CocoaAction Progress Report

March 2015

World Cocoa Foundation
This is the first in a series of updates documenting the progress of CocoaAction, a comprehensive strategy launched in 2014 to sustain the cocoa and chocolate industry and improve the livelihoods of cocoa farmers in the world’s leading cocoa producing countries. Future reports will document the progress of productivity and community development efforts. For additional information about CocoaAction, visit www.worldcocoafoundation.org/cocoaaction.
Challenging Times for Cocoa Farmers

Producing upwards of 70 percent of the world’s cocoa supply, Africa is essential to the continued supply of cocoa to the world market. And in West Africa, cocoa farming is a way of life and chief source of income for at least three million farmers. Despite significant investments in cocoa sustainability initiatives by the public, private, and nonprofit sectors in recent years, cocoa farming continues to face significant challenges. Farmers encounter increased competition from other cash crops, declining soil fertility and lack of access to and knowledge of how to apply fertilizer, and a lack of access to and knowledge about good agricultural practices and environmental stewardship. The result is a perfect storm of factors causing cocoa farming to lose its appeal as a viable livelihood among younger generations.

These challenges impact the cocoa industry as well. With too many cocoa farmers in West Africa trapped in a cycle of economic and social decline, the global supply of cocoa may be in jeopardy. While the world’s demand for chocolate is forecast to continue growing over the next ten years, the supply of cocoa is less certain and could plateau or possibly decline, further limiting this crucial economic resource in communities where it is needed most.

An Industry-Led Sustainability Strategy

To tackle these challenges, eleven of the world’s leading cocoa and chocolate companies came together in Côte d’Ivoire and Ghana in May 2014 to launch CocoaAction, an unprecedented strategy to sustain the cocoa industry and improve the livelihoods of cocoa farmers. Convened by the World Cocoa Foundation (WCF), CocoaAction aims to boost productivity and strengthen community development in Côte d’Ivoire and Ghana. Together, these two countries produce close to 60 percent of the global supply. CocoaAction represents a new level of coordination to advance effective interventions on a non-competitive, voluntary basis and seeks out best practices in promoting cocoa sustainability.

CocoaAction aims to train and deliver improved planting material, fertilizer, and soil fertility practices to 300,000 cocoa farmers, as well as show demonstrable progress toward improving communities through education, child labor monitoring, and women’s empowerment.

A Road Map to Cocoa Sustainability & Successful Farmers

The vision for CocoaAction is a rejuvenated and economically viable cocoa sector, starting in Côte d’Ivoire and Ghana, that can compete with alternative crops and provide opportunities to cocoa farmers and cocoa communities. CocoaAction is organized around six work streams, or thematic areas, that focus on the greatest needs of the cocoa sector Côte d’Ivoire and Ghana: Planting Material; Fertilizer and Soil Fertility; Community Development; Government and Donor Alignment; Innovation/Future Forms of Agricultural Extension Work; and Shared Commitment to Measuring Progress and Impacts.

All six work streams are led by CocoaAction members, self-selected based on their respective expertise and carried out in partnership with governments of the two countries. As the strategy’s convener, WCF provides technical expertise and facilitates knowledge sharing and collaboration among members within and across work streams.

“With CocoaAction, industry leaders are embarking on an unprecedented effort to improve farmers’ lives and ensure they benefit more from the cocoa they grow.”

– Bill Guyton, President, World Cocoa Foundation
CocoaAction Progress Report: Alignment

Considering the complexities of coordinating a comprehensive industry-wide strategy to improve sustainability of the cocoa sector, CocoaAction members are committed to the long-term and may need to forego quick results. Yet, in less than a year since CocoaAction’s inception, demonstrable progress has been made.

This report conveys the progress toward alignment – a position of agreement or alliance. Alignment means getting industry to agree on a strategy and then working with government and other stakeholders so that all parties have a shared perspective on what is needed to accelerate sustainability in the cocoa sector. Together, these entities will work to improve productivity and community development in Côte d’Ivoire and Ghana. Over the past several months, alignment in three particular areas – with government, in measurement standards, and across the work stream charged with improving planting materials – holds great promise.
A Collaborative Process

As the initial focus countries of CocoaAction, the governments of Côte d’Ivoire and Ghana play prominently in the overall success of the strategy. As independent governments focused on their own challenges and opportunities related to economic security, their alignment efforts are critical to the overall success of CocoaAction. In both countries, cocoa is a closely monitored major component of GDP with negotiation, compromise, and an open and ongoing dialogue between government representatives and CocoaAction.

