SIVATC registers all cocoa export sales. Authorised importing companies must register with SIVATC.
FARM MAPPING	» CCC initiated a national census of cocoa farmers, including georeferencing all cocoa farm plots and collecting socioeconomic indicators.
SYSTEMS UNDER DEVELOPMENT	

An ongoing large reform process aims to set up:

» An effective public, unified, and auditable traceability system from farm to port

» Improved supply chain mapping and identification of cocoa farmers

» A unified satellite-based deforestation monitoring and early warning system.

Ghana:

A new Cocoa Management System (CMS) has been developed by the Ghana Cocoa Board (COCOBOD) to ensure traceability from farm to port. The CMS is now being populated with data from Ghana's seven cocoa-producing regions. Data inputting is expected to be completed by January 2022. The new CMS will upgrade the current paper-based cocoa traceability system that enables traceability to community level but not to farm level. The new CMS will include a database for collecting farm geodata, which could be combined with deforestation monitoring to assess deforestation on farms and could also be combined with yield data and deforestation trends to identify risks of cocoa laundering from illegal farms (e.g. non admitted farms inside forest reserves) or deforestation-linked farms.

Cooperatives are expected to have a key intermediary role between the farmers and COCOBOD, especially for farmer assistance and the reporting of illegal farms. To complement the CMS, in 2021 Ghana also launched their national forest and land use mapping platform, in partnership with Ecometrica. There is currently no official date for the launch of the new CMS.

GHANA NATIONAL COCOA TRACEABILITY AND FARM MAPPING SYSTEMS	
Existing Systems	
TRACEABILITY	**Cocoa sales registration at farm and community buying centre level** » A paper-based tracking system managed by the Quality Control Division of COCOBOD. » Beans from farms are sold to local buyers: purchasing clerks, who are buying on behalf of one of the approximately 40 LBCs at the community buying centre. Sales are registered in the paper-based farmer's passbook containing information on the farmer, farm, and sales. » This is an unreliable system as there is no proper verification, hence farmers growing cocoa on illegal farms can still have a passbook. It is at this point in the supply chain that the main traceability gap exists.[iv] » Local buyers must register their daily purchases on paper-based documentation. » At this point, cocoa is not segregated, and cocoa bean bags can contain beans from different farms. A paper-based bulking sheet should be filled in with the farmer's ID. **Intermediary cocoa sales registration** » A paper-based tracking system managed by the Quality Control Division of COCOBOD. » Beans from different buying centres are sent in district depots where a paper-based receipt is issued to the seller. » Transport from the previous point to depots is tracked via waybills. **Cocoa sales registration before export** » From district depots, cocoa is transported to one of the takeover points (in Kaase, Tema or Takoradi) and then to the port. » Several tracking documents accompany cocoa beans to ports. » The distinction between traceable and non-traceable cocoa is detailed in the tracking documentation. » Only LBCs can segregate conventional and certified cocoa.
FARM MAPPING	» There is currently no digitised farm mapping existing system, but the new CMS is in development.
SYSTEMS UNDER DEVELOPMENT	

A digital CMS is to be developed by COCOBOD, aiming to:

» trace cocoa from farm to port

» collect farm geodata

Additionally, at COP26, the Forestry Commission (FC) announced the development of a comprehensive National Forest Monitoring System (NFMS). It is to be linked to the upcoming CMS.

» Company systems and sustainability programmes that provide traceability systems & supply chain mapping

Usually, companies have their own staff or subcontractors collecting farm data in the field. Some rely on cooperatives for data collection, but that requires capacity building for cooperatives and cleaning of the data collected. Farmer questionnaires are used not only to collect traceability information, but also to understand practices in the field, and eventually lead to targeted interventions. These systems allow more advanced reporting for supply chain companies; however, they are limited to direct sourcing so far. As an example, the Olam Farmer Information System enables Olam's staff to "collect data, record GPS data points for farms and social infrastructure, manage training activities and track all 'first mile' transactions, including financing, input distribution and crop purchases." One step further in company traceability systems is financial traceability and digital payment mechanisms. As an example, Cargill's CocoaWise eFinance allows Cargill to pay Ghanaian direct supplying farmers via digital payments. The main limitation of these systems so far is farmers' access to e-payments, hence digital payments usually reach cooperative level only. These systems can be used to track premiums as "linking payments from cooperatives to the farmers IDs would enable tracking of the amounts paid to the farmer that can be verified against the database and through periodic surveys with farmers."

Some companies use **service providers,** such as Sourcemap and ChainPoint, to map their supply chains.

