ASSESSMENT OF THE EU SUSTAINABLE COCOA INITIATIVE:
LOOKING BACK ON THE JOURNEY AND TO THE ROAD AHEAD
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Executive Summary

The European Union (EU) Sustainable Cocoa Initiative, which aims to deliver on European Green Deal priorities including promoting deforestation-free trade and ending the scourge of child labour, is progressing in Côte d’Ivoire, Ghana, and Cameroon. This report sheds light on achievements and challenges in the implementation of the Initiative, and proposes recommendations for the future.

It finds that the Sustainable Cocoa Initiative has been a useful addition to the cocoa sector: it has enabled dialogue between producer country governments and the main consumer country governments (the EU) in a way that has never happened before. In addition, it has helped push forward important priorities like national traceability systems, and helped with preparation for the application of the EU Regulation on deforestation-free products (EUDR). Actors in Cameroon, Côte d’Ivoire and Ghana are better-informed than in other producer countries.

But challenges remain. Concerns persist regarding the robustness, accuracy, and transparency of national traceability systems, which are crucial for gaining trust such that companies will use the systems: more needs to be done to ensure farmers are ready for the implementation of the new national cocoa standard and upcoming EU regulations. There are still deficiencies in deforestation and child labour monitoring systems. There is also a lack of clarity regarding which national laws must be complied with in the cocoa sector (particularly related to land and labour rights), which may hinder compliance with EU regulations. The process must also be strengthened so as to better enable real and honest dialogue, and action on the issues identified. Currently, dialogue formats are not inclusive enough to allow progress on some of these issues: to be effective, these measures must respond to the needs of non-government actors like companies, farmers’ organisations and non-governmental organisations (NGOs).

RECOMMENDATIONS:

The assessment concludes with recommendations for producer countries, companies and the European Commission. When it comes to the process the main recommendation is for producer countries and the European Commission to hold four types of dialogues in order to decide how to advance on specific issues: smaller multi-stakeholder technical working groups led by producer country governments, a regular structured political dialogue between the European Commission and producer countries, a regular permanent multi-stakeholder dialogue forum at producer country-level, and occasionally the larger public-facing format seen in the original (2021-2022) round of Cocoa Talks.

On the content of the commitments in the Sustainable Cocoa Initiative roadmap, we recommend that producer governments:

- implement the recommendations of the CIGCI (Côte d’Ivoire-Ghana Cocoa Initiative) working group on traceability;
- roll out a nation-wide EUDR training programme for farmers;
- come up with an action plan for ensuring farmer organisations are ready to play their role in the African Regional Standard (ARS);
- make boundaries of protected areas and admitted agricultural areas publicly available
- Clarify how the ARS can be used as a EUDR compliance tool.
We recommend that companies:

- share their polygon maps with producer governments;
- agree on how to financially contribute to national traceability systems and national EUDR information campaigns;
- implement an “EUDR compliance premium” for farmers;
- adopt purchasing practices in line with the VOICE-Network paper on purchasing practices.

Finally, the European Commission should:

- provide financial & technical assistance;
- explore further demand-side measures on price;
- conduct an EUDR compliance readiness assessment for farmers.
Introduction

The EU is the biggest cocoa consumer in the world, importing around 60 per cent of global production. Ghana, Côte d’Ivoire and Cameroon are the main exporters of the commodity, collectively producing over 70 per cent of the world’s cocoa. However, the sector is beset by issues such as deforestation, child and forced labour, and gender inequality.

Following years of insufficient action by companies to address these issues, in more recent years the EU and the major producer country governments have stepped up action. In 2019, Ghana and Côte d’Ivoire launched the Living Income Differential (LID) price mechanism, the intention of which is to increase farmer incomes by (inter alia) increasing the farmgate price for cocoa. The EU will soon have three new laws aiming to address social and environmental harm in supply chains, including cocoa: the EU Regulation on deforestation-free products (EUDR) will regulate the imports into the EU of seven commodities, including cocoa, starting in December 2024. The EU is also developing a regulation banning forced labour from European imports. Finally, there is the new Corporate Sustainability Due Diligence Directive (CSDDD), which will require companies to conduct due diligence in their supply chains to ensure protection of human rights.

EU SUSTAINABLE COCOA INITIATIVE: A HIGHLY RELEVANT FORUM

In the context of this multiplication of new initiatives, the European Commission made a strategic decision in June 2020 to launch the Sustainable Cocoa Initiative. The Initiative’s objectives were to “ensure a decent living income for cocoa farmers, advance the elimination of child labour and trafficking in cocoa supply chains, strengthen forest protection and restoration in cocoa producing regions”. In other words, it was to ensure coherence between the producer government’s LID initiative and the new sustainability regulations coming from the EU. Between 9 September and 19 November 2021, the European Commission organised eight roundtables, commonly called ‘Cocoa Talks’, on various themes important for a sustainable transition in the cocoa sector, including living income for farmers, standards, traceability with respect to child labour and deforestation, regulation with a focus on due diligence, sustainable production of cocoa, development cooperation and finance, and the role of EU consumers. Over 200 people representing producer countries, the private sector, civil society, and EU Member States, took part in these conversations.

On the basis of this initial round of discussions with stakeholders, the European Commission issued in June 2022 the Alliance on Sustainable Cocoa Roadmap (“the Sustainable Cocoa Roadmap”). The Roadmap identifies strategic work areas, concrete action points, and the relevant actors to conduct this work by 2026.

Following the Roadmap’s publication, the European Commission has held three hybrid “focus groups” on traceability, which brought together representatives from stakeholder groups in the EU, Ghana, Cameroon and Côte d’Ivoire.

ANALYSING PROGRESS SO FAR

With the fast-approaching entry into application of the EUDR in December 2024, and the EC planning to discuss the Roadmap’s progress thus far at the April 2024 World Cocoa Conference, Fern thought it would be useful to collect inputs from a range of stakeholders on how they perceive the progress made so far, and based on this to identify areas for improvement.

Based on a series of interviews with a wide array of actors involved in the Cocoa Talks and the implementation of the roadmap, this report examines the progress and challenges of the Roadmap’s implementation in Côte d’Ivoire, Ghana and Cameroon.

In addition to being an input to the European Commission’s upcoming review of the Sustainable Cocoa Initiative, we hope that these reflections and recommendations will help actors developing partnerships between the EU and producer countries for commodities other than cocoa, such as via the new Team Europe Initiative launched in December 2023, and the Comprehensive Strategic Framework on working in partnership with producer countries which is to be issued by the Commission according to Article 30 of the EUDR.1

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1 In December 2023, the European Commission and some Member States launched a new Team Europe Initiative (TEI) that will work in partnership with producer countries to implement the EUDR. The European Commission is also developing a Comprehensive Strategic Framework in line with Article 30 of the EUDR, which will guide partnerships with producer countries to work on EUDR implementation.
Progress and challenges in the implementation of the Alliance on Sustainable Cocoa roadmap

The Alliance on Sustainable Cocoa Roadmap is a four year plan (2022-2026) with action points to advance public policies, standards, tools and business practices in relation to child labour, child trafficking, the protection and restoration of forests, and decent incomes for cocoa farmers. The Roadmap was endorsed by all the participants of the Cocoa Talks and sets out the strategic work areas, indicators of achievement, leading partners and timeline to achieve the goals developed during the multi-stakeholder dialogue.