There has been rich, two-way, collaborative communication in multiple forums. In May 2014, senior executives from the leading cocoa and chocolate companies signed joint agreements with the governments of both Côte d’Ivoire and Ghana recognizing CocoaAction as an unprecedented strategy to accelerate actions to make cocoa farming more sustainable. Six months later, multiple parties came together for in-depth workshops about key performance indicators (KPIs).

In February 2015, WCF, through the CocoaAction strategy, hosted community development workshops in Côte d’Ivoire and Ghana. Participants included le Conseil du Café-Cacao, the Ghana Cocoa Board (COCOBOD), CARE, the International Cocoa Initiative (ICI), ministries involved in education, agriculture, and gender, trade unions, and private sector partners, among others, for a series of conversations and working sessions to share best practices and lessons learned related to inclusive community development.

Côte d’Ivoire

CocoaAction representatives have successfully engaged with the government of Côte d’Ivoire and its national agency focused on cocoa, le Conseil du Café-Cacao. Since May 2014, the two groups have met for significant discussions no fewer than four times and have engaged in countless other communications about CocoaAction. As a result, le Conseil du Café-Cacao has agreed to integrate its 2QC strategy (Quantity, Quality, Growth) with CocoaAction.

This alignment of collaborative public and private efforts is also demonstrated by the imminent execution of a Memorandum of Understanding about Work Stream 1 implementation, inclusive of key activities and responsibilities related to planting material. The team is currently working toward a signing during the next Public-Private Partnership Platform plenary meeting in April 2015.

Ghana

In Ghana, COCOBOD oversees its cocoa sector, and leaders have welcomed discussions with CocoaAction representatives – in fact, more than four high-level meetings between the two groups have taken place since May 2014. As a result, industry and government are taking the first important steps toward putting structure behind the goals of the CocoaAction strategy, particularly in the areas of community development. In addition, key representatives of the Ghanaian government – including Ghana’s Child Labor Unit and Ministry of Gender – are involved in ongoing discussions pertaining to identifying best practices and areas of focus based on previous activities and interventions.

These collaborative conversations have also encouraged the Ghanaian government to formalize the structure behind its own priorities to support greater productivity on farms and community development efforts in cocoa growing areas. In a positive and important step, the Ghanaian government has designated points of contact within COCOBOD to serve as direct liaisons with the CocoaAction team.

“What’s new is that we are working with the governments of Côte d’Ivoire and Ghana as CocoaAction - not individual companies - for the good of all parties involved.”

– Andy Harner, Vice President for Global Cocoa, Mars, Incorporated
Benchmarks for Success

Essential to CocoaAction’s success – sustaining the cocoa industry and improving the quality of life of farmers and communities in the focus countries – is the creation of and adherence to benchmarks and measurable goals. Since the inception of CocoaAction, demonstrable progress has been made among CocoaAction members regarding alignment in measuring and tracking progress toward sustainability in the cocoa value chain.

In October 2014, at the World Cocoa Foundation’s annual partnership meeting in Copenhagen, Denmark, members agreed upon a common set of key performance indicators (KPIs) that will underpin all CocoaAction activities in Côte d’Ivoire and Ghana. The KPIs were developed with input from the governments of Côte d’Ivoire and Ghana, and others with expertise in measurement systems.

A key influence on the CocoaAction KPIs was a World Cocoa Foundation research and development initiative started in 2012 called CocoaMAP – Cocoa Measurement and Progress. This learning is now integrated into the CocoaAction KPIs. The six KPIs established for CocoaAction focus on two broad outcomes: helping farmers boost productivity and supporting cocoa-producing communities to improve livelihoods.

Key Performance Indicators for Productivity (broken down by gender)

1. The number of farmers who are applying a minimum number of good agricultural practices.
2. The number of farmers who are adopting recommended planting materials to rehabilitate a minimum percentage of their old or non-productive cocoa trees.
3. The number of farmers who are adopting recommended fertilizer and soil fertility practices on their farms.

Key Performance Indicators for Community

1. The number of children participating in child labor as defined by the International Labour Organization Convention 182.
2. The number of women in leadership positions (e.g., trainers, lead farmers, extension workers) in farmer organizations.
3. The percentage of school-age children regularly attending school.