SMS: For cocoa traders, supplier management systems are a central tool for implementing their commitments, as well as the commitments of their customers (many of whom require traders to cascade supplier specifications upstream). One of the main components of supplier management systems are databases of suppliers and traceability information.

Company-branded sustainability programmes: Over the past 10 years, company sustainability programmes have become the norm in the cocoa sector, and virtually all of the major cocoa traders and chocolate manufacturers have such programmes (e.g. Mondelz International's Cocoa Life, Cargill's Cocoa Promise, Olam's Cocoa Compass, etc). The aim of these programmes is for companies to take more direct control over sustainability in their supply chains, where this may previously have been more commonly outsourced to certification schemes. Company systems and programmes have provided companies with significantly more control over their supply chains, and the large cocoa traders have invested significantly to expand the coverage of their traceability systems and sustainability programmes to most of their direct volumes in recent years.

Challenge:
Limited to direct sourcing and individual supply chains. And there has been criticism that these company led schemes can re-enforce existing power imbalances between farmers their organisations and companies. Another challenge is that these traceability systems have been built in silos, and lead to different companies approaching the same cooperative and farmers with their own support program

» Collaborative approaches

Collaborative approaches allow information collection via:

» Setting shared traceability/mapping requirements

» Driving a collaborative and potentially more efficient process of information collection

SECTORAL INITIATIVES

Cocoa & Forests Initiative (CFI), facilitated by the World Cocoa Foundation (company convening) and IDH (multistakeholder convening), brings together 35 cocoa companies to collaborate with the governments of Ghana and Côte d'Ivoire. 82% (Ghana) and 74% (Côte d'Ivoire) of direct cocoa supply is tracked by CFI downstream companies from the farm to the first purchase point. About 605,000 farms have been mapped in 2020 as part of CFI.[i]

In **Colombia**, the Cocoa, Forests & Peace Initiative has also been created, and discussions are also underway to establish similar initiatives in other cocoa-producing countries, such as Indonesia.

In **Cameroon**, the Roadmap to Deforestation-free Cocoa was signed in January 2021 (see: https://www.idhsustainabletrade.com/publication/press-release-cameroonian-cocoa-stakeholders-sign-a-road-map-towards-sustainable-and-deforestation-free-cocoa/) This is the equivalent of CFI in Cameroon. The Framework for Action also includes similar commitments related to traceability and forest monitoring: on traceability: the ONCC (the National Cocoa and Coffee Board) of Cameroon has just commissioned a feasibility study for a national cocoa traceability system in Cameroon.

Also the **Liberia's** National Cocoa Sector's Public Private Platform (NC3P): https://www.idhsustainabletrade.com/uploaded/2022/01/2-pager-Roadmap-to-a-Sustainable-Cocoa-Sector-in-Liberia.pdf

Landscape initiatives or projects:

These complement and/or form a key implementation mechanism of cocoa-producing countries' REDD+ programmes and are increasingly being supported by the regional and international collaborations listed above.

A wide range of landscape initiatives have been established with the aim of forming multi-stakeholder coalitions to holistically identify, manage and monitor forests and support community livelihoods in cocoa landscapes.

Examples include landscape approaches convened by the Sustainable Trade Initiative (IDH) such as Cavally in Côte d'Ivoire and Grand Mbam and Djoum-Mintom in Cameroon. In Ghana, there are several landscapes in REDD+ Hotspot Intervention Areas, such as the Juaboso-Bia landscape and the Asunafo-Asutifi landscape.

Landscape initiatives take time to establish but have the particular advantage of being able to tackle deforestation and protect forest beyond existing farms. There is also now a growing investment by the private sector into landscape initiatives which could strengthen their effectiveness in the years ahead. However, this investment is typically only made by companies if they see the long-term supply potential of the landscape, therefore, **for this growing revenue stream not to be lost it is crucial that strict Deforestation due diligence requirements do not drive companies away from landscapes that may be considered "risky".**

3.   CHALLENGES / GAPS
Geolocation data -> up to which level?
a. The problem

Cocoa is practically 100% smallholder-produced, the supply chain is complex -> traceability to farm is very difficult to achieve (is that even possible and for what in the end?). There is a traceability gap between coops and farms. Some organisations say (IDEF for instance) that digitalization of transactions at the level of cooperatives could make traceability achievable BUT it implies that all farmers should be affiliated to a cooperative and this is controversial -> we cannot force smallholders to be affiliated to a cooperative.

