



Forum Nachhaltiger Kakao
German Initiative on Sustainable Cocoa



MONITORING Report 2022

Foreword

Dear Members of the German Initiative on Sustainable Cocoa,
dear partners,

the monitoring report for 2022 marks another step in revealing our developments towards a more sustainable cocoa sector. The monitoring process is a dynamic endeavor, evolving and improving each year. This year marks the second consecutive year in which GISCO members have participated in mandatory reporting, resulting in an overall 100% participation rate. This not only enables year-on-year comparisons with last year's data but also enhances overall data robustness and insights. Harmonizing core indicators with other National Initiatives on Sustainable Cocoa in Europe has been a critical step, with further improvements on the horizon for the next round.

In contrast to the previous year, this monitoring report primarily concentrates on three focus areas – 'Certified and independently verified cocoa', 'Living income for cocoa-farming households', 'Traceability and deforestation-free cocoa'. This revised structure gives way to better accessibility and more in-depth analysis. A valuable addition is the "Road Ahead" segment in each focus chapter. I encourage all members to look at the recommendations for the way forward and consider them in further processes.

The collected data on traceability and deforestation-free cocoa indicates that members possess some knowledge about cocoa origins but are still only able to make limited claims on deforestation-free cocoa. In the light of the EU Deforestation Regulation and the upcoming EU Directive on Corporate Sustainability Due Diligence, the need to intensify efforts is urgent. While traceability is not an objective in itself, it is a crucial precondition to tackle the key issues in the cocoa sector, such as deforestation, child labor and living income gaps.

There is broad agreement in the cocoa sector that poverty among cocoa producers is one of the biggest challenges in the cocoa sector. In the coming years, GISCO will focus on the development and implementation of measures to close the living income gap. Data for this report remains limited, both quantitatively and qualitatively, and measuring progress in the area of living income continues to be a challenge. Nonetheless, the data give indications that efforts have to be intensified to make a living income for people in cocoa-growing areas a reality. The report's findings should give all members cause to consider whether the right strategies are being pursued, where adjustments need to be made, and whether the right parameters are being used as benchmarks.

It is evident that we have a long road ahead to make sure all farmers in the supply chains of our members have a living income, human rights are respected, and natural resources are preserved for future generations. Further joint efforts by all stakeholders in the supply chain are needed to achieve impacts in cocoa-growing countries

I hope that this report not only provides a snapshot of the current situation, but also serves as a source of inspiration, and fosters commitment to action. Finally, I extend my sincere thanks to all our members for their dedication to transparency and accountability and their willingness to collaborate in realizing a sustainable cocoa value chain.

Evelyn Bahn

Vice Chairwoman, German Initiative on Sustainable Cocoa



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Executive summary

The German Initiative on Sustainable Cocoa (GISCO) is a joint initiative of the Federal Government (represented by the German Ministry for Economic Cooperation and Development (BMZ) and the German Ministry of Food and Agriculture (BMEL)), the German confectionery industry, the German retail grocery trade and civil society. Jointly, the multi-stakeholder initiative aims to improve the livelihood of cocoa farmers and their families, to conserve and protect natural resources and biodiversity in cocoa-producing countries, and to increase the cultivation and commercialisation of sustainably produced cocoa.

Its 12 goals, flanked by a [comprehensive definition of sustainable cocoa](#), reflect the Initiative's commitment to addressing the critical challenges in the cocoa sector. So as to enable measurement of progress towards the achievement of these goals, a set of supply chain and project/programme indicators linked to the specific objectives has been developed, which are monitored annually through a monitoring process.

Strengthening transparency and data integrity: Addressing obstacles and advancements in supply chain and project/programme reporting

Reporting is mandatory¹ for all members and therefore a 100% participation rate was achieved for the supply chain questionnaire.² Compared to the previous year, a 45% increase in the volumes of cocoa-containing consumer products supplied to the German market was reported in 2022. Despite the enhanced participation, the quality of data submissions varied, and this could be attributed to the intricacy of the reporting framework and changes to the data collection method. While an extensive cleaning process has improved data completeness, some challenges remain. The data indicates mixed progress in transparency and traceability indicators over the past year, with declines attributed mostly to methodological shifts rather than sector regression.

For 2022, a total of 64 project and programme questionnaires were submitted, an increase of 13 compared to the previous year. Most projects were submitted by member group D Civil Society and standard setting organisations (28 submissions) and member group A Government (18 submissions), followed by member group B Industry (15 submissions) and member group C Retail (3 submissions). While most project/programme questionnaires were submitted by member group A and D, industry and retail members were often identified as implementing partners of these projects. Industry members were identified as an implementing or financing partner in 7 projects, Retail members were identified as a financing or implementing partner in 4 projects. Despite the rise in submissions, data availability varied across topics and countries. Ghana and Côte d'Ivoire saw an increase in the number of households reached by the projects and programmes, but involvement of female cocoa growers remains low.

¹ From this year onwards, selected questions are only asked every two years, as annual changes are expected to be very limited. This means that any members who do not have a cocoa supply chain and do not submit a project questionnaire, now only participate every two years in the monitoring process.

² Industry, retail and standard setting organisations are required to submit a supply chain questionnaire.

Cocoa certification goals and challenges: Tracking progress and shaping future strategies

The goal of achieving a minimum 85% share of certified or independently verified cocoa in cocoa-containing end products sold by producing members in Germany by 2025 has encountered challenges, as the reported figure for 2022 stands at 79%, marking a decline from the previous year's 89%. This drop can be attributed to various factors, including changes in the data collection methods,³ market evolution leading to reduced demand for certified products, and adjustments made in preparation for impending regulations. The analysis reveals continued divergence between retail and industry members in their reported levels of certification. Notably, the drop in certification percentages stands in contrast to the commitments made by GISCO members, raising questions about the translation of these (individual) commitments into collective progress.

Navigating complexities: Pursuing living income goals in the cocoa sector

GISCO Goal 1, focusing on enhanced farm gate prices, premium systems and income-generating measures for cocoa-farming households, highlights the fundamental importance of improving living income for GISCO. This is complemented by Goal 2, which aims to elevate productivity and cocoa quality as levers for higher cocoa-related income. Progress against target indicators remains modest. Contextual factors such as a drop in farm gate prices coupled with inflation exacerbate challenges. It is clear from the data that current prices paid to farmers are too low. However, increasing the price paid to the farmer should be included in a smart mix of living income strategies to close the living income gap in a sustainable manner.

Challenges also arise in measuring progress towards these objectives due to limited transparency, availability and comparability of household income data, as well as variations in strategies and methodologies. Household income data on project and programme level reiterates the challenge at hand for measuring progress towards closing the living income gap. For the 6 projects that reported household income data, the living income gap ranges from 56% to 9%.

The sector's journey towards this goal remains a multi-dimensional challenge, warranting increased cooperation and a harmonised approach for a comprehensive understanding of impact and strategy effectiveness.

Traceability, regulations and challenges for deforestation-free supply chains

The aspiration of Goal 5 to cease deforestation while championing forest preservation and biodiversity brings to light the pivotal role of traceability within the cocoa sector. Traceability means that the journey of cocoa beans is documented, fostering transparency and accountability throughout the value chain. The new EU Regulation on deforestation-free products compels companies engaged in the import of specific commodities to demonstrate the deforestation-free nature of their products. Our data underscores the imperative for improved traceability, revealing that a significant percentage of cocoa in the German market still lacks clear origin information. 38% of the volume of cocoa sold on the German market is traceable to farm level, whereas only 8% of the cocoa sold on the German market is reported to be deforestation-free. At 54%, the absolute volume of cocoa supplied to the German market that is traceable to farm level, however, has increased significantly (77,973MT-BE in 2021 and 119,844 MT-BE for 2022).

The last section of the report outlines other monitoring topics that were not selected as a focus topic for this year's monitoring round.

³ As part of a review process, data collection methods are revised and adjusted annually.