As illustrated above, the success of CocoaAction is contingent on a solid foundation in measurement. In November 2014, CocoaAction members held KPI workshops with the governments of Côte d’Ivoire and Ghana and other stakeholders to develop consensus around these measures. In January 2015, Ivorian partners mapped out terms of reference and a timeline for a joint industry-government-multilateral institution committee to create specific indicators associated with the agreed upon higher-level KPIs.

“I am delighted by the level of alignment, collaboration, and commitment we’ve seen so far from the cocoa industry and all the critical stakeholders. We have a real opportunity to transform this industry to the good of millions of farmers and their families.”

– Barry Parkin, World Cocoa Foundation Chairman and Chief Sustainability and Health and Wellness Officer, Mars, Incorporated
Working Toward Greater Productivity

The first of CocoaAction’s six work streams, Work Stream 1: Planting Material, serves as the backbone for the comprehensive strategy, providing an avenue to help farmers rehabilitate cocoa farms and increase productivity. Although some companies have been implementing rehabilitation elements for some time, CocoaAction brings those efforts together into one approach, providing the power and opportunity of alignment. To keep up with demand, it is estimated that 50 million new cocoa trees need to be planted in Côte d’Ivoire and 30 million in Ghana each and every year. Productivity gains offer increased income potential for farmers through more cocoa on less land, which provides opportunities for diversification into other food and cash crops.

Improving and Increasing Access to Planting Material

Work Stream 1 is led by three CocoaAction companies – Mars, Incorporated, Nestlé, and Mondelēz – who have demonstrated expertise and impact delivering effective supply and delivery models of improved planting material. The strength of this work stream is the contributions and collaborations of all members. Companies agree to share best practices they’ve developed over many years in the field and work collaboratively with their competitors to ensure a better outcome than they could achieve on their own.

In less than a year, Work Stream 1 members have achieved solid traction in their collective efforts to improve and increase access to planting material for cocoa farmers in the target countries. The successes center around two key areas: agricultural techniques and improved distribution of materials. CocoaAction colleagues have worked diligently to develop a Memorandum of Understanding detailing process and implementation related to this first work stream.

Healthy and High-Yielding Trees

Farmers’ livelihoods will greatly benefit from more productive cocoa trees. To expand the capacity of origin countries to produce good quality cocoa trees, CocoaAction aims to combine two propagation methods: a lab based method of propagating trees and conventional vegetative propagation. By creating plantlets, strong seedlings are then supplied to nurseries and farmers as young plants.

Conventional vegetative propagation is achieved through grafting or rooted cuttings and can generate large numbers of grafted plants from a selected improved variety. This process is typically carried out professionally and supplied to a farmer as a young plant, but some grafting techniques can also be used to rehabilitate existing plants. Budwood gardens are used to generate the material necessary for grafting.

The power of CocoaAction lies in the combination of both methods, and members share knowledge and capacity across the board to achieve common goals.

Important progress is also being made in the realm of improving the distribution of planting materials. Work stream members are actively determining how to best get improved planting materials into the hands of farmers, whether via a central distribution model or leveraging local distribution services or centers to deliver supplies to farms.

“It hurts a farmer to cut down a cocoa tree. It’s a hard decision, but it needs to be made because trees are aging and not producing. Through CocoaAction, we’re easing the burden by making access to training, fertilizer, and planting materials more readily available.”

– Darrell High, Cocoa Manager, Nestlé
The next several months will bring invaluable insights to inform these collective efforts. Collaboration and fine-tuning of the strategy will occur as members gather more important data about the efficacy of these strategies and will ensure important progress toward the goals of CocoaAction. Future reports will document progress and serve as important milestones in the life of the strategy. The numerous challenges facing the sustainability of cocoa and cocoa farms as outlined at the outset of this report are considerable. Yet in less than a year, the progress under the unifying banner of CocoaAction is promising. With cocoa stakeholders collaborating toward sustainability, needed changes can happen.

To learn more and to get involved with CocoaAction, please contact the World Cocoa Foundation by phone at +1 (202) 737-7870 or email wcf@worldcocoa.org.

“The goal of CocoaAction is not to use a one-size fits all approach, but to work toward the same outcomes for the benefit of future generations of cocoa farmers and their families.”

– Christine McGrath, Vice President, Well-being and External Affairs, Mondelēz International