



Advantages and  
Shortcomings of

# Voluntary Sustainability Standards

In The Cocoa Sector

March 15, 2018

Belgian development agency

[enabel.be](http://enabel.be)




# Voluntary sustainability standards

## 2 philosophies to improve incomes



### Fairtrade

- Minimum Price + Fairtrade premium
-  Living Income Reference Price
- 6.5% of global cocoa production volume (2016)



Holistic approach including a price for cocoa that enables a sustainable livelihood



### Rainforest Alliance

- No set prices and no 'interference' in trading relationships. Premium paid.
- Social criteria but focus on ecological aspects
- 10.6% of the global cocoa production volume (2016)



Improve farm efficiency to drive market-based income gains



### UTZ

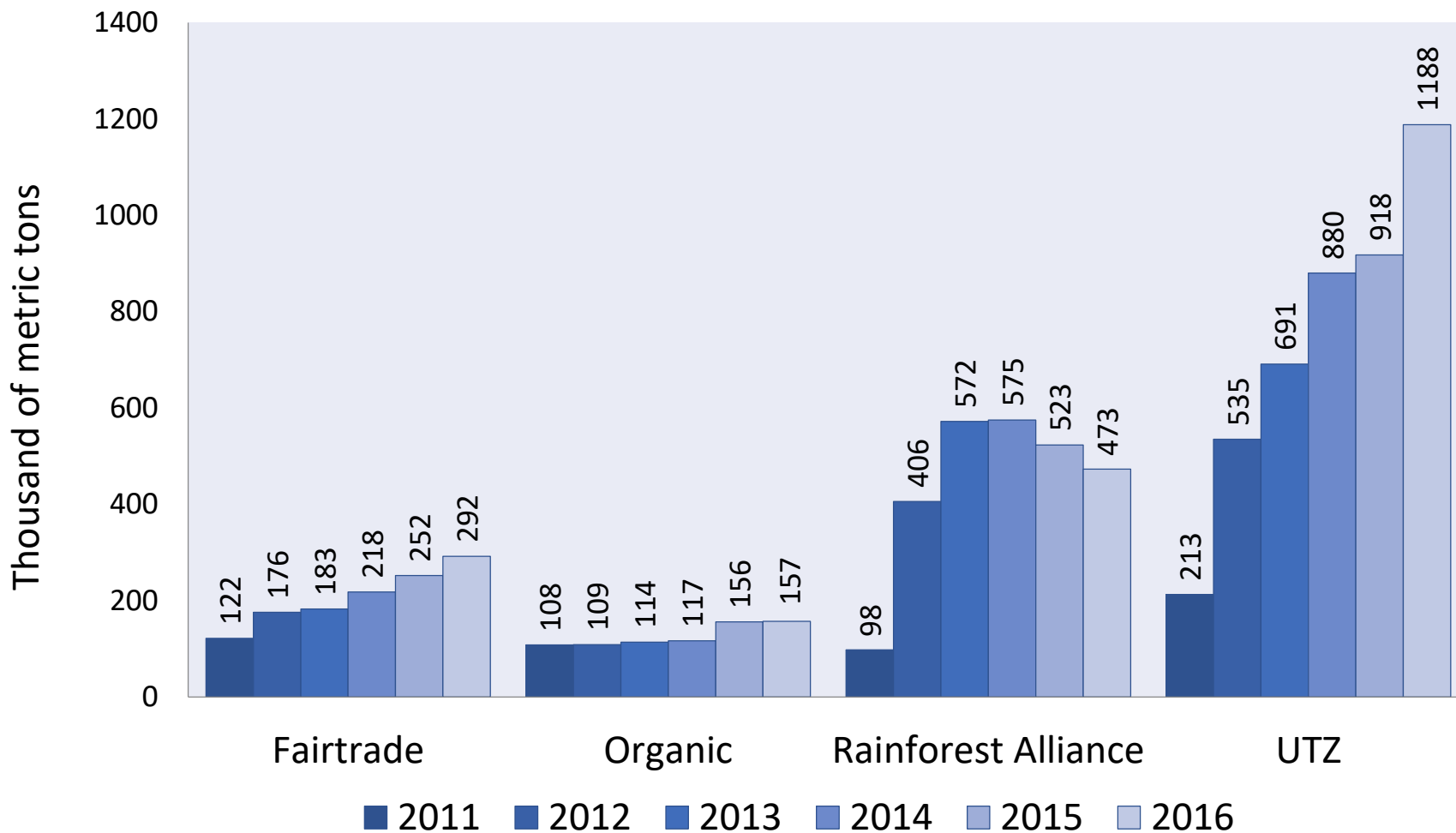
- Includes a premium, but leaves buyers to negotiate the amount
- 27% of the global cocoa production volume (2016)



