

## ANALYSIS OF THE COCOA SECTOR- EUROPEAN COMMISSION POSITION AND CARE RECOMMENDATIONS – DECEMBER 2021

### Introduction

CARE welcomes policy initiatives by the European Commission, the Governments of Ghana and Cote d'Ivoire, and the private sector to invest in cocoa-producing communities and promote equitable benefits from cocoa production. The cocoa industry's market power, human rights abuses, and the increasingly devastating impacts of climate change and environmental degradation provide an ongoing threat to the livelihoods and sustainability of cocoa production in West Africa. As an advocate for livelihoods, gender equality and social justice, CARE International is submitting the following recommendations to further strengthen the EU's 'Sustainable Cocoa Initiative' policy framework to protect cocoa producers and the ecosystems upon which they depend. Key recommendations:

- **Policies should draw from inclusive dialogues, with a robust participation of cocoa-producing communities, especially those most vulnerable in the current market system.**
- **All policy dialogues and initiatives should include specific actions to prioritize women's voices and needs in decision-making.**
- **Overcoming poverty and inequality, increasing food and nutrition security, and respecting both human rights and the environment are all necessary to ensure a sustainable cocoa value chain and must be at the center of cocoa sector policy approaches.**

### I. Cocoa sector challenges in producing countries

According to CARE programme experience as well as the [Cocoa Barometer 2020](#), cocoa farmers in many producing countries face numerous challenges:

- **Poverty** is an underlying threat that concerns all farmers across the value chain, with a significant impact on **food security and nutrition**. Small-scale farming communities make up the world's most undernourished populations, and food purchases represent one of the highest costs for small-scale farming families. Food prices and food scarcity, especially between cocoa seasons, can compromise household resilience and the opportunity for farming families to earn a living income. In addition, poverty among cocoa farmers in many cocoa-producing countries makes the business unattractive to youth: the average age of the cocoa-producing population in Ghana is 55 years.
- **Gender inequality:** While in most producing countries cocoa is viewed as a 'male crop', in practice women account for half of the cocoa labour force in West Africa and are involved in all stages of cocoa production.<sup>1</sup> They earn less than men and struggle with lower farm productivity, smaller farms and less access to financing. Only a small proportion of agricultural extension services reach women, and they are less likely than men to have access to essential farm inputs and are regularly underrepresented in farmer organisations.

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<sup>1</sup> Cargill: [Cocoa Farming in West Africa: Turning Hardship Into Hope](#)

- **Human rights abuses** such as **child labour** are extremely common in this sector, with for instance an estimated 2.1 million children<sup>2</sup> working in cocoa fields in the Ivory Coast and Ghana alone. Although cocoa companies and governments have committed to reach a 70% reduction of child labour by 2020, none are anywhere near reaching this target agreed in the [Harkin–Engel Protocol](#). A 2020 study from the NORC at the University of Chicago<sup>3</sup> showed that the prevalence of child labour in cocoa production had in fact increased over the past ten years.
- **Deforestation, forest degradation and land-use change** represent a critical threat to ecosystems supporting cocoa production and therefore to communities whose livelihoods depend on such production. The *Cocoa Barometer* estimates that ninety percent of West Africa’s original forests have been destroyed, largely due to cocoa production. Policies should aim at increasing productivity sustainably and profitability for small-scale producers without accelerating land-use change; while such transformation would also require small-scale farmers to access appropriate financial products that would allow them to renew or rehabilitate their ageing cocoa plantations<sup>4</sup>. For instance, CARE International connects Village Savings and Loans Association (VSLA) members to access larger loans from local banks.<sup>5</sup> This also means improving extension service delivery, access to inputs and governance and regulatory mechanisms. Such policy actions should be taken in conjunction with climate change-related policy interventions and in line with Nationally Determined Contributions and relevant international instruments.
- **Land tenure** is also a significant challenge as most cocoa farmers do not hold formal land titles. This challenge is compounded for women. Indeed, in Ghana and Côte d’Ivoire, land tenure is governed by customary practices whereby chiefs, elders or heads of families hold land communally and/or manage land distribution according to tradition. Social norms around customary land distribution leave women with far less access to land ownership than men; the Africa Gender equality index in 2015 showed that women represent only 15% of landowners in Sub-Saharan Africa and as little as 10% in Côte d’Ivoire.<sup>6</sup> Adding to this question of land tenure in Côte d’Ivoire is the fact that many cocoa producers there are from Burkina Faso or Mali, whereas access to land for foreigners and their families tends to stoke tensions with Ivorian families.
- **Climate change** is both a global and local risk factor that jeopardizes cocoa production as scientists foresee that in the near future, a large part of cocoa lands in West Africa will no longer be suitable for cocoa production. Increasing the adaptive capacity of cocoa farmers and building their resilience to climate change impacts is therefore essential.