Box: Alliance on Sustainable Cocoa Roadmap

The Roadmap contains five pillars. This is followed by a logframe describing the activities to implement the Roadmap, organised into seven thematic areas. It should be noted that the actions described in the five pillars are not always reflected in the logframe.

Five Pillars of the Roadmap

(1) Focus on action related to price and market mechanism, standards and traceability
(2) Creation, implementation and strengthening of National Strategies/Action Plans, and continuation of national dialogues
(3) Bilateral policy dialogue on sustainability issues in the Economic Partnership Agreement (EPA) Committees and the bilateral policy dialogue on development cooperation
(4) Support through EU development cooperation and finance
(5) Governance (transparency and inclusivity).

Logframe implementing the Roadmap – Seven thematic areas

(1) Prices and Markets
(2) Standards
(3A) Traceability, transparency and accountability – child labour
(3B) Traceability, transparency and accountability – deforestation
(4) Regulations and Due Diligence
(5) Sustainable cocoa production
(6) Development cooperation and finance, and
(7) Consumers.

In each area, action points and their relevant progress indicators, leading actors and timeframe are detailed.
ANALYSIS OF THE PROCESS

I. DEVELOPMENT OF NATIONAL STRATEGIES:

One of the Sustainable Cocoa Roadmap’s five pillars is to create and implement a long-term vision at the producer country level, accompanied by national dialogues with all relevant stakeholders, including civil society. Although no strict time-frame was defined and the strategies and dialogues are not mentioned in the logframe, the development of these strategies and dialogues is an essential part of the Sustainable Cocoa Roadmap’s activities.

Côte d’Ivoire has a strategy but the process has not been very inclusive either in the development or implementation; Ghana has a strategy but it has a slightly different scope from the Sustainable Cocoa Initiative and no accessible implementation plan; Cameroon has an actionable strategy created through an inclusive process.

Côte d’Ivoire: authorities have developed a national strategy for sustainable cocoa, accompanied by a 2023-2025 implementation matrix. The implementation status is not clear, since no information is publicly available. There was no civil society consultation in the development of the strategy or implementation matrix. While the strategy’s implementation committee, the Comité National Cacao Durable (CNCD), has been set up, it has only met a few times, and has not held the promised two annual meetings with external stakeholders and Civil Society Organisations (CSOs).

Ghana: the Cocoa Board (COCOBOD) has a Cocoa Sector Development Strategy (the CSDS II), which includes some work on sustainability. However, most of the action points in the Sustainable Cocoa Initiative Roadmap (finalising the national traceability system, providing baseline forest & land use maps, setting up a deforestation monitoring system, clarifying what is meant by national laws in the country of production, etc) do not explicitly feature in the CSDS II. This is not surprising as the CSDS II was developed before and independently from the SCI Roadmap, and because the CSDS II is a strategy rather than a detailed implementation document. However, it does mean that the action points in the SCI Roadmap do not have a “home” within the documents guiding the sustainability work of the Ghanaian government in the cocoa sector. The CSDS II still lacks a publicly-accessible implementation plan, so it can be difficult for non-government actors to follow progress.

Cameroon: there is a roadmap to deforestation-free cocoa which was developed through a multi-stakeholder process led by the Sustainable Trade Initiative - IDH. In parallel, the EU led a national cocoa talks process, which led to the adoption of a list of thirteen cocoa actions, which are implemented by the EU sustainable cocoa programme. Stakeholders report that the process has been inclusive, well organised, and action and needs-oriented. Some interviewees said its example should be followed by other countries, as it has resulted in an actionable plan, accompanied by a real multi-stakeholder platform, something that does not exist in either Ghana or Côte d’Ivoire.
II. HOLDING BILATERAL POLICY DIALOGUES:

A key pillar of the Sustainable Cocoa Roadmap was to have bilateral policy dialogues on sustainability issues between the EU and the three producer countries. This was intended to happen in the EPA Committees, and to also form part of policy dialogues on development cooperation with the Ivorian, Ghanaian, and Cameroonian governments.

The EU Cocoa Talks have improved relationships and commonality of vision, but regular, structured political dialogue between producer countries and the EU is still lacking and it would be useful to make progress on concrete action points.

Communication between the producer countries and the EU has increased, with in-person visits to Brussels by the Ivorian and Ghanaian governments, and to West Africa by the European Commission. During the elaboration of the Ivorian National Cocoa Strategy, the EU and the Ivorian authorities designed a space for structured dialogue between the two parties, the ‘National Committee on sustainable cocoa’. However, few EU-CNCD meetings have been held since the Committee was set-up in 2022. In Ghana, bilateral policy dialogue is mainly limited to interactions between the EU and the COCOBOD on technical topics; there is no involvement of other relevant ministries, nor a political-level dialogue. There are bilateral meetings between the Ghanaian government and the EU within EPA Committees, but these cover all topics and thus there has not been an extended conversation on cocoa. Dialogue between the EU and Cameroon took place between November 2021 and June 2023 during Cameroon’s national cocoa talks, but since then there has been no policy dialogue and it is not clear whether there will be any in the future.

In Ghana and Côte d’Ivoire, the urgent need to respond to the EUDR and the high-stakes at play have sometimes contributed to tensions, lack of trust and opacity from actors. Various stakeholders echoed the feeling that policy dialogues between the EU and producer countries have not been structured and recurrent enough to encourage action to resolve issues. Communication between the relevant producer country government ministries and the EU Delegations in those countries is still relatively infrequent, and is not happening in a structured way. Although communication between the COCOBOD and the EU Delegation in Ghana is better than for other ministries, this can still be improved.

The European Commission’s Cocoa Talks and their subsequent Focus Group meetings have been structured more as information sessions rather than a dialogue. This is understandable given that all stakeholder groups send individual representatives, meaning there is a large number of participants, but it has fed into an impression by actors in producer countries that the EU is imposing measures from above.

The insufficient dialogue between the EU and producer countries, and the relatively rushed timeline in which the Roadmap was developed, seems to have created a lack of ownership over the Sustainable Cocoa Roadmap from actors in producer country governments, resulting in a continued lack of alignment between national cocoa strategies and the Sustainable Cocoa Roadmap.

Several producer country interviewees felt that the EU was orientating the discussion to advance its social and environmental priorities without taking sufficient action on the core of the matter for producer countries: increasing cocoa prices and ensuring a higher living standard for their farmers. EU interviewees underlined that the cocoa price was a major priority and entry
point for the dialogues. It is true that it the connection between price and living income has been centred in the discussions, to an unusual (and positive) extent for such a process; the European Commission is to be commended for this. However, as long as this does not increase the price in producer countries it is likely that producer countries will continue to be sceptical about the ability of the Sustainable Cocoa Initiative to address their priorities.