For downstream companies in the cocoa sector, their traceability is often more limited outside of Ghana and Côte d'Ivoire, and varies between a company's direct and indirect volumes, and the type of company in the supply chain. For traders, sourcing and traceability information is not currently linked to production site for indirect volumes, and often not yet even for all direct volumes. How can cocoa indirect supply be assessed and meet DDD requirements? How to report on that?

We got this explanation from Ethan Budiansky (WCF) about indirect cocoa: *Recognizing that "membership" of farmer organizations is dynamic and not controlled by the upstream purchaser, "direct suppliers" are those farmers / producer cooperatives / organizations which operate at the point where their cocoa is collected / aggregated for onward sale. The buyer at first purchase point serves as the source of financing for the direct purchase of that cocoa from the farmer; in which companies are implementing longer term sustainability related programs; and in which there is a positive historical record (at least 1 year) of payments and deliveries with each cooperative or organization included in the count. Such direct supply chain relationships should include the documentation of and sharing of records of farmer members, including GPS farm locations, polygon boundary mapping, and basic household information. In cases where intermediaries are involved in purchasing, the above criteria apply in order to be considered "direct".*

Cocoa laundering (even from neighbouring countries) is also a challenge.

The main rationale for this farm-level traceability is for companies downstream to confirm that their cocoa supply did not contribute to deforestation, by allowing a geospatial analysis of past clearance since the cut-off date and then monitoring in the future of any remaining on-farm "forest". Therefore, a traceability system is central to information collection. However, there is significant experience from voluntary supply chain action on the importance of using traceability as a "means to an end", rather than as an end in itself. This means having traceability to a level of granularity to be able to confirm that there was no deforestation or conversion associated with production, but most importantly to a level that allows companies to engage to mitigate future deforestation risks and address any potentially non-compliant clearance. This does not always mean having traceability to farm because most forest is by definition **outside of farms**.

Therefore, without the latter traceability risks being a tool for cleaning your house by excluding risky suppliers, rather than solving the problem (see the IDH and PF position paper for further thinking on that). That links to remediation – can **non compliant** SHs re-integrate the SC?

Key questions:

» Is traceability to farm required under the proposed EU deforestation regulation? Now they talk about 'production area'

» Is transactional traceability required (following each bag, and not only getting farm geolocation data)?

» So basically, what is sufficiently "good enough" information for a company to evidence that its products comply with the no-deforestation requirement? Geolocalisation coordinates and satellite imagery? Trade transaction records across the entire upstream chain? And how do we ensure that EU Member States understand what is "good enough" information?

b. Opportunities/ solutions

Risk-based "traceability to production" approaches: To address this problem, risk-based "traceability to production" approaches have been used, for example in palm. These involve getting traceability to a landscape or village level, categorising landscapes/villages as low or high deforestation risk, and then focusing farm-level traceability efforts only on high-risk areas but crucially also only in combination with wider engagement activities to protect remaining forest in those high-risk areas, e.g. via community or smallholder programmes or landscape initiatives. (see the IDH and PF position paper for further thinking on that).

It is clear that the cocoa sector is making strides to achieve full farm level traceability, and this is likely to accelerate in the years ahead. The direction of travel is towards farm traceability that could then enable more segregated supply. However, risk-based approaches to traceability could bring efficiencies to close the gap, whilst also potentially allowing more resources to be directed to engagement/mitigation activities for high-risk origins instead of collecting detailed data that may not all be used operationally. Combining this data collection with engagement is likely to be particularly important for the indirect supply chain if traceability field staff are also tasked with wider engagement of farmers and community members on forest protection and "future-proofing" supply, but this engagement has to reach beyond current farmers. Setting traceability data requirements at a level that incentivises the right behaviour from companies is important; this includes allowing stepwise completion of traceability within a timebound period.
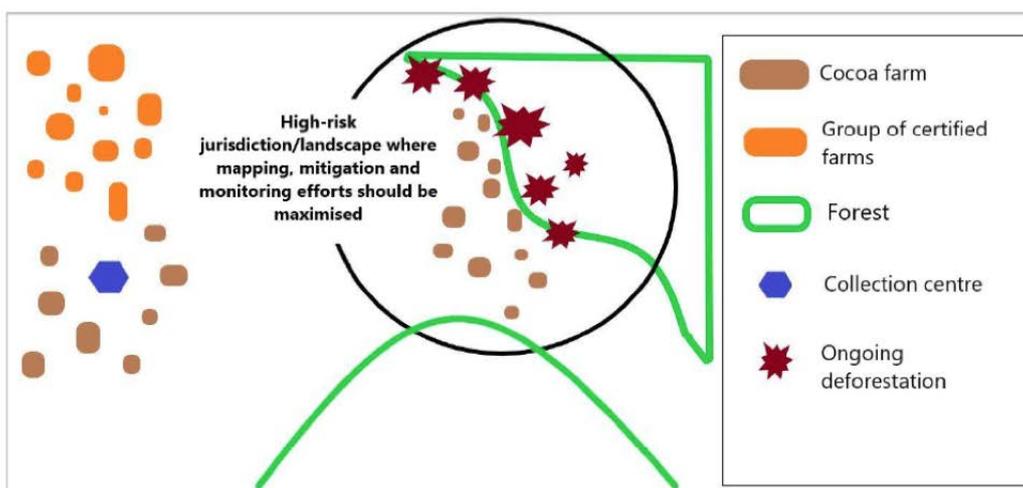

