

WCF Strategy: Pathway to Sustainable Cocoa

OUR VISION

Global stakeholders came together in 2012 under the leadership of the International Cocoa Organization and developed a [joint framework for sustainability in the cocoa sector](#). It focused on four key building blocks: sustainable production, sustainable supply chain, sustainable consumption, and strategic sector management.

The World Cocoa Foundation (WCF) – representing more than one hundred companies in the supply chain and 85 percent of the global cocoa market – **focuses on the two elements of sustainable production and sustainable supply chain**. Other partner organizations address consumption, marketing and commercial dimensions, supply side management, and sector governance.

Our vision is a thriving and sustainable cocoa sector, where farmers prosper, communities are empowered, and the planet is healthy. Our long-term goals are:

- **Prosperous farmers** become truly sustainable and profitable, with transformation of traditional smallholder farming into modern business, towards ultimately more diversified farms of sufficient size, that deliver sustainable livelihoods for farmers and their families;
- **Empowered communities** lead their own development, human rights are protected, and safety and wellbeing of children and families are strengthened; and
- A **healthy planet** is conserved and enhanced, with resilient and biodiverse landscapes, and the carbon footprint of the sector is reduced.

Industry cannot achieve these goals in isolation – **we need a strong enabling environment where we work with origin governments and all stakeholders to drive transformation through:**

- **Multi-stakeholder collaboration and partnerships**, including pre-competitive collective action among companies, and new partnership platforms that bring together governments, industry, and other stakeholders;
- **Effective government policy and regulatory frameworks**, both in producing and consuming countries; and
- **Aligned public-private investment to create impact at scale**, which leverages third-party financing and accelerates science, innovation, and learning.

As we build new partnerships and leverage additional investments for this Pathway to Sustainable Cocoa, **we need to ensure clear delineation of the roles and responsibilities of all stakeholders**, with strong accountability systems in place to monitor delivery of each other's commitments.

WHAT HAVE WE LEARNED FROM THE PAST?

Companies have invested significant resources and effort over the past decade to strengthen cocoa sustainability. Yet progress has been slow. What have we learned?

- **Many viewed certification as a proxy for sustainability** – but we have seen that the current certification model and associated premiums has had limited impact to address social and environmental challenges.
- **We thought market forces would provide strong economic incentives for farmers.** Yet market fluctuations over the past few years have weakened returns for smallholder farming, and increased financial risks for farmers.
- **We focused heavily on the role of science and research to boost farm productivity and profitability.** Yet farmer yields have not significantly improved, and production increases outside of Latin America have largely come from expansion of cultivation. We have learned that farmer adoption of new technologies is complex and requires new approaches, and a stronger focus on sustainable livelihoods is needed to raise farmers out of poverty.
- **We emphasized private sector action as the driver for sustainable production.** We have seen that multi-stakeholder engagement is critical to tackle sector challenges, and we need stronger partnerships with origin governments, farmer organizations, and financial and technical partners.
- **We did not focus on the enabling business and policy environment in origin countries,** which has increasingly emerged as a major barrier to sector transformation. We now recognize the importance of government policy reform related to farmgate pricing, land use and tenure, input access and delivery, trade and marketing infrastructure, and enforcement of national environmental and social laws and regulations.
- While we implemented a wide range of pilot projects to test new sustainability approaches on the ground, **there has been insufficient attention to replication and scale up – and limited support from global financial institutions.**

Our main takeaway -- While we identified and implemented a wide variety of useful individual actions over the past decade to accelerate cocoa sustainability, **we need a stronger “systems approach” that integrates the various individual actions and stakeholders into a strategic pathway to drive sector transformation.**

THREE STRATEGIC PRIORITIES IN THE PATHWAY

We will catalyze action on three strategic priorities in the Pathway to Sustainable Cocoa over the next five years: sustainable livelihoods, child and forced labor, and climate change and deforestation.

1. Boosting Sustainable Livelihoods for Cocoa Farmers

Despite progress, cocoa farmers have not experienced improvements in their income or living conditions at an adequate pace. **We will accelerate efforts to empower farmers to earn**

a better income, building on good practices and lessons learned from CocoaAction and company sustainability programs, recent analytical work on living income in the cocoa sector, and the priorities set out in cocoa sector development strategies of the origin governments.

These efforts will directly contribute to progress on SDG 1.1 to eradicate extreme poverty for all people everywhere by 2030, and SDG 2.3 to double the agricultural productivity and incomes of small-scale food producers by 2030.