III. MULTISTAKEHOLDER PARTICIPATION:

Throughout the Sustainable Cocoa Roadmap, and especially under the pillar on Governance, all actors commit to transparency and to facilitating farmers and civil society participation in policy dialogues.

The initial round of EU Cocoa Talks created space for multi-stakeholder dialogue but this has not necessarily stayed open going forward in producer countries. There is, however, cause for hope within the Côte d’Ivoire Ghana Cocoa Initiative (CIGCI) expert group on traceability and the planned Ghana Cocoa Monitor. Across the board, stakeholders expressed the need for structured, regular spaces for multistakeholder dialogue. They saw this as a critical part of ensuring that disparate actions are coordinated, that there is space to raise issues and resolve disputes, and that state and private actors deliver on commitments.

While the EU-level Cocoa Talks sessions have been an unprecedented event in terms of multistakeholder participation in the cocoa sector, it appears that, at the national level, the story is quite different. The European Commission made commendable efforts to ensure European NGOs’ points were included in the Sustainable Cocoa Roadmap, but national-level dialogues described have not yet been set up and there is no mechanism for regular communication between governments and non-government actors in producer countries.

Côte d’Ivoire: civil society was not consulted in the formulation of the national cocoa strategy, and there is still no space where civil society can speak with the government. The Conseil du Café-Cacao (CCC) (the national cocoa market regulator), also stated in a 2023 Cocoa Talks session that they have no plans to grant civil society access or oversight to their national cocoa traceability system, as they do not consider them to be supply chain actors. In the national roundtables that preceded the publication of the Sustainable Cocoa Roadmap, stakeholders reported that the preparation for the different roundtables was often opaque, preventing them from being able to contribute.

Ghana: the government has been more open. The Ghanaian national dialogues preceding the conclusion of the Sustainable Cocoa Roadmap were hailed by stakeholders for their inclusivity, although it was noted that these dialogues and inputs had not actually fed into the formulation of a national strategy to address the issues raised. Going forward, the Ghanaian ‘cocoa monitor’ is expected to be launched in the early months of 2024: its secretariat has already been created and is about to conduct a stakeholder mapping exercise. The stated purpose of the cocoa monitor is to serve as a multistakeholder platform for policy dialogues, with technical working groups on specific sustainability topics, and CSOs represented in its steering committee. This would be a very positive development.

Cameroon: A multistakeholder ‘Sustainable Cocoa Committee’ has been set up. This is formally multi-stakeholder, but interviewees reported that decisions tend to be made in small group discussions, thus limiting the Committee’s inclusivity. In addition, the dedicated CSO seat is
currently occupied by the international organisation International Council for Research in Agroforestry (ICRAF) rather than a national group, thereby hindering Cameroonian CSOs’ capacity to share their expertise and feed into policies.

The EU-led Cocoa Dialogue sessions — both the original “Cocoa Talks”, and the smaller “Focus Group” format - have a large number of participants, which makes them a useful briefing for all actors, but less well-suited to progressing on concrete issues. Because the audience is big, and feels almost public, governments and companies are less likely to be honest about where they are facing challenges—which makes it harder to find solutions. It is also probable that the presence of the EU in these sessions impedes more honest disclosure, since it is the EU who will be enforcing regulations like the EUDR and therefore both governments and companies have an interest in reassuring the EU that all is going well.

Fern salutes the significant advancements on inclusivity that were made within the expert group on traceability that was set up by the CIGCI, which is led by COCOBOD and CCC. These expert groups are not part of the Sustainable Cocoa Alliance, but are mentioned here because stakeholders called it “best practice” in terms of bringing together groups and finding ways to progress on concrete issues. The first expert group set up by the CIGCI, on ‘price and markets’, was not very inclusive: there were no women, and nearly all members were from government or the private sector. The only civil society representative was from a European NGO: no NGOs from producer countries, or farmers, were included. CIGCI was, however, responsive to stakeholder feedback and the second working group on traceability was more inclusive, including local NGOs and farmers. All of participants were positive about it, saying the format was inclusive and useful and that they would like to see this repeated in the EU talks.

The format set up by the CIGCI – a smaller working group of 15 people, with representation from all stakeholder groups, which met regularly over a period of two months to collectively agree on problems to be resolved, and then on a set of recommendations to resolve those problems—seems to have been very well-suited to making progress on concrete items. The group concluded its work by issuing a set of recommendations to tackle specific gaps in the national traceability systems, which received positive feedback from all stakeholder types as they all had to validate the document.
This type of consensus-building work, based on regular structured dialogue between a consistent and restricted group of people, is vitally needed and should be replicated. Worryingly, we now hear reports that the final two planned working groups — on accountability, and on the true price of sustainable cocoa — will not be set up, with these topics addressed via desk research instead. Given that the previous CIGCI working group represents a “best practice” for multi-stakeholder dialogue in the cocoa sector, and given the urgency of the challenges, there is more rather than less need for stakeholders to speak together to resolve issues. We consider that shelving these groups is a step backwards. It is also important that the governments publish and actually implement the recommendations of such expert groups: despite the reportedly high quality and wide buy-in for the traceability expert group’s recommendations, they have still not been published and it not yet clear whether the governments will implement them.

There was a common feeling amongst all of our interviewees that coordination between the CIGCI working groups and the EU Cocoa Talks could be improved. For example, both have a workstream on traceability, but the role of the two workstreams and how they interact with each other is not clear. Discussions could therefore feel repetitive.

It must also be noted that despite the strong prevalence of gender inequalities in the cocoa sector, the Sustainable Cocoa Roadmap has not integrated gender considerations to the pillars, nor the action points in the logframe. Very often women farmers have restricted access to land title, as well as a limited access to healthcare and other forms of support. They are disproportionately impacted by the already harsh conditions faced by cocoa smallholders, making it even more difficult for them to reach a good living standard. The actions and policies developed via the national cocoa strategies, and the Roadmap (for example the registration of the responsible farmer when mapping the boundaries of cocoa farms, and the granting of farmer ID cards and policies on living income), need to assess and integrate these considerations so as to ensure women farmers are not further marginalised.
ANALYSIS OF THE CONTENT: PROGRESS ON SPECIFIC ACTION POINTS COMMITTED TO IN THE LOGFRAME

This section presents Fern's assessment of progress and the challenges in delivering on the activities set out by the Sustainable Cocoa Roadmap logframe. The table presents each thematic area, the actions and their indicator of achievement as they appear in the Roadmap, followed by our analysis.