Figure 3: Jurisdictional/landscape risk-based approach, indicating the importance of assessing risk beyond individual supply chains and existing farms.

Producer country sustainability programmes and systems:

There is significant scope to bring greater efficiency to information collection through data sharing and collation within national systems. Obstacles to this happening have been significant so far, but Deforestation Due Diligence regulations could provide an impetus.

There is a need to create a harmonization system to incorporate the non-traceable and illegal cocoa. National traceability systems are fundamental, key to establish and improve them.

If credible enough, the use of national traceability and supply chain mapping systems by importers/ exporters could be generalised to avoid duplication of mapping and traceability efforts. Hence, instead of collecting mapping and traceability data via their own company sustainability systems, importers and exporters could collect the necessary information through national systems.

To allow the use of cocoa national traceability and supply chain mapping systems by importers/ exporters, it is key to align the expectations and needs of national stakeholders with those of importers/exporters:

» Data collected via national cocoa traceability and supply chain mapping systems should be usable by importers/exporters and feed into their own management systems.

» Collected data should allow importers/exporters to conduct Due Diligence and to demonstrate compliance with the upcoming Deforestation Due Diligence regulations.

» Producer country systems should be accompanied by clear legal frameworks, covering data protection, amongst other aspects.

Moreover, if well implemented, farmers could go through only one registration process and traceability system, the information from which could be cascaded downstream to customers, and which would lighten the burden of existing multiple systems.

Key questions:

» Are national cocoa traceability systems endorsed by the EU?

» Criteria for reliable/credible systems?

» How can national cocoa traceability systems be improved and be a reliable data provider for meeting DDD requirements?

» What support can supply chain companies provide?

Traceability systems alignment: Every traceability system has strengths and weaknesses. They might not all have necessarily the same goal, but they definitively have common information collection needs. Collaboration between different stakeholders in the cocoa sector should be encouraged to ensure the alignment of the various traceability systems, aiming at avoiding duplicated efforts and putting resources together to maximise efforts. National traceability and farm mapping systems could play this role, and CFI has been seeking to drive collaboration here. The EU proposal could be an incentive to double down on these efforts.

Incentives and benefits for smallholders and intermediaries: As traceability collection data relies on intermediaries and farmers, incentives should be promoted to engage them in traceability data collection and to make the process less of an additional burden for them. Benefits of traceability systems for farmers such as improved payment for premiums (e.g. via e-payment) or rewards for improved sustainability should be pointed out. Similarly, data ownership by farmers and cooperatives can encourage them to collect and share data.

Collaborative approaches: This is widely recognised in the sector now and a number of collaborative initiatives and approaches have been established in recent years with the aim of addressing root causes driving inequality and environmental impacts in the sector. These approaches enable companies to work with governments and local communities who are often the key stakeholders for leading change on the ground, and to work pre-competitively with multiple other companies, thus unlocking data, allowing for the sharing of costs and activities and providing a critical mass for change.

» Data privacy and sensitivity

    a. The problem

Ownership of farm boundaries and other farm data is a very sensitive topic and farmers should be in control of who has access to their data. The growth of technical service providers risks undermining the rights of farmers to choose how their data is used.

» Opportunities / solutions

Most collectors should follow good practices to inform farmers how data will be used. However, without careful consideration, data collected for one purpose originally may then start to be used for different purposes, such as exclusion from supply chains.

See feedback received from John Walker (Fairtrade) on the cocoa DDD guidance: *We would like to strongly recommend that your paper highlights the importance of farmer organisations ownership of digitalised internal management systems more clearly. And that this will require funding. Your paper does recognise the importance of farmer ownership on p. 25, however it is unfortunately rather lost in a sea of information about role of companies and governments.*

Your paper does admirably point out the danger of farmer organisations having to complete multiple traceability needs and the benefit of a single government system. We do not disagree. Company owned systems can also, presumably inadvertently tie market access for farmer organisations to specific trade relationships which can re-enforce the existing imbalance in trade relationships.