Key industry actions will focus on:

- **Professionalization:** Enabling farmers to take a business approach to farming, with access to multi-year planning and professional services to focus on targeted farm development and rejuvenation.
- **Productivity and Quality:** Maximizing yield on existing cocoa land remains a key component towards improving farmer livelihoods. These initiatives focus on good agricultural practices; access and application of affordable, quality inputs and planting material; and access to finance. More rigorous understanding of behavior change is critical for addressing the challenge of low adoption of improved technologies. In addition to productivity, initiatives will also maintain a focus on the production of quality cocoa. This will allow farmers to not only achieve a higher realized price for the product but also improve market access and influence.
- **Traceability:** Mapping farms remains a key activity to understand the overall cocoa landscape at origin, as well as providing supply chain assurance on location and productivity potential. Further traceability along the supply chain will play a greater role in ensuring food security and end-user confidence. In addition, traceability plays a key role in ensuring that the farmers who require long-term support are efficiently identified and enrolled into suitable initiatives.
- **Diversification:** A key component to any livelihoods strategy needs to include a component on crop and income diversification. This not only ensures that farmers are able to maximize their farm income but also provides greater resilience to price volatility. Diversification also contributes to gender empowerment, climate change resilience, and improved nutrition.
- **Capacity Building of Farmer Organizations:** The farmer group structure has proven benefits that can be further augmented through increased professionalization of the management resources. This offers the opportunity to improve services delivered to farmers as well as employment creation, rural economic development, and greater negotiation leverage.

Origin government action will be critical for achieving the targets of increased income and yields for farmers. Key priorities include increased share of global prices to farmers through government-set farmgate pricing, effective supply-side management, clearly defined national standards for sustainable production, land tenure reform, efficient agricultural input and service delivery, increased financial inclusion and access, and strong transparency and accountability, including collection and reporting of key production and sustainability data.

2. Eliminating Child and Forced Labor in Supply Chain

Children continue to labor in hazardous conditions on some farms, with significant gaps in access to safe, high-quality schooling, and basic health and social services. While the occurrence of forced labor is extremely rare in the cocoa industry, any human trafficking is abhorrent and must be addressed immediately.

We will launch a new framework strengthen children's rights and accelerate progress to end child and forced labor in the supply chain, building on good practices and lessons learned from past and current programs, and in close collaboration with the International Cocoa Initiative and global financial and technical partners leading on children's rights and decent work.

These joint efforts will directly contribute to progress on SDG 8.7 to end child labor in all its forms by 2025, and take immediate effective measures to eradicate forced labor; and SDG 5 to achieve gender equality and empower all women and girls.

Key industry actions will focus on:

- **Child and Forced Labor Monitoring and Remediation**, including setting up community-level Child Protection Committees of trained volunteers; identifying vulnerable children at risk; remediating identified cases of child labor with the support of local and regional authorities and partner organizations; ensuring corporate human rights processes work in synergy with government systems; and full integration of forced labor risk into company policies, systems, and operations, with immediate reporting of any instances to relevant authorities.
- **Community Development**, including sensitizing all parents and children in cocoa-growing communities to the dangers of child labor and the long-term negative impact it can have on children's development, and continued investment in the development and implementation of Community Action Plans to ensure communities are engaged, empowered and accountable to lead their economic and social development.
- **Access to Quality Education**, including promoting school enrollment and attendance; helping families to secure birth certificates for their school-age children; contributing to educational infrastructure, equipment, and materials in communities where facilities are inadequate; and vocational training and skills-development opportunities for decent youth employment.
- **Improving Child Survival**, through targeted support in partnership with public sector programs for clean and safe water in schools and health centers, school feeding and nutrition, vaccinations, and sanitation and latrines.
- **Women's Empowerment**, including strengthening women's financial independence and decision-making power, which leads to families prioritizing children's education and well-being, and expanded investment in gender empowerment activities such as income generating activities, Village Savings and Loan Associations, and farmer business training.

Government strategy and leadership will be at the center of our new framework to eliminate child and forced labor, with the National Action Plans of Côte d'Ivoire and

Ghana providing the foundation for our joint approach. Key priorities for government action include: strong monitoring and prosecution of trafficking, capacity building of government and community institutions and systems to monitor and remediate child labor, scale up and simplification of birth registration, and implementation of education and health commitments set out in the National Action Plans.

3. Tackling Climate Change and Deforestation

Cocoa farming has been a driver of deforestation in West Africa and other geographies, and has exacerbated soil degradation and global warming. Cocoa farmers are already seeing the impacts of climate change and current cocoa-producing regions may no longer be suitable for cocoa production in the next 30 years. **We are committed to a deforestation-free supply chain, protecting forests, and making cocoa communities more resilient to climate change – through accelerated implementation of the Cocoa & Forests Initiative (CFI).**

These joint efforts will directly contribute to progress on SDG 15 to protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, and halt and reverse land degradation and biodiversity loss; and SDG 13 to take urgent action to combat climate change and its impacts.