In January 2018, UTZ merged with the Rainforest Alliance. The UTZ and RA programs will continue to run in parallel until the publication of a single new program at the end of 2019.



# Cocoa Production volume by standard 2011–2016



Figures: ITC, IISD, FiBL. The State of Sustainable Markets: Statistics and emerging trends 2018.



# Advantages and Shortcomings of VVS

- 16 independent impact studies
  - Countries: Ghana, Côte d'Ivoire, Indonesia, Peru.
  - Methodology:
    - Comparison between certified and conventional farms.
    - over time comparison
- Impact and annual reports: UTZ, Fairtrade International, Rainforest Alliance.



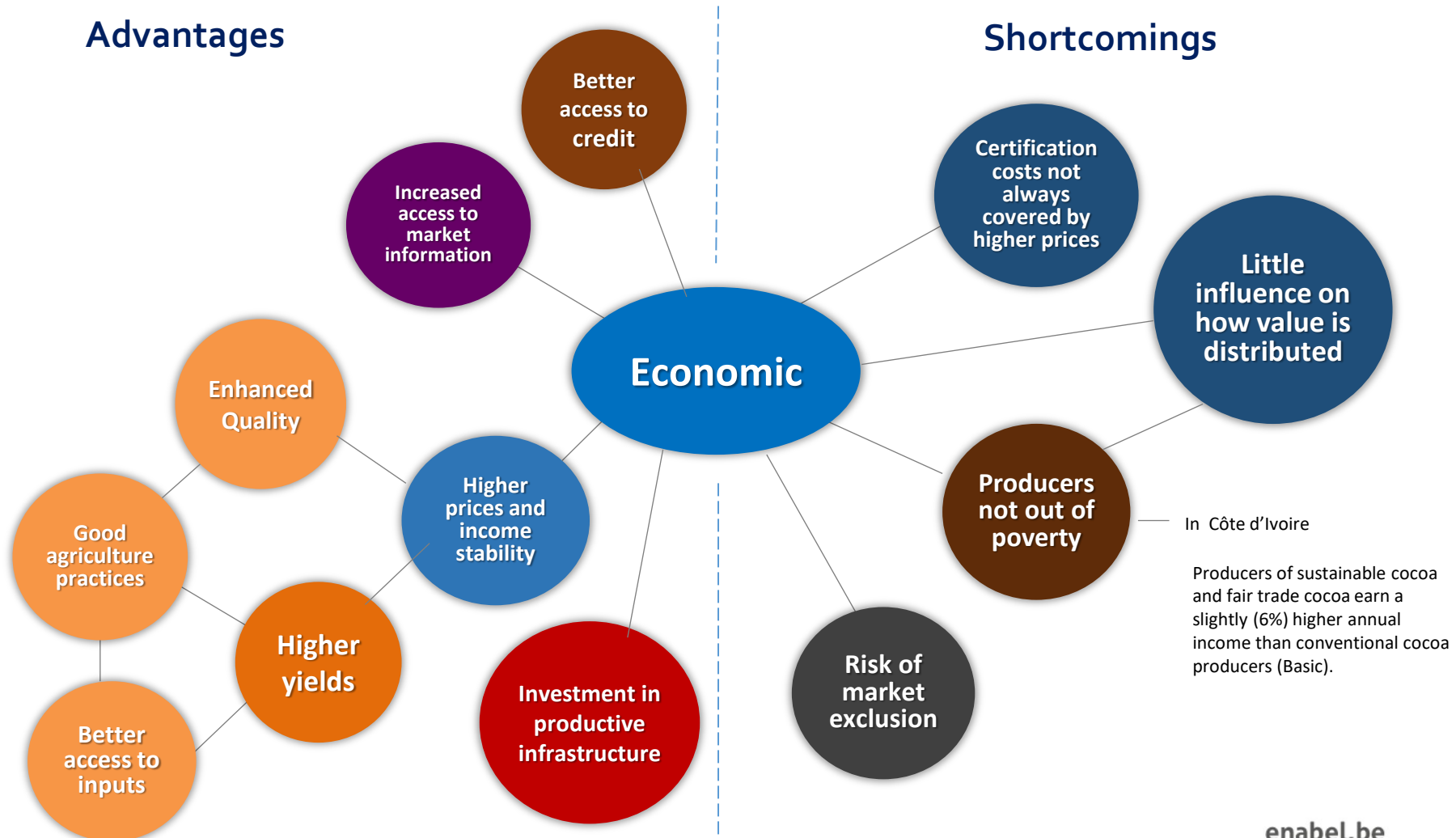


# Advantages and Shortcomings of VVS

## *Economic*

### Advantages

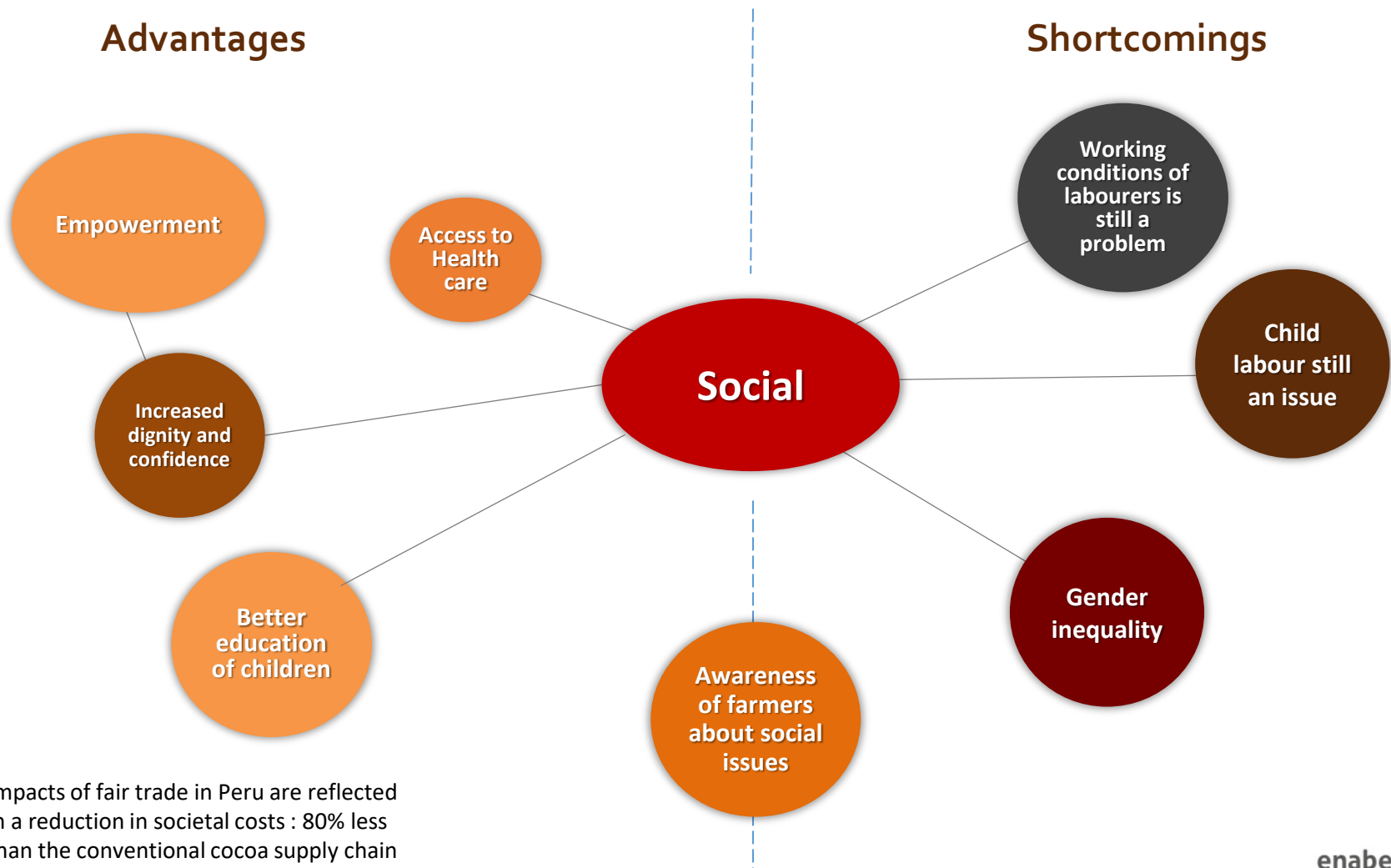
### Shortcomings





# Advantages and Shortcomings of VVS

## *Social*



Impacts of fair trade in Peru are reflected in a reduction in societal costs : 80% less than the conventional cocoa supply chain (Basic)