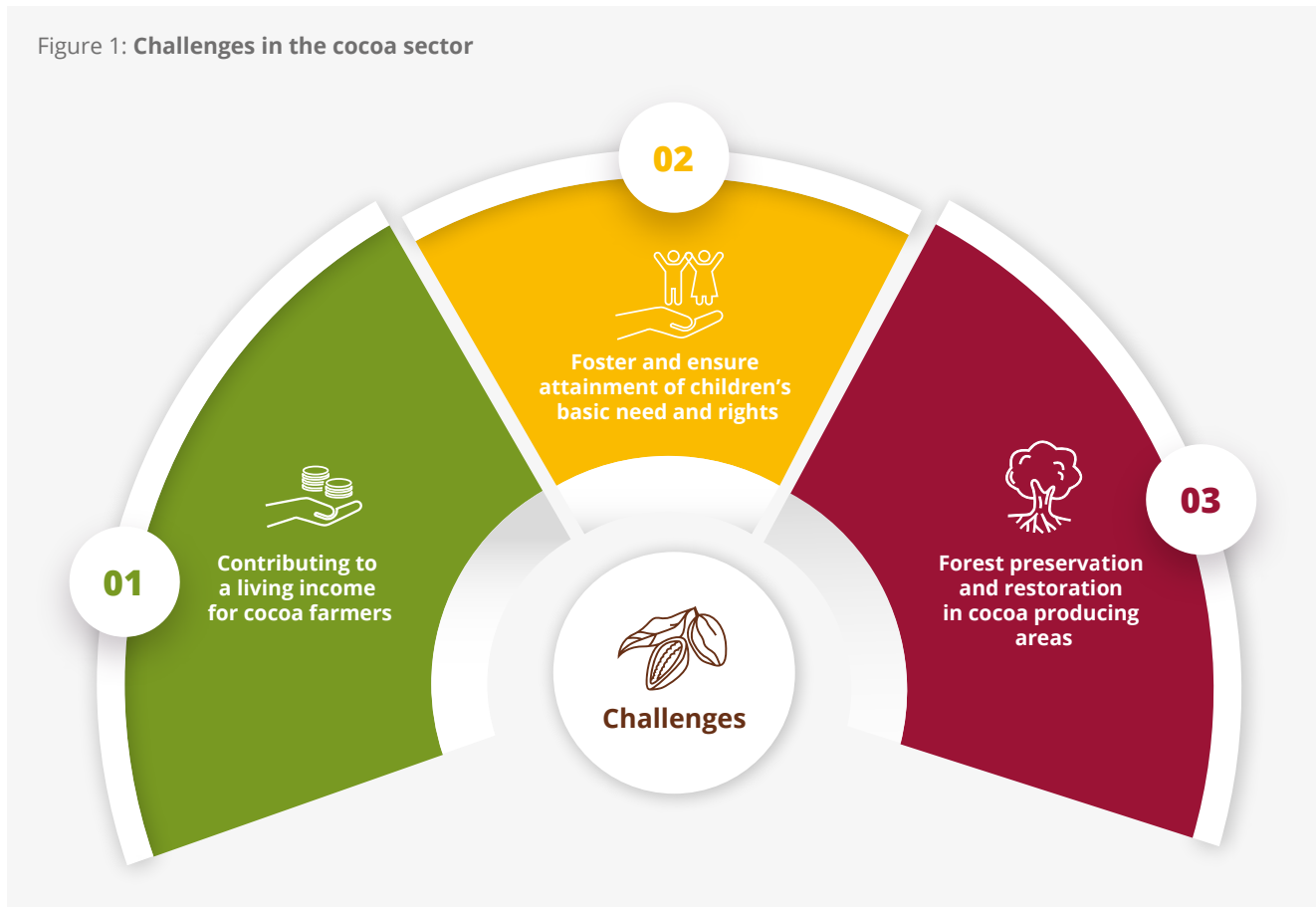
I

INTRODUCTION



1.1 Background and purpose of the report

The German Initiative on Sustainable Cocoa (GISCO) and its members – the German Federal Government (represented by the German Ministry for Economic Cooperation and Development (BMZ) and the German Ministry of Food and Agriculture (BMEL)), the German cocoa, chocolate and confectionery industry, the German retail grocery trade and German civil society – have been working towards a sustainable cocoa sector for over 10 years. Its 12 goals (first agreed in 2019 and partially adapted in 2023; Figure 2), flanked by a [comprehensive definition of sustainable cocoa](#), reflect the Initiative’s commitment to addressing the critical challenges in the cocoa sector (see Figure 1).



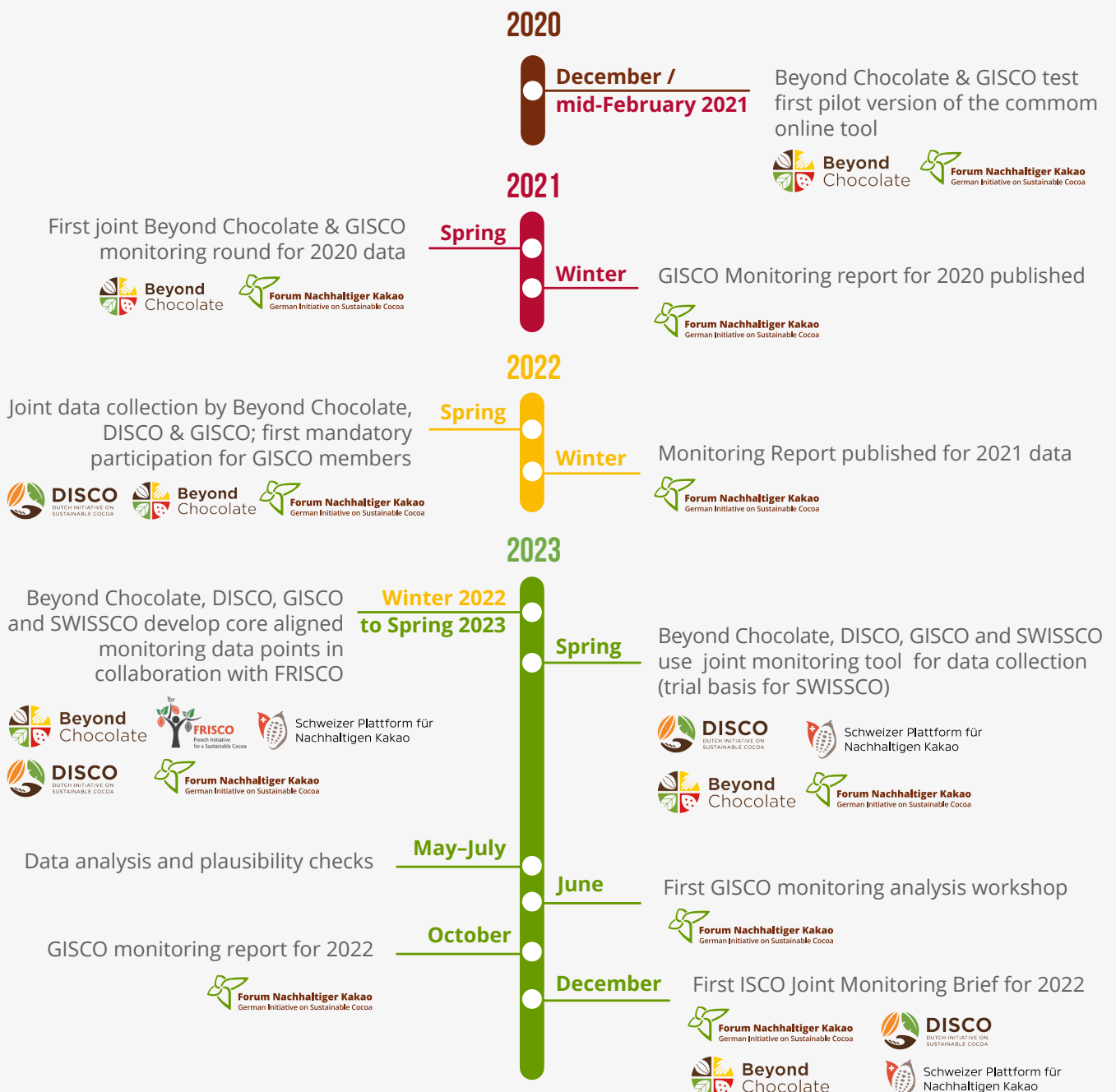
A transparent monitoring system plays a key role in the implementation of these 12 goals, with the aim of monitoring changes in the cocoa sector towards sustainability and enabling its members to demonstrate their contribution to these changes. The purpose of the monitoring system is to be an instrument for assessing progress and identifying the areas where further change is needed.

The monitoring report offers a snapshot of the current level of achievement based on the monitoring data collected. We recognise that the limitations of the data (as outlined below) sometimes prevent an unequivocal

assessment of the level of achievement vis-à-vis the GISCO goals. However, these limitations and the data that GISCO members report also form part of the overall narrative about where members are on their journey towards sustainable cocoa. Thus, this report seeks to provide insights on the members’ trajectory towards a sustainable cocoa sector and to suggest signposts for the road ahead, as members and stakeholders chart their way forward. This year, the structure of the monitoring report has been changed to improve its readability and enable deeper analysis of the collected data.

- Section II addresses participation in the monitoring, provides an overall outline of data obtained and comments on data quality.
- Section III dives deeper into selected focus topics. Guided by the GISCO key topics of 'living income', 'deforestation and agroforestry', 'child labour', 'traceability' and 'certified/independently verified cocoa', we have, in collaboration with the Monitoring Working Group (UAG Monitoring), selected three focus topics for this year's report: (1) 'Certified and independently verified cocoa', (2) 'Living income for cocoa-farming households', (3) 'Traceability and deforestation-free cocoa'. These main areas of attention were chosen because of their overall importance and relevance for current discussions in the cocoa sector. Our intention is to adjust the selection of the focus topics covered by the report each year, with these criteria in mind.
- The remaining GISCO monitoring datapoints (on deforestation, living income, child labour and cross-cutting challenges) are outlined in Section IV of the report with only limited further discussion of the findings.
- The Annex includes the questionnaires.