## II. Key EU policies and developments

To overcome these concerns, a series of key steps have been taken in recent years by cocoa producing countries, companies, and the European Union. In June 2019, Cote d’Ivoire and Ghana [agreed](#) to sell cocoa with a living income premium to guarantee a fixed price to farmers. This measure was [backed](#) by the EU in September 2019 and followed three months later by an unprecedented initiative from [Cocoa companies, calling for human rights and environmental due diligence requirements](#). In December 2019,

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<sup>2</sup> Tulane University, [Survey Research on Child Labor in West African Cocoa Growing Areas](#), 2015

<sup>3</sup> NORC at the University of Chicago, 2020. “Assessing Progress in Reducing Child Labor in Cocoa Production in Cocoa Growing Areas of Côte d’Ivoire and Ghana”.

<sup>4</sup> World Bank, 2017. “Forest- and Climate Smart Cocoa in Côte d’Ivoire and Ghana - Aligning Stakeholders to support smallholders in deforestation-free cocoa”.

<sup>5</sup> CARE: [Village Savings and Loan Associations](#)

<sup>6</sup> African Development Bank Group [“Africa Gender Equality index 2015”](#) May 2015

DG DEVCO, now DG INTPA, announced that the European Commission (EC) would adopt a new policy on the cocoa sector, [the “Susustainable Cocoa Initiative”](#). This represents an important development: the EU has not yet had any specific policy on this sector. It is also a great opportunity to address the above-mentioned challenges. The process of inter-agency consultations began in January 2020 and have been intensified with Ghana and Cote d’Ivoire and at the multinational level. In addition, INTPA has since engaged with civil society (CSOs), cocoa platforms and companies, and stakeholders such as the International Cocoa Organization (ICCO), through its multiple rounds of [“Cocoa talks”](#).

Concurrently, the European Union is also adopting other key policy frameworks that may also impact the cocoa sector. The December 2019 EC [Communication](#) on the European Green Deal was complemented in November 2021 with adoption of [Council Conclusions](#) on the [EU forest strategy for 2030](#). Additionally the Commission published a [roadmap](#) that includes a “legislative proposal to ensure that products, whether sourced in the EU or from third countries, sold on the EU market do not contribute to global deforestation [...] by addressing governance, sustainability and legality of value chains, biodiversity and livelihoods of local populations.”. In parallel, the European Commission is preparing a legislative proposal for a sustainable corporate governance directive that includes mandatory human rights and environmental due diligence (HREDD), expected in early 2022.

As CARE International, we see the current momentum as a critical opportunity to address the challenges associated with the cocoa sector. We aim to provide our expertise and lessons learned from decades of work on sustainable development—and the cocoa sector in particular in Côte d’Ivoire and Ghana—to policymakers to make the best of this unprecedented window of opportunity, with a particular accent on women’s economic justice. Furthermore, CARE’s European members are joining their respective ISCOs (Initiative for Sustainable Cocoa) as these platforms are progressively being put in place, and are encouraged by the general direction of these national platforms. As the 2020 Cocoa Barometer Consortium position paper recalls, “As by far the largest importer and consumer of cocoa in the world, the EU has a greater ability than any other consumer market to drive change in the cocoa sector, and a clear duty and opportunity to take responsibility and demonstrate leadership” to achieve a fully sustainable and fair cocoa supply chain.