**Thematic area 1: Prices & markets**

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| 1.1. Maintain and deepen the reflection on cocoa markets and prices to ensure transparency on markets and to deliver decent living incomes to farmers. | a. A joint technical focus group has been created, under Chatham House rules, to work on the enabling environment and tools to achieve decent farmers’ incomes through sustainable cocoa, under the leadership of producing countries. The joint technical focus group has organized technical meetings.  
   b. A webinar has been held on the functioning of international markets, to improve the transparency and understanding of the functioning of world cocoa markets including prices for all stakeholders  
   c. Producing countries have carried out studies (e.g. feasibility study) on possible complementary price disclosure systems  
   d. The joint technical focus group has made recommendations on market mechanisms and government policies to help increase farmer incomes, to be presented and debated in the framework of the broader Cocoa Talks forum. |
| 1.2. Put in place or design adequate supply management systems/strategies, and contribute to increase primary transformation capacity as needed. | a. Producing countries have investigated (e.g., through a feasibility study) possible supply management systems/strategies for the sector, taking into account the impacts on local processing.  
   b. The feasibility study has been debated within the framework of national stakeholder platforms. |

**Fern's assessment:** Regarding action 1.1, the Alliance on Sustainable Cocoa did not set up such a focus group, but the CIGCI did organise an expert group on living incomes, which held a series of technical meetings in the first half of 2023. CIGCI also completed a feasibility study on price disclosure systems, which informed the expert group's work. The group's recommendations have been finalised, but are not yet public, and have not yet been discussed in the wider Cocoa Talks format. The format of the working group (a smaller group which worked on publishing some concrete recommendations) was reported to work well in terms of making progress on concrete outcomes, but it was not inclusive: it consisted almost entirely of private sector and government actors, with only one civil society representative (who was European, not from a producer country). There was no farmer representation, and no women.

In terms of progress on this topic, what matters is the ultimate impact: a higher price for farmers. Although discussions have certainly advanced, this has not yet translated into impact on the ground: during the most recent cocoa harvest in October 2023, companies again attempted to push West African cocoa prices down despite the global market price having gone up. Fern commends the persistence of the Ghanaian and Ivorian governments in not lowering the price, despite this pushback.

In order for this to succeed in the long term, Côte d'Ivoire and Ghana cannot do it alone: other producer countries must take coordinated action, as otherwise companies will source...
elsewhere when Côte d’Ivoire and Ghana try to raise the price. It is also important, therefore, and was raised many times by interviewees, that the EU looks into how it can require companies to pay a higher price. An important opportunity may be presented by the CSDDD. Although the CSDDD text is not yet public and has not received final approval from the European Council and Parliament, Fern understands that it includes hoped-for language specifying that companies must conduct due diligence on the right to an adequate standard of living, and that they must examine how their purchasing practices affect human rights issues in their supply chain. This may offer chances to hold companies accountable for how their purchasing practices (in particular the price) violate rights related to living income, child labour and forced labour. The VOICE Network has recently produced a study, which, although not yet public, sets out what responsible purchasing practices look like in the cocoa sector. We hope this will also advance the issue.

On action 1.2, although there have been some discussions of supply management at the International Cocoa Organisation (ICCO) level, we are not aware of more progress being made here. Supply management is an important component of reaching a higher cocoa price, and one of the components most within the control of producer governments. Fern recommends that discussions on this be reinitiated, as – in the long run – it will not be possible to reach a higher farmgate cocoa price without supply management. Coordination with other producer countries not currently part of CIGCI will be essential.

### Thematic area 2: Standards

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| 2.1. Strengthen the relevant standards on sustainable cocoa, including the African Regional Standard on Sustainable Cocoa (ARS 1000), and their implementation to facilitate trade with the EU. | a. Producing countries have continued the development of the ARS through the ARSO (the organisation in charge of developing the standards), and presented their need for support, recognizing upcoming EU legislation and its market-access requirements in terms of traceability, transparency and accountability.  
b. European stakeholders have issued a detailed recommendation on how to best support the ARS 1000 and made their recommendations around economic, social and environmental sustainability. |

**Fern’s assessment:** The African Regional Standard on Sustainable Cocoa (ARS) is a regional initiative which defines the requirements to ensure quality and sustainability in cocoa production, trade and commerce. While the ARS overlaps in many areas with the EUDR and the objectives of the Sustainable Cocoa Initiative, differences remain. Cocoa stakeholders could benefit from guidance on the extent to which the ARS can support evidence collection for EUDR operators’ due diligence processes, in particular when it comes to legality of cocoa production and trade.

Both the Ivorian and Ghanaian authorities have announced that they are at an advanced stage of implementation of the ARS. On the Ivorian side, the pilot programme has reportedly started, as well as the training of actors and an assessment of its implementation costs. On the Ghanaian side, the ARS is scheduled to start deploying in 2024. Côte d’Ivoire and Ghana have both recently released the national implementation guidelines for the ARS, which is an important step forward. In Cameroon, the elaboration of a national technical directive on sustainable cocoa which will include ARS and EUDR requirements is scheduled to start in the first quarter of 2024. More details on the implementation of the standard are also expected to be unveiled with the publication of the Cameroonian government’s 2024-2025 workplan.
The ARS relies on farmer cooperatives checking compliance: this is positive as the cooperatives’ role is critical for a sustainable cocoa sector. It would, however, require major structural changes to the supply chain, and there is no clear roadmap for how to get there. For example, in both Ghana and Côte d’Ivoire many (in Ghana, most) farmers are not organised into cooperatives. Even where farmers are members of cooperatives many of these cooperatives have important governance challenges that would need to be addressed.

The German Initiative for Sustainable Cocoa (GISCO) issued in February 2023 detailed recommendations on supporting the ARS, particularly in the context of the EUDR. The study revealed that there are important areas of divergence between ARS and the EUDR, including: different cut-off dates, treatment of deforestation in secondary forests, an exception in the ARS for deforestation “where the national context allows it”, and the ARS does not include a requirement to comply with national laws. Cocoa stakeholders would therefore benefit from guidance on the extent to which the ARS can support the collection of evidence for EUDR operators’ due diligence processes.

The points of divergence identified by the report include: (1) the cut off date in the ARS standard is June 2021; in the EUDR the end of 2020; (2) There is no distinction in the EUDR between primary and secondary forests, so the fact that the ARS standard allows deforestation or degradation of secondary forest (under certain conditions) is not consistent; (3) The phrase in the ARS standard allowing farming— and, therefore, potentially deforestation or forest degradation— “where the national context allows it”, is inherently unclear, and is inconsistent with the EUDR. This appears to be an issue for Côte d’Ivoire, though not for Ghana; (4) There is no explicit reference in the ARS standard to compliance with national laws, apart from references to protected areas, although some of the categories of laws listed in the Regulation, including those covering child labour, labour rights and human rights, are referred to in the ARS standard. The legality criterion in the Regulation may be subject to further clarification by the European Commission, in particular with reference to land rights, especially customary rights, and human rights protected under international law.