Figure 2: GISCO monitoring timeline



1.2 Methodology

The monitoring methodology has been further developed for the 2022 reporting year (see also Figure 1) to allow easier monitoring for members and to further harmonise the ISCO monitoring processes. The critical elements of the methodology are as follows:

a) Data was reported by members in the month of April for the 2022 reporting period (1st January 2022 to 31st December 2022) using the online monitoring tool. Data was then checked for completeness and plausibility (i.e. year-on-year comparison of individual member data, identification and verification of outliers, cross-checking of data with external sources). Draft aggregated data was then presented to members of the Monitoring Working Group to discuss and analyse findings. Once a draft report was compiled, the Monitoring Working Group and the GISCO board contributed further to the analysis and provided feedback on the draft report, prior to publication.

b) As in previous years, GISCO continued to use two types of questionnaires for data collection:

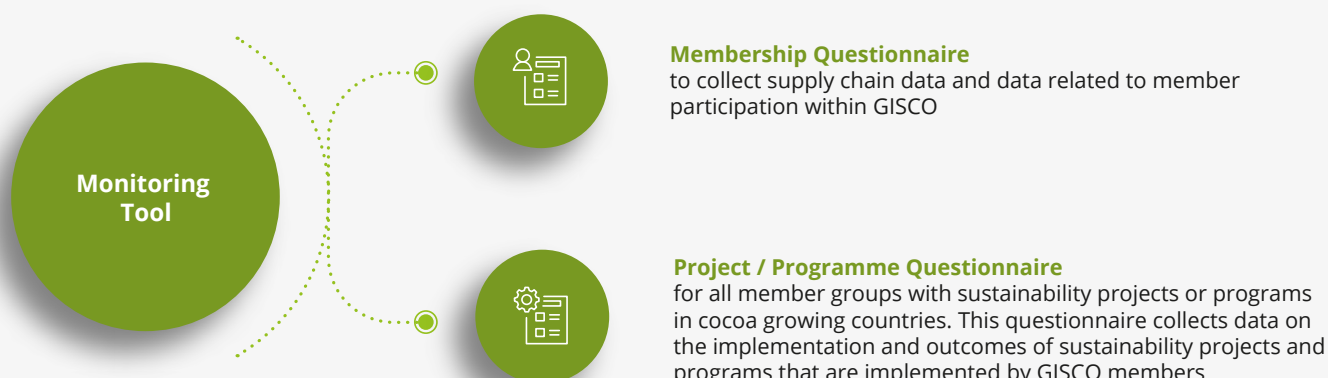
- A member questionnaire to collect supply chain data and data related to member participation within GISCO in general. The member questionnaire is tailored for each member group.
- A project/programme questionnaire applicable to all member groups with sustainability projects or programmes in cocoa growing countries. This questionnaire collects data on the implementation and outcomes of sustainability projects and programmes that are implemented by GISCO members. Each member reporting on its cocoa sustainability efforts had the choice of either (a) submitting a single project questionnaire for its global programme, or (b) submitting multiple project questionnaires, each specific to a country-level project or to other particular projects. Reporting at country level is, however, mandatory for Côte d'Ivoire and Ghana. Such project/programme reporting comprises members' global cocoa sustainability efforts, not linked or limited to volumes of cocoa reported in the member questionnaire.

Projects implemented jointly by more than one member are reported only once by the lead partner of that project, mentioning the other members who are also participating in the project. Similarly, the member questionnaire was constructed in such a way that joint data relevant to Beyond Chocolate, DISCO, GISCO and SIWSSCO had to be reported only once. Alignment in reporting between the ISCOs contributes to consistency in data, while limiting the reporting burden of members. Harmonisation among the ISCOs has been a key priority this year and resulted in the adjustment of multiple aligned key datapoints.

Reporting is mandatory for all GISCO members. From this year onwards, selected questions are only asked every two years,⁴ as annual changes are expected to be very limited. This means that any members who do not have a cocoa supply chain and do not submit a project questionnaire, now only participate every two years in the monitoring process.

c) This year for the first time, we have jointly organised, together with the other ISCOs (Beyond Chocolate, DISCO, and SWISSCO), the option of voluntary data transfer from ICI to the ISCOs on data pertaining to child labour. This approach is further explained in Section IV.

Figure 3: **Monitoring questionnaires**



⁴ This includes questions on multi-stakeholder initiatives, development of holistic agricultural programmes on a regional level and support for the strengthening of governments, farmer organisations and/or civil society.



OUTLINE OF THE DATA

2.1 Overview of the 12 GISCO goals



Figure 4: Overview of the 12 GISCO goals

Target indicator/Indicator**GOAL 01**

- **Target indicator 1.1:** From 2020, GISCO members report on the average USD amount of sustainability premiums/ton paid by them to their suppliers and/or farmers for the cocoa purchased/processed.
- **Target indicator 1.1.1:** Percentage of cocoa processed by members of GISCO in Germany or used in end consumer products for the German market for which a living income reference price was paid to cocoa producers.⁵
- **Target indicator 1.2:** By the end of 2022 GISCO members with income relevant projects/programs will include living income related indicator(s) and report transparently on the measures implemented.
- **Target indicator 1.3:** By the end of 2023, GISCO members with relevant projects/programs will report on the development of net household income in relation to the living income benchmark.
- **Target indicator 1.4:** By 2025, at least 80 % of farmers reached through relevant GISCO member projects/programs will have increased their net household income by at least 35 % (Baseline KIT, 20174).
- Average total amount per ton of cocoa beans paid to the farmer
- Strategies to contribute to achieving a living income
- Number of households for which a living income strategy has been implemented
- Number of farming households for which a living income gap is measured per country
- Change in % of living income earned by median farming family
- Number and % of farmers reaching or exceeding a living income benchmark
- Total net household income (USD) (from cocoa) – average and in % of a living income
- Improved access to finance
- Volume of cocoa for which a living income reference price was paid

Indicator**GOAL 02**

- Average cocoa yield per hectare
- Cost of production per MT cocoa beans
- Factors included in the calculation of the cost of production

Indicator**GOAL 03**

- Development of holistic agricultural programs on a regional level (not included in 2022 reporting round)

Target indicator/Indicator**GOAL 04**

- **Target indicator 4.1:** By the end of 2022, relevant GISCO member projects/programs will have a strategy to promote diversified and sustainable farming systems
- **Target indicator 4.2:** By the end of 2025, 30 % of the total area under cocoa cultivation in GISCO member projects/programs will be managed as agroforestry systems.
- **Target indicator 4.3:** By the end of 2025, all cocoa farmers reached by relevant GISCO member projects/programs will no longer apply hazardous pesticides.
- Number of hectares of agroforestry systems newly established
- Number of hectares of agroforestry systems maintained
- Number of multi-purpose trees distributed in the context of agroforestry promotion

Target indicator/Indicator**GOAL 05**

- **Target indicator 5.1:** By the end of 2025, GISCO member companies will ensure 100% traceability to farm level in their direct supply chain including farm mapping systems.
- **Target indicator 5.2:** By the end of 2025, 85% of the cocoa purchased/processed by GISCO members in Germany is deforestation-free (for CIV: is sourced from farms that are not located in protected areas nor protected forests) (traceability from farm to cooperatives provided by farm mapping systems)
- Number of hectares of off-farm forest restored
- Number of (native)trees planted off farm
- Number of hectares with forest protection
- Volumes of cocoa sourced covered by GISCO monitoring
- Share of direct supply
- Share of deforestation-free cocoa

Target indicator/Indicator**GOAL 06**

- **Target indicator 6.1:** By the end of 2025, 100 % of reached households in GISCO member projects/programs are covered by a strategy or system for the prevention, control, monitoring and remediation of the worst forms of child labour.
- Number of children covered by CLMRS
- Number of cases of child labour identified.
- Number of children identified in child labour who received at least two follow-up visits.
- Number and share of children, among those identified as being in child labour, who received support.
- Number of children, among those identified as being in child labour, who had stopped working.
- Number of households covered by another type of system to prevent and address child labour that does not meet the definition of a CLMRS.
- Evidence of this system's impact on reducing child labour prevalence.

Indicator**GOAL 07**

- Number of farming households/cocoa growers reached.
- Improved access to finance.

Target indicator**GOAL 08**

- **Target indicator 8.1:** By the end of 2025 all GISCO members implement human rights and environmental due diligence.

Indicator**GOAL 09**

- Share of direct supply
- Supply chain model of cocoa sourced
- Support the strengthening of governments, farmer organisations and/or civil society (not included in 2022 reporting round)

Indicator**GOAL 10**

- Volumes of cocoa sourced covered by the ISCO monitoring
- Cocoa traceability category of cocoa sourced
- Supply chain model of cocoa sourced

Indicator**GOAL 11**

- Volumes of cocoa sourced covered by the ISCO monitoring
- Certification standards or independently verified company schemes

Target indicator/Indicator**GOAL 12**

- Participation in multi-stakeholder and policy initiatives (not included in 2022 reporting round)

⁵ The Living Income Reference Price (LIRP) calculated by Fairtrade for Ghana and Côte d'Ivoire is recognized as the reference price for a living income for those countries. The use of the Fairtrade model is not mandatory. (For example, a "Sustainability Differential" paid via Rainforest Alliance of at least the amount of the premium paid in the FT-LIRP model is likewise accepted.) Members can also propose other models in which they pay similarly high or higher additional premiums to the farmer. Members can suggest their own calculations for a living price to other countries and propose payment models.