### III. CARE recommendations on the Cocoa Sector to EU policymakers

1. **Participation:** Vulnerable groups are usually excluded from **decision-making processes**, which do not take all local community needs into account. Inclusive governance is even poorer among small-scale farmers who are not members of cocoa cooperatives, selling their products individually to a cocoa “pisteur”<sup>7</sup>. A deliberate focus on meaningfully integrating a wider variety of perspectives, including women’s and youth’s voices, can result in improved ownership of the activities, as well as more sustainable outcomes. CARE’s SuPER<sup>8</sup> approach to sustainable agriculture stresses the need for robust contextual analyses to tailor practices specific to different agro-climatic, agro-ecological, and socio-economic circumstances. CARE also promotes

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<sup>7</sup> In Côte d’Ivoire, as registered cooperatives are often poorly managed, a majority of small-scale producers refuse joining them. Similarly in Ghana, cocoa cooperatives are supposed to provide agricultural inputs to their members, but most of these farmers actually buy their inputs by themselves.

<sup>8</sup> SuPER: sustainable, productive and profitable, equitable, and resilient.

[Community Based Adaptation](#) (CBA) to address climate change primarily from the household and community perspectives. Programmes and decisions around the cocoa sector should be based on community assets and needs, both for effective programming and localisation of aid efforts, and in respect of the principle of “leaving no one behind”. We ask the EU to:

- **Work in partnership** with all stakeholders including producing countries, businesses, local authorities, farmer associations, unassociated farmers, and CSOs, while paying specific attention to how representative farmer associations are, bearing in mind that they must fully reflect farmer populations in all of their diversity, including women and youth.
- **Strengthen collaboration** and bring all producers together in a national structure (e.g., trade union), allowing farmers to exert pressure on third parties for fair and participative management of subsistence resources. This is especially important since only 40% of producers (in Côte d’Ivoire) are organised in cooperatives, which sell certified cocoa on the formal market. The other 60% of producers sell their products on the uncertified informal market. Given that the cocoa industry only accesses producers through cooperatives, the cocoa industry’s measures do not take unassociated producers into consideration.
- **Include local and national civil society organisations** at regular intervals in decision-making, planning, and implementation. This includes engaging with community-based organisations, women’s organisations, and NGOs that represent the interests of small-scale farmers, including women.

2. **Food and nutrition security:** Food security and improved nutrition are vital outcomes of productive, resilient livelihoods that provide a living income for small-scale cocoa farmers. We ask the EU to :

- **Promote company service delivery models** to integrate and scale food security and improved nutrition with farmers and their families. Small and medium enterprises and farmer collectives and producer groups should be supported and incentivized in these models.
- Engage with the private sector and governments to guarantee **decent work, and living income and wages** for farmers, with systematic attention paid to women farmers and to unassociated cocoa producers. **Invest in the diversification of farmers’ income** to achieve a living income, food security, resilience, sustainability, and improved nutrition. Income diversification can be done via promoting engagement in an array of income generating opportunities and supporting farmers to grow their businesses through approaches such as Village Savings and Loan Associations (VSLAs), as well as supporting communities in accessing local markets. This can also involve increasing technical services and upskilling smallholders and agri-SMEs (for example inputs, mechanization, irrigation, advice, training, crop diversification). Moreover, it is important to **ensure access to finance and credit**, by asking for financial actors to review procedures to adapt to the realities of rural cocoa producing communities, as well as ensuring that smallholder farmers have access to financial and business training.
- **Create further income and job opportunities through investment in insourcing processing and transformation of cocoa:** Today the cocoa industry remains almost completely extractive in West Africa. Most of the cocoa beans are exported to Europe (approximately 60%) and