**Thematic area 3A: Traceability, Transparency and Accountability – Child labour**

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| A.1. Create national, government-mandated, sectorwide cocoa traceability systems | a. National cocoa traceability systems have improved in coverage, accuracy, reliability, and transparency with EU support. All cocoa can be traced from the plot level and traceability data is publicly available to all concerned stakeholders.  
  b. National cocoa traceability systems have a clearly defined role for farmers’ organizations  
  c. In addition to the physical traceability of cocoa, national traceability systems also incorporate sustainability data derived from national private or community child labour monitoring systems and other national and international child protection organizations. Such data is available to all stakeholders, allowing them to connect incidents of child labour to individual cocoa consignments and plots. |
| 3A.2. Establish/reinforce/expand National Child Labour Monitoring Systems (CLMS). | National child labour monitoring systems cover 100% of cocoa-producing areas and provide accurate, reliable and transparent data on the incidences of child labour in the cocoa sector. |
| 3A.3. Explore how private and community-based Child Labour Monitoring and Remediation Systems (CLMRS) can contribute to national CLMS and linked into the sector-wide cocoa traceability systems. | Following open and transparent consultations with all stakeholders, producing countries have issued guidance on how private and community-based child labour monitoring and remediation systems can contribute with data to the national, government-mandated, sector-wide traceability system. |

**Fern’s assessment:** The development of national cocoa traceability systems in producer countries is one of the main objectives of the Sustainable Cocoa Roadmap, and many of the action points in the logframe relate to this work. The need for such systems will only increase once the obligations of the EUDR start applying in December 2024. Companies will need to prove the origin of products they are placing on the EU market, and that the products are deforestation-free and produced in accordance with the laws of the country of production.
In light of this urgency, producer countries have put tremendous efforts into developing national cocoa traceability systems, with all three producer countries working towards full deployment by the end of 2024. All have started mapping farms, Côte d’Ivoire and Ghana have started mapping their forested areas, and also launched a registration campaign to distribute electronic cards to smallholders. The question is whether the systems will be robust enough for companies to trust.

OVERARCHING ASSESSMENT OF PROGRESS ON TRACEABILITY SYSTEMS:

Cameroon, unlike its West African counterparts, does not have a national market regulator for cocoa as its market is fully liberal. This difference renders the creation of a public traceability system more difficult and so far, it is the private organisation CICC that has initiated farm mapping work, with the support of the government. The CICC has reportedly registered about 20,000 farmers, which is 10 per cent of the total number of producers in Cameroon. Moreover, the Cameroonian authorities are planning on publishing national guidelines to assist in the development of private traceability systems.

In Côte d’Ivoire, the CCC is in charge of developing the national traceability system and has reportedly finished its mapping and registration campaign: in January 2024, they said they had given out over 705,000 electronic ID cards (out of a total 1,040,000 registered farmers). Stakeholders have welcomed ID cards as a positive development, as they will allow electronic payments which will be more secure for farmers and less vulnerable to fraud. Several stakeholders active in Côte d’Ivoire told us that the percentage of farmers who have received cards appears to be much lower than the figures reported by the CCC. In addition, interviewees from across stakeholder groups expressed concerns about the accuracy of the polygons mapped by the CCC. Across the board, a major challenge is how the agencies responsible for
the mapping exercise define a farmer. For instance, in Côte d’Ivoire, the CCC identified land owners as farmers, even if they do not work the farm and live far away, while cooperatives would consider the workers of the farm to be the rightful farmers. This may lead to important discrepancies in data.

**In Ghana**, COCOBOD is rolling out the national cocoa traceability system. In 2023, COCOBOD announced that it has successfully captured the data for its ‘first-mile’ traceability, that 791,000 farmers (out of the total 800,000) have been registered, and that the COCOBOD will soon test a deforestation risk assessment methodology. Interviewees remarked that after a long period of being opaque, COCOBOD is now starting to share the advancement on its work more openly, opening the door to a more trusting relationship with other stakeholders. Moreover, to fill its system’s data gap, COCOBOD has set up offices in each district to allow farmers to come and register themselves.

Fern believes that a similar initiative would be desirable in Côte d’Ivoire: Ivorian CSOs working directly with cooperatives and smallholders are encouraging the Ivorian government to launch a second complementary phase of farmer identification and polygon mapping, which could be based on farmer cooperatives submitting the polygons they have already mapped to the CCC, and the CCC sending agents out to do field verifications of this data. This would be more cost-efficient as it would build on the mapping done by farmer cooperatives. Moreover, considering that the maps will have to be updated regularly, it would good for the CCC to set up a system from the start to facilitate proactive submission of map data by farmer cooperatives, which could then be checked by the CCC.

The private sector seems interested in using national traceability systems to help comply with the EUDR: in Ghana, all cocoa is bought and sold by COCOBOD, so companies will depend entirely on the government’s system to trace their cocoa back to the origin, and in Côte d’Ivoire there is a legal requirement for companies to source at least 20 per cent of their cocoa from local exporters, so they will depend on the national system for at least this portion. However, it is companies who remain legally responsible for EUDR compliance and face sanctions if they fail to comply. They will not be able to trust and use the national systems unless they are comprehensive, transparent and robust.

Producer countries will therefore have to ensure that every farmer has been registered and their farm accurately mapped. In order to build the credibility of databases, the data must be accessible to third-party stakeholders and the data collection process must be transparent. Transparency is essential for companies to trust and use the system; it is also needed for civil society to play a watchdog role and monitor the system from the outside - another element of system credibility. To ensure that all sides validate the system, a multistakeholder body should be set up to oversee the validation and onward functioning of the system.

**So far, lack of transparency and gaps in data collection have made companies and civil society hesitant to rely on the Ivorian and Ghanaian national systems.** The companies’ own systems also face significant problems with data accuracy and transparency: we heard critiques about the accuracy of their polygons, and they are fundamentally limited in their ability to cross-check with other companies’ supply chain to ensure the same farm parcels aren’t being used to launder non-compliant cocoa. Companies have a natural interest in keeping data about their supply chain to themselves, as this is commercially valuable information—and because a lack of transparency makes it harder for external actors to monitor their supply chains. It is therefore critical that all actors cross-check the data they have collected (farmer cooperatives, companies and government) to ensure there is an accurate and commonly-agreed database of farms. It also important that companies and governments speak to each other to find ways that companies could contribute to the funding of national traceability systems in the long term.
ASSESSMENT OF PROGRESS ON MONITORING CHILD LABOUR:

Regarding the monitoring of child labour specifically, the ARS does contain a clear role for farmers' organisations within the national traceability system. However, as observed above, many farmers' organisations do not yet have the necessary capacity to play this role, and many farmers (in Ghana, most farmers) are not members of farmers' organisations.

In Ghana few details are available on the monitoring of child labour as it is expected that the national cocoa traceability system will be responsible. Indeed, COCOBOD, with support from the German organisation for international cooperation (GIZ) and the International Cocoa Initiative (ICI) are currently developing a child labour module which is planned to be integrated into the traceability system in 2024. If the system works effectively, Fern believes that it will be a great example of best practice, with an interoperable traceability system that stores a wide array of data, therefore alleviating the administrative and financial inefficiency of running individual corporate traceability systems tracking child labour and deforestation separately.

In Côte d'Ivoire, an inter-ministerial committee has been set up to focus specifically on the matter of child labour, showing political will to tackle this issue. A national child labour monitoring system exists and authorities have reportedly successfully identified and dealt with cases of child labour.