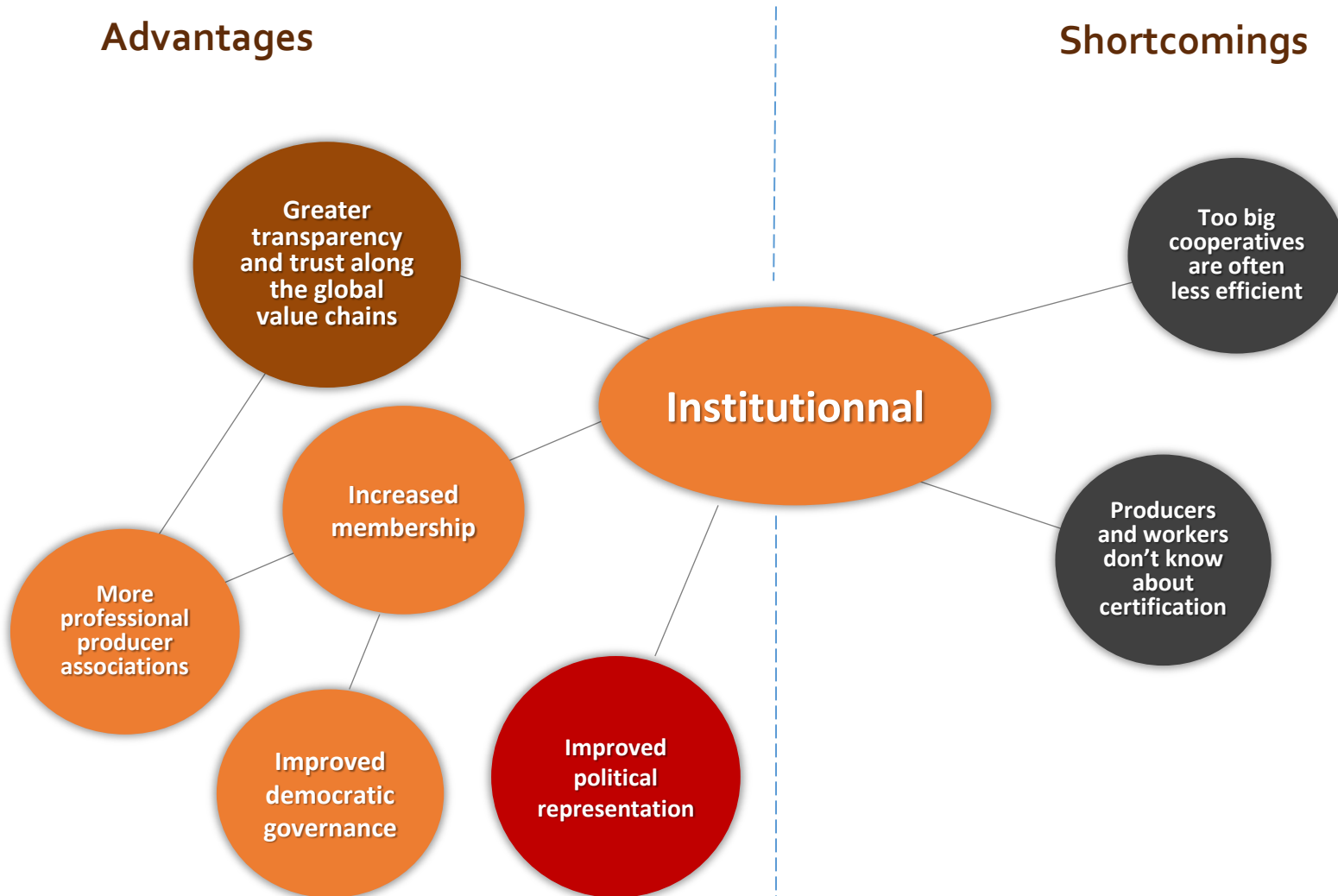


# Advantages and Shortcomings of VVS

## *Institutional*

### Advantages

### Shortcomings





# Advantages and Shortcomings of VVS

## Environment

### Advantages

More efficient use and storage of pesticide and fertilizer

Implementation of water, soil (composting) and biodiversity conservation measures

Planting of shade trees

### Environment

### Shortcomings

No reversal of the deforestation process

Between 1990 and 2015, 85% of the original forest area of Côte d'Ivoire disappeared.

In Côte d'Ivoire, between November 2017 and September 2018, satellite analysis recorded approximately a forest loss in the cocoa-growing Southwest region equivalent to 15,000 football fields..\*

\* Etelle Higonet, Glenn Hurowits, Abdul Tejan Cole, Alex Armstrong and Liviya James, Behind the Wrapper: Greenwashing in the Chocolate Industry, Mighty Earth, December 2018.





# Conclusions

By revitalising the sector, **certification** appears to have **contributed to making cocoa farming more attractive.**

The **impact** of certification on household net income highly **depends on the local context**

“There seems to be a **gap between what consumers expect** they are buying, and **what standards can reasonably claim** to be selling.”\*

VSS have **little influence on how value is distributed** between value chain actors which can limit their impact on promoting decent livelihoods of producers and workers.\*\*



\* Fountain A, Huetz-Adams F (2018) Cocoa Baromete, *Voice*.

\*\*Aidenvironment (2018), The Systemic Impacts of Voluntary Sustainability Standards.



# Some recommendations



Asante Bismark Ghana © Mwangi Kirubi

- **Prioritise supply chains** that are **alternatives to those of large groups** by enhancing quality through **differentiated farm gate prices** depending on the varieties.
- **Support the structuring of cooperative unions** to make producers' voices heard and try to rebalance the balance of power with buyers.
- **Strengthen co-operatives**, particularly in governance, member services, marketing and financial management .
- Promote **living incomes and living wages** for the various stakeholders in the sector, in particular cocoa farmers. There is a **need to look at what is sustainable from the farmers' perspective** and not only from the industry's perspective.
- Fight against deforestation. Sustainable chocolate should only be produced with cocoa grown according to the principles of **agroforestry**.
- Encourage the **local processing** of cocoa to increase the value added in the country of origin.
- “It is essential that standards guard their messaging, ensuring that they do not **overpromise and underdeliver**. Especially on topics such as poverty alleviation or adherence to human rights”\*.

\* Fountain A, Huetz-Adams F (2018) Cocoa Baromete, Voice.



# Thank you! Any question?



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