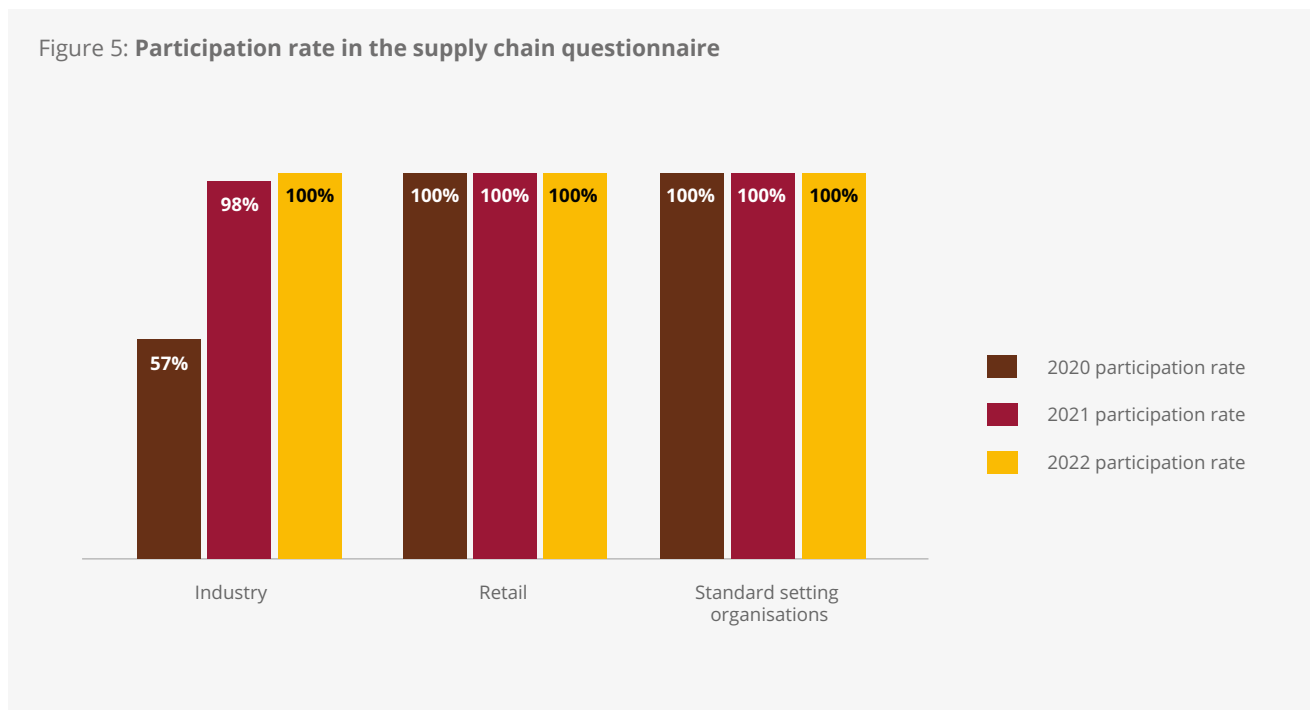




2.2 Overview of the data

2.2.1 Supply chain data

All members who were required to complete the supply chain questionnaire participated. In total, 6 retailers, 28 industry members and 2 standard setting organisations completed and submitted a supply chain questionnaire (see Figure 5).



However, the data cleaning and plausibility process revealed that the overall quality and accuracy of data submissions was rather weak. The complexity of the reporting framework and changes in the data collection methods,⁶ but also the reporting capacity and transparency of reporting members, were limiting factors. After data cleaning and plausibility checks, the completeness and reliability of the data improved, but for some areas it remained weak (see Table 1).

The table⁷ below provides an assessment of the response rate and completeness of the data for each section of the supply chain questionnaire, and the response rate and average number of questions completed for the entire supply chain questionnaire. The assessment is based on a list of key datapoints for each section. In general, throughout the report, calculations are based on the available data for each indicator.

For living income, for example, 5 key questions have been identified. 26 industry members and 6 retail members reported data for at least one of the questions on living income. This constitutes 93% of industry members and 100% of retail members. On average, industry members reported data for 2.1 of the 6 key questions and retail members reported data for 2.7 of the 6 key questions. The section on transparency has the highest response rate and level of completeness. Only a limited number of members, 2 retailers, were not able to report on the volume of cocoa processed in Germany and or the volume of cocoa supplied to the German market.

⁶ For more information see 2. Methodology and III Focus topics, where changes in the data collection methods for specific data points are outlined.

⁷ Assessing the completeness of the questionnaires is challenging due to the structure of the questionnaire. It is particularly difficult when interpreting '0 values'. Members may report '0 values' for different reasons, for example they do not have the data available, they do not want to report the data or the value for the data is 0. Depending on the reason for the 0 value, the conclusions on completeness can be different. This was one of the main points of attention during the data cleaning process.



Table 1: Response rate and completeness of supply chain questionnaire

| Challenge | Number of key questions | Industry | | | Retail | | |
|-------------------------------|-------------------------|-------------------|---------------|---------------------------------------|-------------------|---------------|---------------------------------------|
| | | Number of members | Response rate | Average number of questions completed | Number of members | Response rate | Average number of questions completed |
| Transparency and traceability | 6 | 28 | 100% | 5.9 | 6 | 100% | 5.7 |
| Living income | 5 | 26 | 93% | 2.1 | 6 | 100% | 2.7 |
| Living income – premium data | 3 | 14 | 50% | 2.2 | 5 | 83% | 1.2 |
| Child labour | 6 | 28 | 100% | 1.8 | 6 | 100% | 3.0 |
| Deforestation | 3 | 28 | 100% | 1.9 | 6 | 100% | 2.2 |
| Total | 23 | 28 | 89% | 14 | 6 | 97% | 15 |

Engagement varies widely between members. Overall, retailers score marginally better than industry members on completeness of the data. The highest completion rate was 96%, the lowest completion rate was 9%. 18 industry members and 3 retailers scored below 50% for completion rate.

Despite these general challenges concerning the quality and completeness of the reported data, there are datapoints where robustness of data has improved.

Most notably, the reported volume of cocoa-containing consumer products supplied to the German market increased by 45% in comparison to 2021 (see Table 2). This is a considerable step towards more transparency. There was also a considerable increase (almost 50%) in the reported volume of cocoa sourced for processing in Germany, which was a voluntary datapoint in 2021.



Table 2: Volumes of cocoa sourced covered by the GISCO monitoring

| Indicator | Cocoa-containing end products supplied to the German market | | Cocoa processed in Germany ⁸ | |
|----------------|---|----------------------|---|----------------------|
| | 2021 ⁹ | 2022 | 2021 | 2022 |
| Industry | 180,885 MT-BE | 280,249 MT-BE | 399,792 MT-BE | 596,216 MT-BE |
| Retail | 35,707 MT-BE | 35,131 MT-BE | Not applicable | Not applicable |
| Overall | 216,592 MT-BE | 315,380 MT-BE | 399,792 MT-BE | 596,216 MT-BE |

⁸ The reported volume includes different types of processing and manufacturing. As such, double counting cannot be excluded. Data from BDSI 397,559.5t (BDSI).

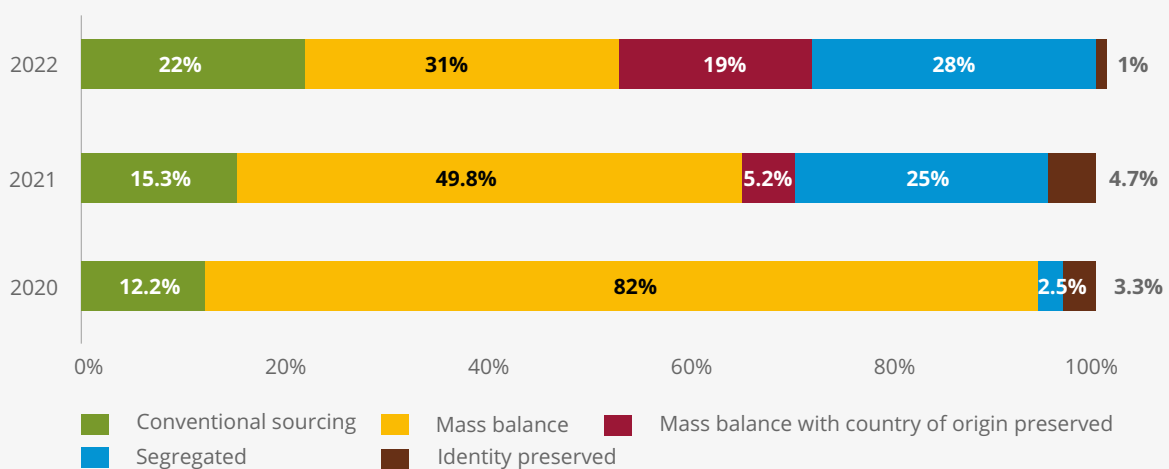
⁹ Data corrected after plausibility check. Reporting on semi-finished cocoa products is not included.

Transparency and cocoa traceability are required in order to monitor and assess progress towards the GISCO goals. Data on supply chain models of the sourced cocoa indicates how much members are likely to know about the cocoa origin and related sustainability characteristics.

For the cocoa-containing consumer products supplied to the German market, 22% is conventionally sourced and around 50% is sourced under a mass balance system (see figure 6). Progress, in the past year, in terms of supply chain transparency and traceability

remains limited. The share of conventionally sourced cocoa has increased, mass-balance has declined but, the share of mass balance with country of origin preserved has increased. Some of these changes are potentially caused by changes in the data collection method, and thus may not be indicating a regressive sector development. The data show that 40% of the cocoa supplied to the German market and 43% of the cocoa processed in Germany is obtained through direct sourcing.