Some stakeholders expressed concern about the credibility of these systems as there are a lot of ‘equivalent’ systems which do not have to adhere to the same data quality standards. There is still a lack of commonly-agreed numbers on forced labour and trafficked labour in particular: overlapping this with other layers of information would be useful - particularly since the EU is set to soon pass a law banning products produced with forced labour from the EU market. Also, there is sometimes a lack of follow-up on cases flagged by the monitoring system: once a solution has been found, there needs to be at least two follow-up visits, for the system to be credible.

A lack of resources appears to be hindering the reinforcement and full deployment of the mechanism. Stakeholders report that the monitoring system has been stalled for some time due in large part to a lack of funding. Considering that private monitoring mechanisms tend to be costly and piecemeal, it would be more efficient to ensure that the national child labour monitoring systems are of high quality and running smoothly so that every actor in the supply chain may rely on them — and for this, a mechanism for companies to contribute to the costs of the system is needed.

While the monitoring and tackling of cases of child labour is of primary importance, this work must be paired with initiatives that challenge the societal structures that cause children to work in the first place, in particular farmer poverty: initiatives are already underway in Ghana to develop a farmer pension system and in Côte d'Ivoire to develop health insurance for farmers, and we recommend that European donors support such initiatives.

Finally, regarding action point 3A.3, to our knowledge, no guidance has been produced on how private and community-based child labour monitoring and remediation systems can contribute data to the national CLMS.
### Thematic area 3B: Traceability, Transparency and Accountability - Deforestation

<table>
<thead>
<tr>
<th>Action point</th>
<th>Indicator of achievement</th>
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<tbody>
<tr>
<td><strong>3B.1. Create a national, government-mandated, sector-wide cocoa traceability system.</strong></td>
<td>a. National cocoa traceability systems have improved in terms of coverage, accuracy, reliability, and transparency as a result of EU support (the EUR 25 million programme).&lt;br&gt;b. All cocoa can be traced from the plot boundaries and this data is publicly available to all concerned stakeholders.&lt;br&gt;c. In addition to the physical traceability of cocoa, national traceability systems also incorporate sustainability data derived from national deforestation monitoring systems.&lt;br&gt;d. Sustainability data is available to all stakeholders, allowing them to connect incidents of deforestation to individual cocoa consignments and plots.</td>
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<tr>
<td><strong>3B.2. Establish base-line forest and land use maps</strong></td>
<td>Baseline forest and land-use maps have been produced for Côte d’Ivoire, Ghana and Cameroon and validated by all stakeholders within the framework of the national dialogue platforms.</td>
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<tr>
<td><strong>3B.3. Establish/reinforce and expand the coverage of deforestation monitoring systems and 'early warning' systems (including both satellite- and community-based systems).</strong></td>
<td>a. Deforestation monitoring/‘early warning’ systems, integrating both satellite-based and community-based systems, are in place in the producing countries (Côte d’Ivoire, Ghana and Cameroon).&lt;br&gt;b. These systems cover all cocoa-producing areas and produce accurate, reliable and transparent data on deforestation and forest degradation.&lt;br&gt;c. In the spirit of transparency, this data is made publicly available to all concerned stakeholders.</td>
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<tr>
<td><strong>3B.4. Explore how data from deforestation monitoring systems can be fed into the national sector-wide cocoa traceability system.</strong></td>
<td>Following open and transparent consultations with all stakeholders, producing countries have issued guidance on how data from the national deforestation monitoring system shall be connected to the national, government-mandated, sector-wide cocoa traceability system.</td>
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**Fern’s assessment:** Our overarching assessment of progress on national traceability systems is provided just above.

On action point 3B.2, in Côte d’Ivoire, a national land cover baseline map has been developed and has been available online since December 2023. This is a major achievement, to be celebrated.

In Ghana, several stakeholders lamented the lack of transparency of the Ghanaian government, who has baseline maps but has not made them publicly available. Sharing this information would allow private actors to compare their data with maps generated by the local government and the Joint Research Centre (JRC), the institution responsible for this work at the European level.

In Côte d’Ivoire and Ghana, there are major issues with the accuracy of protected area boundaries. Protected area boundary maps not being publicly available is an obstacle for supply chain actors to ensure cocoa does not come from a non-authorised area. It addition, farms within protected areas exist, but they often lack legal registration and their boundaries are not known.

In Cameroon, a 2020 forest cover map is being updated and should be made available in 2024. An existing map from a Food and Agricultural Organisation (FAO) project is being used and aligned to EUDE specifications, but this is taking time because of a lack of government capacity and reported inertia from FAO.
In every producer country efforts and resources will be needed to keep the maps up to date.

On 3B.3, the concept of a deforestation monitoring system is not new in Ghana and Côte d’Ivoire: efforts to build such systems have been going for at least a decade, but have not resulted in something workable. In both countries, progress is blocked by governance issues, including conflicts between ministries and some vested interests. So long as these systems are not finalised, producer countries will continue to suffer from reputational risks regarding deforestation. In the absence of a state-led system, many companies are mapping the farmers in their supply chain to assess the deforestation risk for each.

Lastly, on action point 3B.4, in Ghana, COCOBOD is developing a Deforestation Risk Assessment module which will be integrated to the traceability system. While this will not be a deforestation risk monitor per se, it will provide, for each cocoa plot, information about whether it has a high or low risk of non-compliance with the EUDR’s deforestation risk and legality criteria thus contributing to stopping cocoa-led deforestation. Other than this, we are not aware that such guidance is being developed.

**Thematic area 4: Regulations and due diligence**

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<tr>
<td>4.1. Work in an inclusive manner to develop best practices on traceability for the cocoa sector and support the build-up of national traceability systems.</td>
<td>See above (traceability, transparency and accountability with regards to child labour and deforestation).</td>
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<td>4.2. Develop recommendations for sectoral guidelines on due diligence for the cocoa sector, taking into account the forthcoming EU rules on deforestation and corporate sustainability due diligence.</td>
<td>a. Following multi-stakeholder discussions, recommendations have been issued on deforestation and human rights (including child and labour rights) and environmental due diligence (HREDD) in the cocoa sector. b. These recommendations have been drafted and presented at a Cocoa Talks virtual roundtable session.</td>
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<tr>
<td>4.3. Support efforts to facilitate the adaptation of smallholders and farmers’ cooperatives to the requirements set out in the new EU due diligence rules, including e.g., capacity building, technical assistance and mapping of cocoa farms via geolocation coordinates.</td>
<td>Number of farmers, especially the most vulnerable, farmers’ organizations, cocoa and chocolate companies in Côte d’Ivoire, Ghana and Cameroon reporting that they are “ready to comply with EU due diligence regulations” has increased, following interventions under SCP project.</td>
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<tr>
<td>4.4 Conduct survey of legal framework in Côte d’Ivoire, Ghana and Cameroon to identify what is the “relevant legislation in the country of production”.</td>
<td>There is a written document with an overview of the “relevant legislation in the country of production” in Côte d’Ivoire, Ghana and Cameroon, which can facilitate the work of operators with regards to the implementation of the EUDR. As part of this survey of the legal framework, gaps and inconsistencies in the legal framework have been identified and any necessary legal review or reform has been done to correct these. Gaps in implementation have also been identified and any necessary work has been done to address these.</td>
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**Fern’s assessment:** The European Commission made clear in December 2023 that they will not be issuing guidelines for the cocoa sector for the EUDR. They will be drafting guidelines on the definition of “agricultural use” in the context of the EUDR, which should clarify issues raised by cocoa stakeholders around the status of agroforestry and fallow lands, as well as guidelines (non-country-specific) on what areas of national law fall within the scope of the EUDR.3