- other parts of the world for processing. Giving farmers the opportunity to get further involved in the cocoa processing chain would enable them to increase their incomes. Promoting the insourcing of the value chain in transformation and processing in Côte d'Ivoire and Ghana would also enable local companies to create new employment opportunities for young women and men.
- **Integrate awareness-raising towards improved nutrition** in income-generating activities to ensure cocoa farmers have the relevant knowledge to allow them to use diversified production and increased income for diversified consumption. This sensitization training must involve women, but also specifically include activities to effectively engage men. .
  - **Introduce agro-ecological nutrition-sensitive activities in cocoa programming.** Practices such as intercropping and crop rotation, where conditions allow, with leguminous crops that increase household food and nutrition security and bring added benefits to soil fertility and water infiltration, should be supported and pursued.

3. **Gender gap:** As outlined above, cocoa production as it is currently organised perpetuates and exacerbates gender inequality. Moreover, by ignoring the role of women, many global value chains including the cocoa sector are missing out on the opportunity to improve quality and increase productivity. At the same time, many women in rural communities have low levels of education. Empowering them and ensuring they participate more meaningfully in decision-making processes requires capacity-building, basic skills development, leadership training and education. It is also important to highlight the intersectional lens through which migrant women are doubly excluded in the decision-making process. We ask the EU to :

- **Adopt a systematic gender-transformative approach** to support small-scale cocoa farmers and particularly women through an inclusive value chain approach, which enhances their access to resources (including financing, inputs, information and technology), services and skills. Particular attention must be given to policies that support women's training and skills development. Additionally, CARE International calls for an approach that prioritizes women's voices in decision-making spaces, and that supports structures that promote women's ability to influence policies and actions. For instance, in 2016 CARE launched "Women on the Move", a strategy that mobilized saving groups in West Africa, which served as a platform for women and girls to assert their basic rights through a collective, community-based framework and expanded their social and economic opportunities<sup>9</sup>.
- **Ensure a gender-transformative approach throughout programming** in the cocoa-sector, which requires an ex-ante in-depth contextual analysis, including sex-disaggregated data, to identify and address the specific barriers that women face, as well as gender-responsive monitoring, evaluation and learning (MEL) systems that measure the impact of programmes on small-scale farmers and especially women, and propose changes that lead to more equality.
- **Engage with governments to drive change around women's rights in the cocoa value chain** through connecting to the national plans of action for women's economic empowerment. For instance, the Government of Côte d'Ivoire made the commitment of halving gender inequality

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<sup>9</sup> Care, [Women on the Move](#).

as a top priority in the [national plan 2021-2025](#). Given the disproportionate impact of COVID-19 on women, it is even more important to drive this type of much needed change.