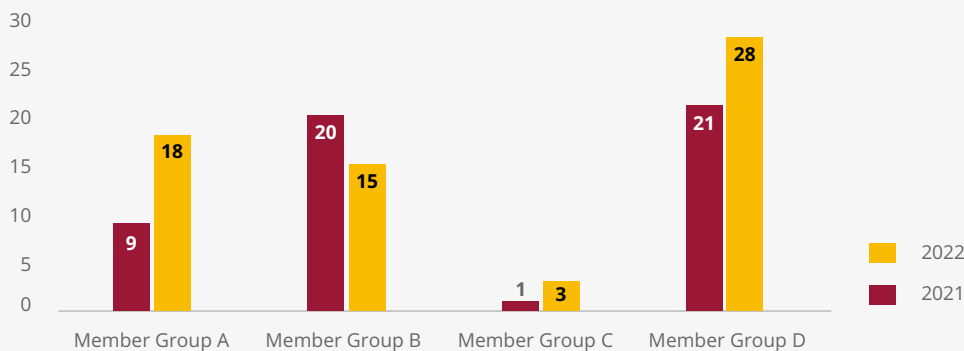
Figure 6: Supply chain model cocoa-containing end products supplied to the German market⁹



2.2.2 Project and programme data

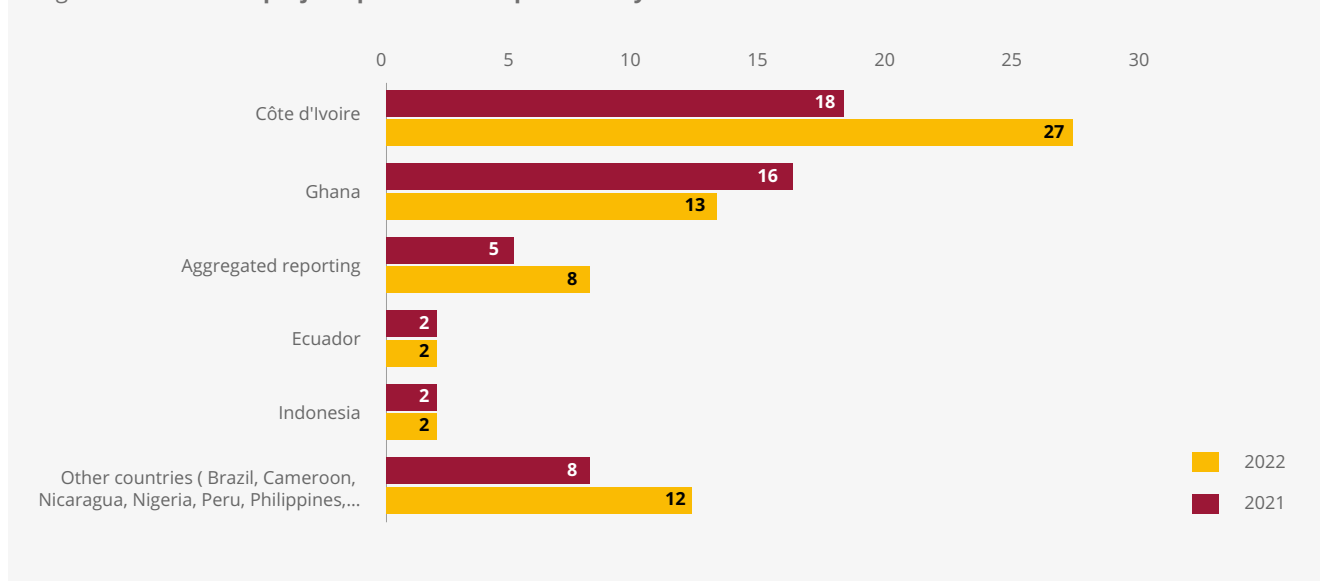
In total, 64 projects/programme questionnaires were submitted for the 2022 data collection. This constitutes 13 additional project/programme submissions compared to 2021. Most projects were submitted by member group A Government (18 submissions) and member group D Civil Society and standard setting organisations (28 submissions). Particularly for Côte d'Ivoire, there has been a notable increase in the submission of projects and programmes.

Figure 7: Project submission per member group



⁹ Data for 2020 is shown as a transparent bar because participation in the monitoring was voluntary for 2020. Data is therefore not comparable with 2021 and 2022.

Figure 8: Number of project questionnaire per country



It is not possible to make a systematic assessment of the completeness of the project questionnaire, because not all sections of the questionnaire are relevant to every project. It is worth noting that despite the large number of project submissions, the number of data available per topic and per country (Ghana and Côte d'Ivoire) is limited. This is particularly the case for household income data. Furthermore, several projects / programmes have reported activities on human rights due diligence, child labour, decent work, labour rights, strengthening of civil society but the current questionnaire does not capture data on these topics.

While there are more project submissions overall, the number of total beneficiaries is relatively stable. For Côte d'Ivoire and Ghana, there is an increase in the number of households reached and a decrease in the number of cocoa growers reached. The percentages of female cocoa growers reached remains low. The reasons for the changes are unclear. For other countries, we note the opposite: a decrease of the number of cocoa households and an increase in the number of cocoa growers reached.



Table 3: Cocoa farming households and growers reached per country

| Indicator ¹¹ | Year | Côte d'Ivoire | Ghana | Other countries | Total Σ |
|----------------------------------|------|---------------|------------|-----------------|----------------|
| Cocoa farming households reached | 2021 | 603,352 | 271,387 | 420,146 | 1,294,885 |
| Cocoa growers reached | | 662,685 | 294,678 | 332,293 | 1,289,656 |
| Gender distribution | | 9% female | 38% female | 18% female | 18% female |
| Cocoa farming households reached | 2022 | 648,224 | 401,817 | 324,446 | 1,375,237 |
| Cocoa growers reached | | 433,300 | 249,895 | 397,081 | 890,677 |
| Gender distribution | | 10% female | 34% female | 19% female | 19% female |

¹¹ Not all projects and programmes collect data on both cocoa-farming households and cocoa growers reached. It is also worth noting that not all members were able to provide a (gender) breakdown for the number of cocoa growers reached.



FOCUS TOPICS

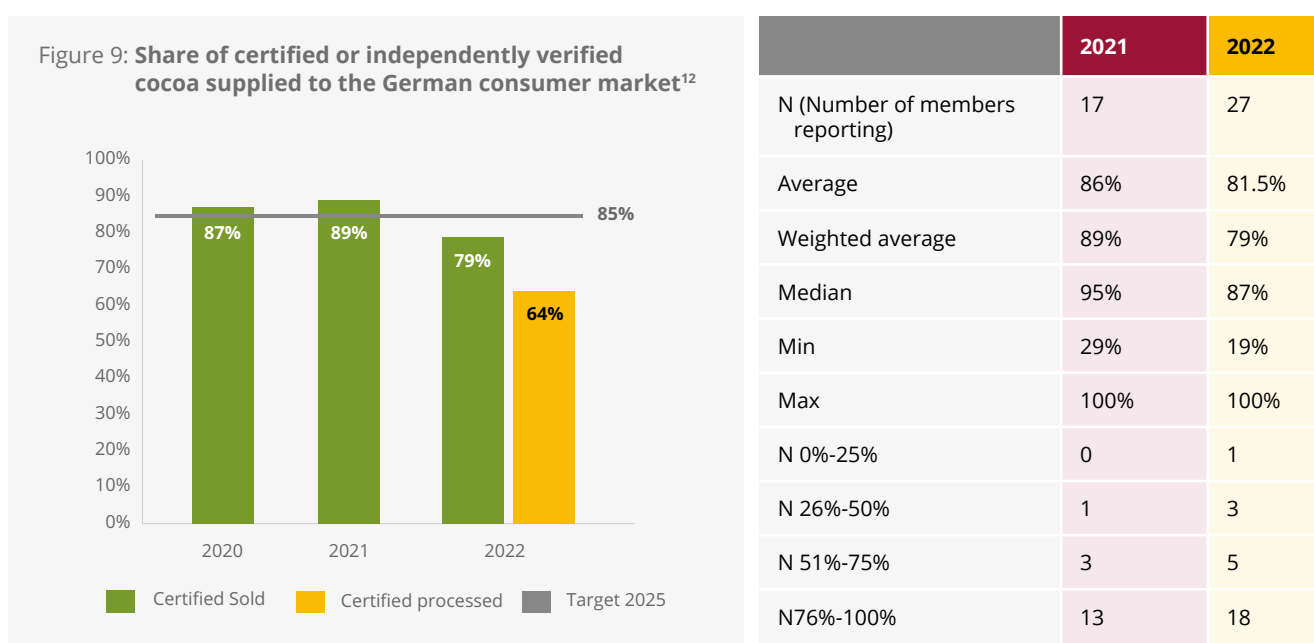


3.1 Certified and independently verified cocoa

Goal 11: A share of at least 85% of cocoa in cocoa-containing end products sold by the producing members in Germany will be certified by sustainability standards or equivalently independently verified by the year 2025.

3.1.1 Below target

The share of certified or independently verified cocoa sold on the German market by GISCO members in 2022 stands at 79%, falling short of the 2025 target of 85%. This is a drop in comparison to the previous year, when a share of 89% was reported. Comparison of the descriptive statistics between 2022 and 2021 validate the downturn, with data from more members available for 2022.



Looking at the different member types, GISCO retailers used only certified cocoa for their private labels (100%), whereas industry members attained a slightly lower percentage of 76%.

Additional analysis of individual member data reveals two factors that have contributed to the drop in certified or independently verified cocoa.

1. Decrease in the share of certified or independently verified cocoa reported by individual members. It is important to highlight that the inclusion of additional reporting members has not been identified as a contributing factor to the decrease. The proportion of certified or independently verified cocoa from 'new reporting members' is higher than the average proportion from members who also reported in the previous year.
2. Changes in the data collection method:
 - From this year onwards members are required to report the total share of certified or independently verified cocoa separately while last year the total share of certified cocoa was taken from the sum of the reported share of certified cocoa per type of certification; with this year's method being more reliable.
 - In the context of further harmonizing the monitoring among the ISCOs, calculations of joint ISCO members are now based on the global average share of certified or independently verified cocoa; rather than the share of certified or independently verified cocoa specific for the German market. Several members reported that the share of certified cocoa for the German market is higher than the global average share of certified cocoa (see also section on data limitations below).

¹² Data for 2020 is shown as a transparent bar because participation in the monitoring was voluntary for 2020. Data is therefore not comparable with 2021 and 2022.

Additionally, several members provided explanations related to market evolutions to explain the declining share of certified or independently verified cocoa. This is only anecdotal information but may shed some light on the reasons for the development.