Regarding action point 4.3, and the need to facilitate the adaptation of smallholder’s and farmer’s cooperatives to the new EU diligence rules, the farmers representatives we spoke to said that most farmers are still not aware of the upcoming EUDR requirements. The EU is funding some EUDR capacity-building programmes for farmers, but these inevitably remain at a fairly small scale. The actors best-placed to quickly prepare farmers and cooperatives for EUDR implementation at a national scale are companies and producer governments.

The governments already have local offices and agents in cocoa-growing areas who are responsible for liaising with farmers around various issues, including providing agricultural inputs, services and training—and they will need to rely on these structures heavily when preparing for ARS implementation, at the very least. The producer country governments need to prepare and roll out, using their pre-existing hierarchy, a training module and national information campaign on the EUDR. Companies and the EU should help support the costs of this national training campaign.

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Finally, in Cameroon and Côte d'Ivoire studies are being launched to identify relevant cocoa legislation and verifiers, and propose a legality risk assessment approach. Ghana is reportedly preparing a similar study.

This is important as the EUDR requires companies to respect the national laws of the origin country in a range of areas including land use rights, labour rights, human rights and third-party rights. For companies to be able to meet this obligation, it is important that there is clarity around relevant national laws and how compliance can be demonstrated.

In Côte d'Ivoire, there is a particular issue around the unclear legal status of former classified forests (forêts classées) which have been converted to cocoa-growing areas before 2020 and are set to be reconverted to “agro-forêts”, but for which the legal process for this conversion has not been completed. This will mean that all the cocoa in those areas – which represents up to a third of the cocoa being produced in Côte d'Ivoire — is at risk of not being able to enter the EU. This matter, amongst others, must urgently be clarified.

**Thematic area 5: Sustainable Cocoa Production**

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<th>Action point</th>
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<tr>
<td>5.1. Scale-up agro-ecological solutions on already-used agricultural or barren land (notably agro-forestry) that combine local know-how with scientific research</td>
<td>Number of farmers and farmers’ organizations that have introduced agro-ecological solutions on their plantations has increased, following interventions under the €25 million project as well as under private sector sustainability programmes.</td>
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</table>
| 5.2. Identify incentives that encourage the transition towards more sustainable production practices (e.g., payment for ecosystems services). | a. A study has been conducted to identify incentive systems that could be introduced to encourage the transition towards more sustainable production practices.  
b. The study has been validated by stakeholders within the framework of the national dialogue platform and/or a Cocoa Talks virtual roundtable session.  
c. Pilot projects have been launched to test the incentive systems that have been identified and validated by stakeholders. |
| 5.3. Support farmer entrepreneurship through farmer aggregation and capacity-building for farmers’ organizations as well as to crop diversification and the promotion of additional income-generating activities. | Number of farmers’ organizations that demonstrate improved practices in key areas (governance, financial management, branding and marketing, transport and storage, agricultural extension services for members, other advisory services, advocacy, etc.) [Figure to be determined through surveys before and after project interventions] |

**Fern’s assessment:** During our interviews, no information came out on the upscale of agro-ecological solutions.

On action point 5.2, there has not been much work done to identify incentives to encourage the transition towards more sustainable production practices; presumably because time-sensitive issues around price and readiness for EU regulations are being prioritised. Fern finds this area to be very relevant in the longer term, and work here should therefore continue.

It may be important to explore incentives for operators to continue investing in high-risk areas, as disengagement from the areas which need the most support is a potential risk of the EUDR.

On action point 5.3, as described above, cooperatives are set to play a central role in the ARS and national traceability systems, and it is important that they are able to do this. However,
many still need significant support to be able to play this role, with internal governance being a key challenge. In addition, many (in some places most) farmers are not members of cooperatives.

The Ivorian civil society platform (PICD) is conducting a study on the national law on cooperative governance (known as the “OHADA law”) in Cote d’Ivoire, and developing a “manual of procedures” for what a well-governed cooperative should do. This may serve as useful inspiration for the government.

**Thematic area 6: Development cooperation and finance**

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<tr>
<td>Identify development partners and sources of funding to implement the ‘action points’ that have been identified as a result of the Cocoa Talks. Set up a simple monitoring system.</td>
<td>a. EU donors coordinate their efforts regularly on sustainable cocoa. b. As needed, coordination platforms have been set up in each of the producing countries (similar to the Ghana Cocoa Monitor proposed by the Ghana Cocoa Board).</td>
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**Fern’s assessment:** Interviewees found that coordination between donors could be improved in Ghana, in particular between the EU and the UK who, despite no longer being an EU Member State, is also a major donor in the forest policy space in Ghana; coordination of efforts would maximise the impact of spending.

**Thematic area 7: Consumers**

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<tr>
<td>7.1. Conduct further research on consumer willingness to pay higher prices, on the price elasticity of chocolate products, and on the differences in behaviour between consumers in different EU countries, taking into account competition rules.</td>
<td>a. Further research has been conducted on consumer willingness to pay higher price, on the price elasticity of chocolate products, and on consumer behaviour, including the differences in different EU countries. b. The research serves to shed light on the extent to which EU consumers are able and willing to absorb increases in the price of chocolate and other cocoa-based products.</td>
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<tr>
<td>7.2. Reinforce coordination with retailers across Europe</td>
<td>Major retailers from the EU are actively engaged in the Cocoa Talks and the EU Sustainable Cocoa Initiative</td>
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**Fern’s assessment:** Retailers still remain unengaged; they do not appear to face very much pressure from consumers and do not feel motivated to participate in discussions, even though the recent study from LeBasic revealed that retailers claim nearly half (46 per cent) of the profits in the final sale value of a dark chocolate bar in France (compared to 0.5 per cent going to farmers). Retailers play an active role in pushing down cocoa prices, and thus are culpable for the human rights issues caused by low prices, but they do not seem committed to addressing this. It is possible that the CSDDD may provide some avenues for holding retailers accountable for problems caused further up the supply chain by their purchasing practices, which could then trigger some changes on their part.

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Conclusions and Recommendations

Much of the work set out by the Sustainable Cocoa Roadmap is underway, although some countries have progressed further than others. The Sustainable Cocoa Initiative has significantly improved communications between cocoa sector actors in producer countries and the EU, and has bolstered progress on key issues like national traceability systems.