Industry efforts need to be designed and implemented on a broad landscape-level approach, with strong links with similar initiatives in other commodities. Key industry actions are set out in the Frameworks for Action for CFI:

- **Traceability and Supply Monitoring:** No further conversion of forest land for cocoa production; elimination of sourcing from protected areas; use of deforestation-risk assessments and expansion of GIS mapping and traceability systems to monitor cocoa flow from farm to first purchase point; and monitoring of land-use changes in areas where cocoa is sourced to identify potential signs of cover loss and deforestation risks.
- **Protection and Restoration of Forests:** Targeted investment in protection of intact forests and restoration of degraded lands, including distribution and planting of native trees for forest restoration; development of agro-forestry systems that generate multiple economic and environmental benefits; and community-based natural resource management activities.
- **Environmentally Sustainable Production:** Sustainable intensification to “grow more cocoa on less land;” promotion of climate-smart agriculture that promote both mitigation and adaptation in cocoa production; increased investment in more efficient use of water, land, fertilizer, and pesticides; and payments for environmental services to incentivize farmers to adopt good land-use practices.
- **Carbon Targets:** Assess and set science-based greenhouse gas reduction targets for supply chain share of the global carbon budget, aligned with the Paris Climate Agreement; and join integrated landscape management plans to facilitate carbon finance payments for reduced carbon emissions from deforestation and degradation.

Strong government implementation of the public sector commitments set out in the CFI Framework for Action will be critical for achievement of our 2025 environmental targets. Key priorities include: effective regulatory framework for traceability

encompassing all traders in the supply chain; detailed operational policies and guidance for agro-forestry development and land-use in forest areas; land and tree tenure reforms to strengthen users' rights to derive economic benefits from forest resources; strengthened public sector forest law enforcement and governance; and provision of alternative livelihoods and restoration of standard of living as needed for any farmers affected by land-use changes.

THE ROLE OF WCF IN THE PATHWAY

With more than 100 company members from across the entire cocoa supply chain, WCF is uniquely positioned to catalyze joint stakeholder action. We will focus on six core competencies:

1. **Convene industry in collective action** – to build an aligned, motivated, and knowledgeable membership engaged in collective action to achieve sustainability outcomes beyond what any one company could achieve by itself. This will result in the creation of shared value for the sector as a whole.
2. **Facilitate multi-stakeholder partnerships** – to engage and leverage the knowledge, financing, skills, and authority/power of different stakeholders to jointly identify and solve key sustainability challenges.
3. **Facilitate industry engagement in policy dialogue with government** – to identify and address key barriers in the enabling business and policy environment at origin that impede achievement of economic, social, and environmental outcomes.
4. **Promote industry learning, knowledge sharing, and monitoring and evaluation** – in order to identify industry-wide lessons learned, best practices, and new approaches that will accelerate science, innovation and impact within companies and across the sector, and strengthen transparency and accountability of industry results and performance and evidenced-based decision making in the sector.
5. **Help mobilize resources from development partners and financial and capital market institutions** – to leverage the additional financing required to successfully implement collective action initiatives and achieve the 2025 targets.
6. **Communicate industry investment and impact** – to showcase and champion industry's sustainability efforts and results while identifying and proactively managing risks, particularly related to human rights and environment.

WHAT IS DIFFERENT?

- WCF will **focus more on the core functions of convening industry in collective action, building multi-stakeholder partnerships, and engaging government in policy dialogue.** We will correspondingly reduce our focus on implementation of donor-funded project activities, and direct delivery of technical services.
- WCF will need **greater selectivity and prioritization of our work** to ensure effective and efficient progress on our long-term impacts of prosperous farmers, empowered communities, and healthy planet. Over the next five years, we will focus on the three specific sector challenges of sustainable livelihoods, child and forced labor, and climate change and deforestation.

- **While West Africa will remain a focus, WCF will increase our geographic reach,** with stronger presence over the next few years in Latin America (with CocoaAction Brasil and Cocoa & Forests Initiative Colombia) and, in the medium-term, re-engaging in Indonesia.
- WCF will **engage a wider swathe of members in our sustainability initiatives,** and more actively leverage the full knowledge and resources of our 100+ members (CFI illustrates the potential, with 35 members already participating).
- WCF will **scale up communication about industry impact and lessons learned from successes and failures.** We will develop a stronger results framework to track and manage WCF performance, and an integrated data collection system to monitor and report industry results and performance.