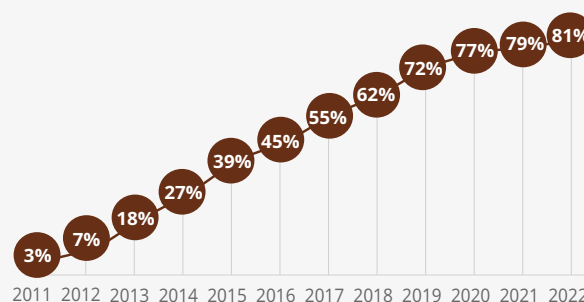
- Two members mentioned a decrease in demand for certified products (from retailers and consumers).
- One member stated that they were sourcing less mass balance certified cocoa to prepare for the upcoming EU Regulation on deforestation-free products, which will not allow any mixing with non-deforestation-free cocoa.
- One member reported that the volume of certified cocoa has reduced in line with a decrease in the total sales volume for 2022. Because of the lower sales volume, the volume of certified cocoa in the finished end articles has also reduced.

The decrease in the percentage of certified/independently verified cocoa stands in contrast to the commitments made by GISCO members in the roadmap process. In this process, members expressed their intentions to increase, not reduce, the share of certified or independently verified cocoa. The majority of consumer brands are aiming for full certification by Rainforest Alliance, Fairtrade or independently verified schemes by 2025.

BDSI, the association of the German confectionery industry, also annually reports on the proportion of certified cocoa sold in the German market. Data collected by the BDSI for 2022 shows that the proportion of cocoa certified in line with sustainability standards or independently verified cocoa contained in confectionery sold on the German market totalled 81.2%. For GISCO members, this proportion was 85.9%.

In contrast to the fluctuating GISCO monitoring data, BDSI's data demonstrates greater stability, showing no decline in the share of certified cocoa on the market. Nevertheless, a stagnating trend has emerged over the past few years.

Figure 10: **Proportion of certified cocoa according to sustainability standards in confectionery sold in Germany (2022)**



© BDSI: Association of the German Confectionery Industry
www. BDSI.de

3.1.2 Lower share of certified cocoa processed in Germany

For 2022, data is also available on the proportion of certified or independently verified cocoa processed in Germany. 25 industry members (89%) reported data on the volume of cocoa processed in Germany. The share (64%) of certified or independently verified cocoa processed in Germany is below that of certified or independently verified cocoa sold on the German market (79%). This could indicate that conventional cocoa processed in Germany is being exported while a relatively higher share of certified cocoa is being sold on the German market. Some traders/cocoa processors stated that they are dependent on customer demand as an explanation for the higher share of certified/independently verified cocoa sold in Germany.

3.1.3 Towards more independently verified company schemes¹³

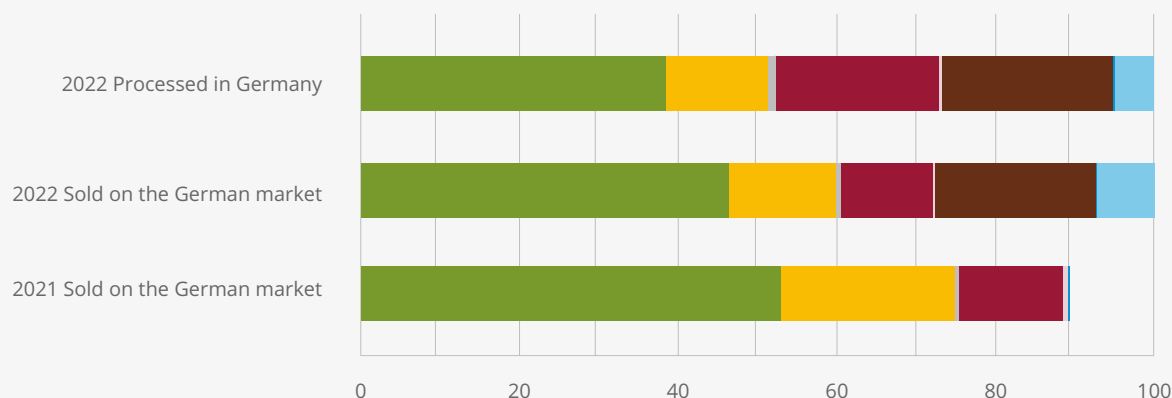
Looking at the different types of certification and company schemes, the combined share of Fairtrade and Rainforest Alliance certified cocoa is increasing overall. BDSI data for 2022 shows a similar pattern¹⁴. While the share of solely Fairtrade and Rainforest Alliance certified cocoa is dropping, the share of combinations of Fairtrade or Rainforest Alliance certified cocoa and company schemes is increasing, in particular for Rainforest Alliance. The impact of combined certification schemes on the income of cocoa-farming households remains unclear. Data from SWISSCO on the share of certified or independently verified cocoa suggests a similar increase in independently verified cocoa and a decline in certified cocoa.¹⁵ However, it is important to acknowledge that what is included in the combinations needs to be reviewed and as a result the figures may change next year (see also footnote 14).

¹³ Goal 11 is currently under review, accepted company schemes might change for the next monitoring round.

¹⁴ The proportion of Fairtrade-certified cocoa was 19% (cf. previous year: 19%); the proportion of Rainforest Alliance-certified cocoa (incl. UTZ) was 54% (cf. previous year incl. UTZ: 54%); the proportion from independently verified company programmes was 27% (cf. previous year: 27%). Only a few companies reported 'BIO' (organic, EU-organic, Bio-Suisse, Bio-Naturland) as an additional indication.

¹⁵ [SWISSCO_Annual_Report_2022.pdf \(kakaoplattform.ch\)](#), p. 14.

Figure 11: Type of certified or independently verified cocoa



| | 2021 Sold on the German market | 2022 Sold on the German market | 2022 Processed in Germany |
|--------------------------------|--------------------------------|--------------------------------|---------------------------|
| ■ Rainforest Alliance | 52.90% | 46.3% | 38.4% |
| ■ Fairtrade | 21.89% | 13.5% | 12.9% |
| ■ Organic | 0.57% | 0.7% | 0.9% |
| ■ Naturland Fair | 0.0% | 0.0% | 0.0% |
| ■ Company scheme | 13.09% | 11.06% | 20.6% |
| ■ RFA and Organic | 0.56% | 0.2% | 0.4% |
| ■ RFA and Company scheme | 0.00% | 20.3% | 21.6% |
| ■ Fairtrade and Organic | 0.33% | 0.1% | 0.2% |
| ■ Fairtrade and Company scheme | 0.00% | 7.4% | 4.9% |

Both Rainforest Alliance and Fairtrade report an overall increase in the volume of cocoa they certified for the German market between 2021 and 2022. The table below includes the data reported by Rainforest Alliance and Fairtrade and the data reported by other GISCO members on Fairtrade and Rainforest Alliance certified cocoa in the supply chain questionnaire. For Rainforest Alliance certified cocoa there is little difference between the volume reported by Rainforest Alliance and the volume reported by other GISCO members. For Fairtrade, the volume of Fairtrade certified cocoa reported by Fairtrade is higher than the volume of Fairtrade certified cocoa reported by other GISCO members. It is worth noting that the volume reported by Fairtrade refers to the German market and not only to GISCO members and that Fairtrade uses different conversion rates. These factors could explain the discrepancy between the reporting by Fairtrade and the reporting by GISCO members.

| Datapoint | Volume MT-BE 2021 | Volume MT-BE 2022 | Conversion rate |
|---|-------------------|-------------------|---|
| Volume certified reported by Rainforest Alliance | 198,891 MT | 210,342 MT | 2.44 for cocoa butter; 1.252 for cocoa paste / liquor 2.44 for cocoa powder ¹⁶ |
| Volume Rainforest Alliance certified reported by members | 178,479 | 145,074 | ICCO conversion rate 1.33 for cocoa butter (1804); 1.25 for cocoa paste / liquor (18031); and 1.18 for cocoa powder and cake (1805, 18032). |
| Volume Rainforest Alliance combination reported by members | 1,876 | 63,076 | |
| Total reported by members | 180,354 | 208,150 | |
| Volume certified brought to the German market reported by Fairtrade | 81,000 | 81,845 | 1.22 conversion rate for cocoa mass to beans, and 2.44 for cocoa power / cocoa butter to cocoa beans. |
| Volume Fairtrade certified reported by members | 74,114 | 42,576 | ICCO conversion rate 1.33 for cocoa butter (1804); 1.25 for cocoa paste / liquor (18031); and 1.18 for cocoa powder and cake (1805, 18032). |
| Volume Fairtrade combinations reported by members | 1,119 | 23,654 | |
| Total reported by members | 75,233 | 66,230 | |

¹⁶ The conversion rates only refer to mass balance.

Limitations of the data

- ❶ Data is based on the share of certified and independently verified cocoa reported by members. Members can report data specific to the German market or global averages if they are a member of several ISCOs. Data on certified or independently verified cocoa is then related to the German market by calculating the global average share of certified or independently verified cocoa reported by a member relative to the volume of cocoa sold on the German market reported by that member. So the data presented is an extrapolation rather than a reflection of the actual amount of the certified/verified cocoa that a member sells/processes in Germany. This way of calculating the percentage of certified/verified cocoa has been criticised by some members as being misleading because the share of certified/verified cocoa is typically higher for Germany than the global average. The ISCOs will be reviewing the reporting method to allow for more accurate data in the future.
- ❷ Members are required to report on the volume of cocoa in chocolate and other end consumer products sold on the German market. During the data cleaning process it became apparent that some members also reported on semi-finished products, which increases the risk of double counting in the data. B2B volumes were excluded from the cocoa sold on the German market during data cleaning.