We would argue you have missed that in tandem to and preferably integrated with a government traceability system the farmer organisations and their members will benefit immensely from owning their own digitalised internal management systems. Such systems enable farmer organisations to maintain the farm to farmer organisation traceability information digitally, as opposed to the common paper practise, they need for market access. However these systems also bring multiple benefits for the farmer organisations and their members. The farmer organisations can run more efficiently, better understand and manage their farmer members data and therefore better respond to their farmer members needs.

Fairtrade has been working on this topic for a number of years. Our work is based on a number of years of building farmer organisation capacity in terms of management structures (please see https://www.fairtrade.net/library/fairtrade-west-africa-cocoa-programme-monitoring-report-2nd-ed*) followed by research and piloting digitalisation since 2019. We are now moving the first phase of a scale up in CDI with 25 farmer organisations due to receive support in the digitalisation of Internal Management Systems. We do this with the partner Farmforce, however there are other systems available. The current approaches do not include that and make the farmer organisation and members a subject of the processes rather than recognising them as critical actors in the processes.*

» Certification schemes

Some questions in the context of certification schemes and the proposed EU deforestation regulation: Are international cocoa certification schemes recognized as an equivalent to compliance? Are national certification schemes emerging in producer countries (African Regional Standard for Sustainable Cocoa) recognized as an equivalent to compliance? What are the criteria for credible certification schemes? What about mass balance?

Cocoa is primarily sold as mass balance or as conventional cocoa. While a segregated and identity preserved market does exist, from both certification schemes and company sustainability programmes, the uptake has been minimal due to lack of demand and high premium cost.

It is important to note that the ISEAL Alliance, the umbrella organisation for Voluntary Sustainability Standards (VSS) have also issued a position paper in response to the proposed EU deforestation regulation, as did several VSS as well, in which they highlight that depending on sector and commodity, certification schemes offer solutions and tools that can be used as part of companies' due diligence approaches. They do not advocate for certification being used to replace due diligence systems.

ANNEX 1
OTHER INITIATIVES IN THE COCOA SECTOR NOT DIRECTLY WORKING ON TRACEABILITY OR FARM MAPPING

Several other sectoral collaborations have also engaged strongly with Deforestation Due Diligence discussions, including the **EU Sustainable Cocoa Initiative** which held a series of dialogues between EU delegations in several African cocoa-producing countries, the European Forest Institute (EFI), the European Commission's Joint Research Centre (JRC) and the German Agency for International Cooperation (GIZ) in 2020 and 2021. Various **European country platforms** on Sustainable Cocoa, which are bringing together cocoa sector stakeholders are European level, around ambitious sustainability commitments:

» Beyond Chocolate in Belgium:https://www.idhsustainabletrade.com/initiative/beyondchocolate/

» Dutch Initiative on Sustainable Cocoa in the Netherlands: https://www.idhsustainabletrade.com/initiative/dutch-initiative-on-sustainable-cocoa-disco/

» German Initiative on Sustainable Cocoa in Germany: https://www.kakaoforum.de/en/about-us/german-initiative-on-sustainable-cocoa/

» Swiss Platform for Sustainable Cocoa in Switzerland: https://www.kakaoplattform.ch/

» A French platform is also in the making: https://www.cirad.fr/en/press-area/press-releases/2021/french-sustainable-cocoa-initiative

There is also an informal cocoa coalition[ii], which has published several position papers related to the Deforestation DD guidance, and the **International Cocoa Initiative**, which focuses mainly on child rights in the sector.

COMPANY COALITIONS

Retailer Cocoa Collaboration (RCC), a pre-competitive group that supports existing industry efforts to drive environmental and social improvements in the cocoa sector.

The trade association, **European Cocoa Association,** representing primarily European cocoa traders and processors, has been established since 2000 and has also issued a policy position paper regarding the proposed EU Deforestation regulation.

ENDNOTES

i (Cocoa & Forests Initiative, 2021)

ii https://www.voicenetwork.eu/wp-content/uploads/2021/10/Joint-position-paper-on-a-mandatory-human-rights-and-environmental-due-diligence-regulation.pdf

iii Système d'information sur les données régionales (SYDORE)

iv (Nitidae & EFI, Traceability and transparency of cocoa supply chains in Côte d'Ivoire, 2021)