This work has made the cocoa sector in the three participating countries much further-advanced than other sectors and producer countries in terms of readiness for new EU laws like the EUDR, the CSDDD and the Forced Labour Law. However, important gaps still remain, some of which are urgent given that the EUDR will start applying to companies at the end of 2024.

Neither the ARS, nor Côte d'Ivoire and Ghana's national traceability systems, were originally set up to achieve EUDR compliance: they are stand-alone national systems that both governments have been working on since before the EUDR came into the picture, and which intend to cover all cocoa produced in those two countries, not simply that which is destined for the European market. However, given that both countries have expressed a desire for their national systems to be used for the EUDR compliance, it is important that all parties are realistic about gaps that remain and urgently focus efforts on what needs to be done. Until these gaps are addressed, companies will continue to avoid using national systems, preferring their own instead, as they are the ones who will be legally sanctioned and fined if traceability does not meet EUDR requirements. Companies' own systems also have gaps and weaknesses, which expose them to risk of EUDR substantiated concerns—and some of which they will need the producer governments' systems to address. It is therefore in the interest of all parties to work together to tackle remaining gaps.

The interviews and research undertaken for this report revealed a number of recommendations which the parties should consider when undertaking this work. We have outlined those recommendations below, categorising them as focussing either “process” or “content”. In addition to these suggestions which are intended to fit the scope of the Sustainable Cocoa Roadmap, we would also highlight the importance of supporting measures to tackle farmer poverty – such as setting up pensions and health insurance for farmers.

PROCESS RECOMMENDATIONS:

For the sustainable cocoa initiative to remain an unprecedented space of multistakeholder exchange and go beyond its current limitations, we recommend that producer governments and the European Commission put in place four types of dialogue:

- **Smaller multi-stakeholder technical working groups**: these should make recommendations on how to address specific issues, and be set up and led by the producer country governments. They should be based on the model used by the CIGCI expert group on traceability, include representatives from all producer country stakeholder groups (including companies, farmers’ organisations and NGOs), meet regularly and agree on written recommendations, and encourage openness by keeping discussions confidential and not including the EU. In addition to the already-planned groups on accountability and the true cost of sustainable cocoa, these multi-stakeholder technical working groups should cover at least the following issues: (i) defining the list of national laws that companies must respect in the cocoa sector (including for the purposes of EUDR; (ii) getting farmers’ organisations ready for ARS implementation; and (iii) how to include gender considerations within ongoing cocoa sector developments. The producer country government should then be sure to implement the recommendations made by these working groups.
• **Regular structured political dialogue between the European Commission and producer country governments:** parties should meet at pre-scheduled dates to check on progress and challenges and where further support might be needed. Relevant producer government ministries should take part (not only cocoa agencies), as well as the in-country EU Delegation. It should also be a space for the EU to commit to policy actions that producer governments want it to take, and for producer governments to check in on how implementation of these EU actions is going.

• **Regular permanent dialogue forum at producer country-level:** these should be led by the producer country governments, allowing them a chance to regularly check in with non-government stakeholders active in the producer country.

• **Continuing the larger public-facing meetings:** the format seen in the original (2021-2022) round of Cocoa Talks is useful for briefing all actors and publicly reporting on progress, and the European Commission should continue to organise these on an occasional basis.
CONTENT RECOMMENDATIONS:

In addition to the above, producer governments should:

- **Improve traceability**: Implement the recommendations of the CIGCI working group on traceability. We heard wide stakeholder support for these recommendations so implementing them would go a long way towards building the much-needed stakeholder trust in the system;

- **Increase training**: Roll out a nation-wide EUDR training programme for farmers. This should be financially supported by the EU;

- **Strengthen farmer organisations**: Develop and implement an action plan for ensuring farmer organisations are ready to play their role in ARS. The action plan should include efforts to ensure that all farmers are members of a bona fide cooperative, and that cooperatives follow good governance procedures. Such an action plan could be developed via a multi-stakeholder working group as described above;

- **Publish maps**: Update and make information about the boundaries of protected areas and admitted agricultural areas publicly available;

- **Clarify ARS and EUDR interaction**: Clarify in which aspects the ARS can be used as an EUDR compliance tool. This is important as there are a number of areas where the two diverge.

Companies should:

- **Share maps**: Share polygon maps with producer governments;

- **Agree financial contributions**: Agree with producer governments how to contribute towards the costs of government-run systems (including national traceability systems and child labour monitoring components, and a national information campaign to ensure farmers are ready to comply with the EUDR). This is more efficient and comprehensive than companies trying to do this themselves;

- **Implement compliance premiums**: Implement a “compliance premium” system similar to that used by Tony’s Chocolonely, which compensates farmers for the costs of complying with applicable sustainability standards. Although a premium will eventually be integrated to the ARS, companies should take accountability for this in the interim;

- **Change purchasing practices**: Adopt purchasing practices in line with the VOICE paper on purchasing practices, including paying a Living Income Reference Price and concluding long-term asymmetric contracts with farmers.

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5 The points of divergence identified by the report include: “(1) the cut off date in the ARS standard is June 2021; in the [EUDR] the end of 2020; (2) There is no distinction in the [EUDR] between primary and secondary forests, so the fact that the ARS standard allows deforestation or degradation of secondary forest (under certain conditions) is not consistent; (3) The phrase in the ARS standard allowing farming – and, therefore, potentially deforestation or forest degradation –where the national context allows it is inherently unclear, and is inconsistent with the [EUDR]. This appears to be an issue for Côte d’Ivoire, though not for Ghana; (4) There is no explicit reference in the ARS standard to compliance with national laws, apart from references to protected areas, although some of the categories of laws listed in the Regulation, including those covering child labour, labour rights and human rights, are referred to in the ARS standard. The legality criterion in the Regulation may be subject to further clarification by the European Commission, in particular with reference to land rights, especially customary rights, and human rights protected under international law.”
The European Commission should:

- **Offer financial and technical assistance**: Continue to support producer countries financially and technically and provide more direct funding to smallholder unions and cooperatives;

- **Explore demand-side measures on price**: Assess options on the consumer-side regulatory level to make the payment of an adequate price and the adoption of responsible purchasing practices a market requirement, as it has done with zero-deforestation. The Unfair Trading Practices Directive will be reviewed by the end of 2025; it could be amended to more explicitly require companies to at least pay farmers the cost of production. Many stakeholders are worried about the lack of progress on the ground and are concerned that nothing will change, particularly if other producer countries do not join;

- **Produce an EUDR compliance readiness assessment**: Assess the readiness of farmers to be able to comply with the EUDR and the risks of non-compliance, in particular to understand the number of farmers at risk and the possible socioeconomic consequences.
Fern is a non-governmental organisation (NGO) created in 1995 with the aim of ensuring European policies and actions support forests and people. Our work centres on forests and forest peoples’ rights and the issues that affect them such as aid, consumption, trade, investment and climate change. All of our work is done in close collaboration with social and environmental organisations and movements across the world.

"The Sustainable Cocoa Initiative has improved dialogue between producer country governments and the EU, bolstered progress on national traceability systems, and supported readiness for new EU laws."