3.1.4 Road ahead

Further increasing the share of certified or independently verified cocoa will be critical, given that GISCO revised its goal in 2023: By 2025, GISCO's target is for at least 95% of cocoa in cocoa-containing end products sold by the producing members in Germany to be certified in line with accepted certification standards or to come from independently verified company schemes for sustainable cocoa. In this context, GISCO is engaging in the process of redefining what requirements need to be fulfilled in order for cocoa to be considered 'independently verified'.

It will be crucial to observe how the figures develop further in light of possible changes in defining independently verified cocoa, improved transparency, market trends in independently verified and certified cocoa, and EU legislation (and other future legal provisions, e.g. CSDDD) on deforestation-free products. The impact of certification on sustainability challenges will also be a point of interest for the next focus topics on deforestation and living income.

From the data, the following options for action arise for GISCO and its members.

1. Further explore data limitations and uncertainties as part of the review of the monitoring system.
2. Clarify which figures on the share of certified cocoa will be communicated by GISCO in the future – the figures collected by GISCO or those from BDSI.
3. Clarify the implications a new definition of 'independently verified' might have on the results and the year-on-year comparability of the results.
4. Clarify whether GISCO should extend accountability on sustainable cocoa beyond the German market to the wider supply chains of its members. This is especially relevant for cocoa processed in Germany, as the share of certified or independently verified cocoa in this respect is lower than the share of certified or independently verified cocoa sold on the German market.
5. Continue to develop and improve certification programmes to meet GISCO goals.
6. Clarify what additional costs arise for farmers to have cocoa double certified – from standard setting organisations and from company own schemes.
7. Conduct studies on the impact of certification on reducing child labour and deforestation and closing the living income gap.
8. Share results of impact studies of certification schemes to publicise lessons learned and contribute to strategy development.



3.2 Living income for cocoa farming households

3.2.1 Two of GISCO's goals are directly linked to living income:

Goal 1: Improved farm gate prices, minimum price and premium systems, and other income-generating measures such as contributions to a living income of cocoa -farming households.

Goal 1 is linked to a broad range of different indicators, including 4 target indicators. This reflects the fundamental importance of this goal for a sustainable cocoa sector.

Goal 2 is about improving the productivity of cocoa cultivation and the quality of cocoa.

Improving productivity is one of the presumed levers for increasing cocoa-related income in cocoa-growing households. As such, this goal is closely aligned with Goal 1.

The table below (Table 4) provides an overview of the target indicators related to Goal 1. Overall, little progress can be observed on performance against the target indicators. Reporting on living income-related datapoints still lacks momentum. It is crucial to improve transparency in this respect, particularly considering the pivotal role that a living income is believed to play in realising other GISCO goals, such as combatting child labour and deforestation.



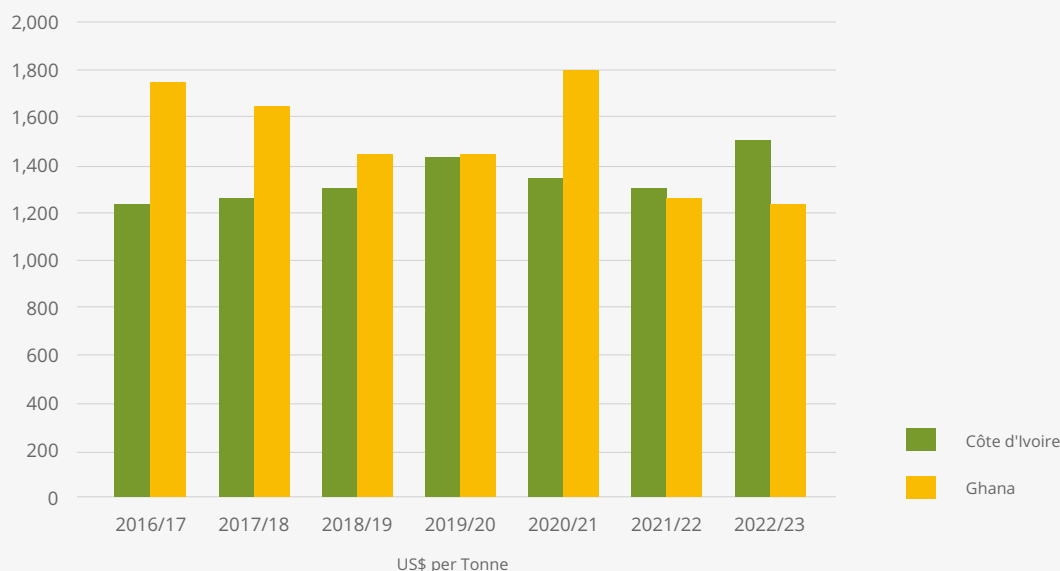
Table 4: Overview of Goal 1 target indicators

| Target indicator | 2021 | 2022 |
|---|--|--|
| From 2020 onwards, GISCO members have reported the average USD amount of sustainability premiums/ton they pay to their suppliers and/or farmers for the cocoa purchased/processed (SCI). | About one third (36%) of industry and retail reported to have paid premiums. 11 of these members reported data on the premiums paid per ton. | 19 (56%) members reported to have paid premiums, namely 14 industry members (50% of industry members) and 5 retail members (83% of retailers). Only 11 of these members (32% of total members and 58% of members that reported paying premiums) provided the figure on the average premium paid per ton. |
| Percentage of cocoa processed by members of GISCO in Germany or used in end consumer products for the German market for which a living income reference price was paid to cocoa producers. | Data cannot be disclosed due to a lack of reporting members. | The total volume for which a LIRP was paid is, however, low, totalling 20,047 MT-BE. |
| By the end of 2022, GISCO members with income-relevant projects/programmes will include living income-related indicator(s) and report transparently on the measures implemented (PI). ¹⁷ | 59% of the reported projects and programmes are reported to be income-related and 90% (of these projects/programmes have living income-related indicator(s). | 48% of the reported projects and programmes are reported to be income-related and 87% of these projects/programmes have living income-related indicator(s). |
| By the end of 2023, GISCO members with relevant projects/programmes will report on the development of net household income in relation to the living income benchmark (PI). | 6 members reported on household income in relation to the LI benchmark, 3 industry members, 2 standard setting organisations, and BMZ/GIZ. | 5 members reported on household income in relation to the LI benchmark: 1 retailer, 2 standard setting organisations, government (multiple projects), 1 industry member. |
| By 2025, at least 80% of farmers reached by relevant GISCO member projects/programmes will have increased their net household income by at least 35% (PI). | Only 1 member broke down the number of farming households per income category. | 2 members broke down the number of farming households per income category. |

¹⁷ Note: from this year the number of households for which a living income strategy is implemented is included in the supply chain questionnaire.

3.2.2 The context in 2022: Drop in farmgate price and the impact of inflation

Figure 12: Regulated farm gate prices during the main crop in Côte d'Ivoire and Ghana



The regulated farm gate price of cocoa beans has been declining for the last two years. The regulated farm gate price of cocoa beans for the main crop of the 2022/23 season in Côte d'Ivoire was announced at 900 XOF/kg in 2022 (US\$1,364 per tonne) while in Ghana, cocoa farmers were expected to receive 12,800 Ghana cedis per tonne (US\$1,251 per tonne) for their cocoa beans (see Figure 12, source ICCO¹⁸). This is way below the 2022 Fairtrade living income reference price (LIRP) for Côte d'Ivoire (2,390 USD per MT) and Ghana (2,120 USD per MT).

Adding to a lower farm gate price, household income of cocoa-farming households has been negatively impacted by inflation. Therefore, the Living Income Community of Practice updated the living income benchmark¹⁹ for Côte d'Ivoire²⁰ in June 2022 to CFA 298,983 or 476 USD per month. In the same manner, it also updated the living income benchmark for the cocoa-growing regions of Ashanti, Central, Eastern and Western in rural Ghana. The living income benchmark for Ghana updated in March 2022²¹ is GHC 2,324 per month (\$298).

Against this background, the GISCO monitoring data related to Goal 1 and 2 are presented in this section. In general terms, the monitoring indicators related to Goal 1 and Goal 2 can be categorised into 2 groups: input/output indicators (payment of an LIRP, premiums, access to finance, productivity and cost of production) and impact indicators (household income and progress towards closing the LI gap.)