4. **Climate change:** climate change is both a global and local risk factor that poses a threat to cocoa production, especially in West Africa. As such, cocoa farmers need to strengthen their adaptive capacity and build their resilience to climate change impacts. Moreover, the importance of maintaining and enhancing ecological integrity and stability for both biodiversity and carbon storage in forest-related production cannot be overemphasized. The integration of climate and biodiversity action, including consideration of how biodiversity functions are essential for carbon storage and sequestration, and not simply a co-benefit, should be considered. Linking the upcoming EU Cocoa Initiative to the recently adopted EU 2030 Forest strategy is key in achieving the dual goal of mitigating climate change and preserving biodiversity, for the benefit of cocoa producers in the short and long term. We ask the EU to :
  - Ensure cocoa policies and programmes address the needs and concerns of farmers, with specific attention dedicated to women farmers, including through funding activities that help them to **adapt to climate change and cope with the increased risks** that inhibit sustainable agriculture and food and nutrition security due to climate change. This includes the promotion of climate resilient agricultural practices and agroforestry, and may also include support or insurance for managing economic losses from potential extreme weather events which reduce yields or result in economic hardship for the farmers and their families.
  - **Support alternatives to deforestation** driven by basic needs among cocoa farmers (such as subsistence farming and reliance on fuel wood for energy) in ways that alleviate poverty and promote sustainable and equitable development. In line with the commitments made by the EC in the EU forest Strategy 2030, **clean energy and diversified livelihoods** should be part of **a community and ecosystem-based adaptation approach**.
  - **Strengthen forest governance, transparency, and the rule of law**, while also empowering communities and recognizing the rights of indigenous peoples, especially those pertaining to their lands and resources. **Community based natural resource management** can promote adaptation goals at local level while contributing to broader mitigation goals. Mitigation should not, however, be imposed as a condition on small-scale cocoa farmers.
  - The EC should continue its commendable support to the **restoration of degraded landscapes and forestlands**. The rate of global restoration can be accelerated but should be pursued with adaptation, social equity and food security outcomes in mind. In this light, multisectoral partnership and collaboration is required.
  - **Reward** countries and communities that, by taking action, reduce forest emissions or contribute to protecting ecosystems services—through public policies to scale-up payments for verified emission reductions and private-sector sourcing of commodities, or for the delivery of ecosystems services.
5. **Human rights and due diligence:** As noted above, the cocoa value chain often fails to protect human rights and protect children from child labour. Even cocoa companies themselves state that an EU-wide regulation would have benefits for companies in the cocoa supply chain, providing a common framework through which they could demonstrate how they are seeking to identify and



mitigate human rights and environmental risks. It would eliminate free riders and close loopholes, ensuring a level playing field for all companies. We ask the EU to :

- **Establish an effective mandatory human rights and environmental due diligence framework** for business, companies and financial institutions operating, or offering a product or service, within the EU. Such EU-wide legislation should establish a corporate duty to respect human rights and the environment, and require companies and financial institutions to identify, prevent, mitigate and account for abuses and harm in their domestic and global operations, activities, products, services, supply chains and exports. The legislation should hold such companies legally accountable and provide access to justice for victims.
- **Review the way legislation against child labour** is communicated and implemented at the community level. Communication should consider the social values of the communities where affected children live, emphasizing key values such as the protection of children and the promotion of their rights and development. This must include working with authority figures in communities, elders, teachers, and parents, to promote the protection and well-being of children at all levels. Access to education and health is also key to promoting children's rights, and thus must be supported by building up educational infrastructure and ensuring access to services.
- **Establish a framework for commercial cocoa and chocolate companies to guarantee the traceability of their cocoa**, thereby ensuring them that their cocoa comes from farmers who do not use child labour or degrade forests. This framework should be supported by governments' systemic monitoring and auditing of cooperatives on strict social and environmental management standards.

6. **Land tenure:** Land tenure in Ghana and Côte d'Ivoire is governed by customary practices whereby chiefs, elders or heads of families hold land communally and/or manage land distribution according to tradition. Previous research shows that women represent only 15% of landowners in Sub-Saharan Africa and 10% in Côte d'Ivoire. Yet CARE programming has demonstrated that through engagement of men and boys, including chiefs, elders, and heads of households, around gender and land distribution, women could access additional land.<sup>10</sup> We ask the EU to :

- **Support sensitization programmes on land ownership for women at community level** in Ghana, and via the Community Development Committees in Côte d'Ivoire, as this approach has demonstrated success.
- **Support and promote the engagement of men and boys in gender dialogues** to raise awareness of gender inequality in access to land.
- **Advocate for a gender focus in national land policies**, supporting capacity building of governments – national and local officials – on gender analysis and gender-transformative policies.

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<sup>10</sup> In CARE's Pathways programme, engagement of male leaders led to women accessing an additional 9,000 acres (over 3600 hectares) of land [https://www.care.org/wp-content/uploads/2020/07/pathways\\_endline\\_global\\_report.pdf](https://www.care.org/wp-content/uploads/2020/07/pathways_endline_global_report.pdf)

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