¹⁸ ICCO, COCOA MARKET REPORT March 2023

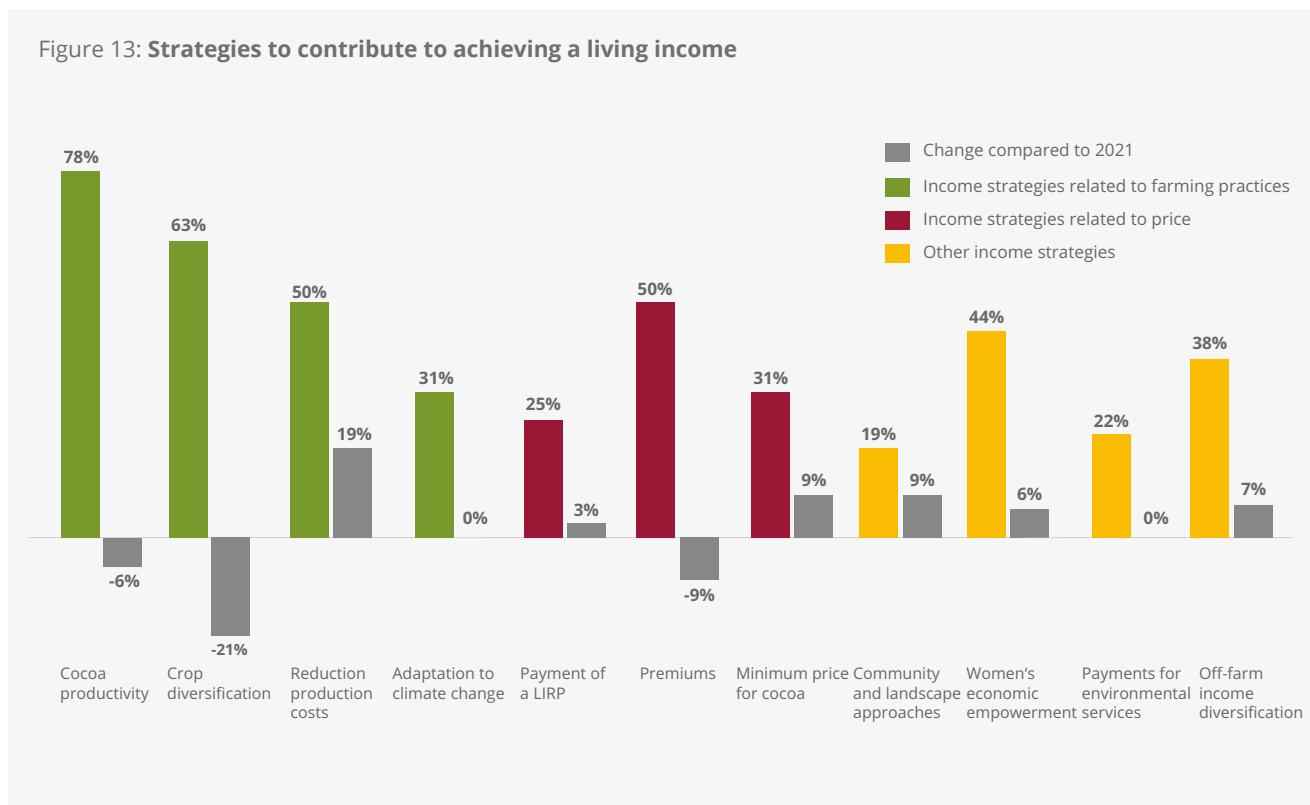
¹⁹ The living income benchmark is the estimated required net income of typical size family to be able to afford a decent standard of living after costs associated with farming are taken into consideration.

²⁰ LICOP, Living Income Benchmark, June 2022 Update Côte d'Ivoire Rural cocoa growing areas, https://www.living-income.com/_files/ugd/0c5ab3_9aef-39b2ef654ab6a8f7bc4dd2bdb026.pdf

²¹ LICOP, Living Income March 2020 Update Rural Ghana Cocoa growing areas of Ashanti, Central, Eastern and Western, https://www.living-income.com/_files/ugd/0c5ab3_8b6a7e26d7c04908a7738f1c97376a78.pdf

3.2.3 Strategies to contribute to achieving a living income

The [ISCO definition](#) for the implementation of living income strategies emphasises the need to implement a smart mix of strategies. All 31 income-related projects and programmes (48% of all project/programme questionnaires submitted) reported on the strategies to contribute to achieving a living income.



Strategies related to farming practices (green bars in the graph), such as improving cocoa productivity and crop diversification, are the most prevalent living income strategies implemented by members. The focus on improving productivity in living income strategies is also echoed in a report on company living income strategies published by Oxfam (in February 2023).²² Our data suggests, however, that for this year, the occurrence of strategies for increasing productivity has fallen slightly compared to 2021. Strategies aimed at improving the price paid to farmers (red bars in the graph) show mixed results. While payments of an LIRP and payment of a minimum price went up slightly but remain low overall (see payment of a living income reference price, marginal but growing), payment of premiums as a strategy for achieving a living income declined. The most significant overall increases have been observed in strategies focused on lowering production costs, implementing minimum cocoa price payments and engaging in income-generating activities within community and landscape initiatives.

²² Oxfam - Towards a Living Income for Cocoa Farmers in Ghana, Assessing companies' efforts to date, 2023.

3.2.4 Decline in average cocoa yield per hectare

Despite the predominant focus on improving cocoa productivity as a strategy for achieving a living income, the data for this reporting year suggests a decline in the reported average cocoa yield per hectare for both Côte d'Ivoire and Ghana as well as an increase in the cost of production for Côte d'Ivoire.



Table 5: Average cocoa yield and cost of production in Côte d'Ivoire and Ghana

| Indicator | Côte d'Ivoire | | Ghana | |
|--|---------------|--|------------|--|
| | Result | Number of projects for which data is available | Result | Number of projects for which data is available |
| Average cocoa yield per hectare (2022) | 475 kg/ha | 10 | 533 kg/ha | 6 |
| Average cost of production per MT cocoa beans (2022) | 321 USD/MT | 5 | 272 USD/MT | 5 |
| Average cocoa yield per hectare (2021) | 570 kg/ha | 7 | 568 kg/ha | 10 |
| Average cost of production per MT cocoa beans (2021) | 216 USD/MT | 3 | 483 USD/MT | 6 |

The reported average yield is significantly lower than the yield benchmark used by Fairtrade (800kg/ha) for the calculation of a living income reference price for cocoa.

Although direct comparisons are challenging due to variations in approaches and methodologies, other reports on this topic arrive at similar conclusions. A study commissioned by Barry Callebaut,²³ for instance, highlights the gap between the average yield and the Fairtrade benchmark yield and states that less than 10% of surveyed farmers were able to produce yields that could provide a living income in 2021/22 if implemented in combination with other living income strategies.

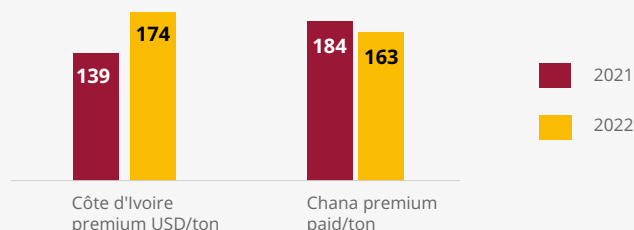
Looking at overall production of cocoa beans in Ghana and Côte d'Ivoire, data from ICCO²⁴ shows 'a drastic decline in Ghana's cocoa production from 1.047 million tonnes in the 2020/21 season. Production in the country is forecast to fall as low as almost 689,000 tonnes for the 2021/2022 season. Less conducive weather conditions and the reduction in fertilisers offered to farmers coupled with disease outbreaks have been detrimental to the cocoa farms in the country. In Côte d'Ivoire, production is expected to decrease to 2.2 million tonnes. Fundamental factors, mainly relating to less suitable weather conditions, have negatively affected production and led to the decline in the country's production'.

²³ https://www.barry-callebaut.com/system/files/2023-05/Barry%20Callebaut_Agrilogic%20White%20Paper_2023_0.pdf

²⁴ ICCO QUARTERLY BULLETIN OF COCOA STATISTICS Volume XLVIII No. 3 Cocoa Year 2021/22

3.2.5 Limited transparency on premiums

Figure 14: Average amount of premiums paid²⁵ (USD/ton) (2021 vs 2022)



The payment of premiums is another important strategy for supporting producers in achieving a living income. As indicated above, data from project/programme questionnaires suggests that the prevalence of paying premiums has been going down this year as a strategy to help farmers achieve a living income. Also in the supply chain questionnaire, only 32% of industry and retail members reported on premiums paid.²⁶ The data on premiums shows that the average amount of premiums paid per ton is increasing for Côte d'Ivoire and decreasing for Ghana. In either case, the reported average premium paid per ton is low compared to the LIRP and the Fairtrade premium of \$240/ton.

| Table 6: Descriptive statistics on premiums paid for Ghana and Côte d'Ivoire | | |
|--|--------------------|------------|
| Indicator | Côte d'Ivoire 2022 | Ghana 2022 |
| N (Number of members reporting) | 8 | 6 |
| Average premium paid per ton | \$174 | \$163 |
| Median | \$136 | \$127 |
| Min | \$77 | \$70 |
| Max | \$469 | \$427 |
| N 51-100 USD/ton | 2 | 2 |
| N 101-150 USD/ton | 3 | 3 |
| N 151-200 USD/ton | 2 | 0 |
| N 200 + USD/ton | 1 | 1 |



The descriptive statistics on premiums paid for Côte d'Ivoire and Ghana (Table 6) provide further insight in the data. 8 members reported data for Côte d'Ivoire and 6 members reported data for Ghana. For both countries, the median premium paid per ton is lower than the average which indicates that the distribution of values is skewed towards lower values.²⁷

²⁵ Please note that no distinction is made between premiums paid to the farmer and premiums paid to the cooperative, as the premium split is often regulated by the individual farmer organisation and not reported to the sourcing actor. The average premium paid per country does not include payment of the mandatory Living Income Differential (LID) for Côte d'Ivoire and Ghana (\$400/ton).

²⁶ Due to a low response rate for the question on volumes sourced for which no premiums were paid, not enough data is available to calculate the share of the volume for which premiums were paid for Côte d'Ivoire and Ghana.

²⁷ Please note that no distinction is made between premiums paid to the farmer and premiums paid to the cooperative, as the premium split is often regulated by the individual farmer organisation and not reported to the sourcing actor. The average premium paid per country does not include payment of the mandatory Living Income Differential (LID) for Côte d'Ivoire and Ghana (\$400/ton). As such, the reported data on premiums does not reveal the actual total price paid to the farmer which is essential to appreciate how the price contributes to the household income of cocoa-farming households.

3.2.6 Payment of a living income reference price is marginal but growing

Payment of a LIRP by companies as another strategy related to price remains marginal among members, although as indicated above, is slightly increasing as a strategy for achieving a living income. Contrary to the decline in the reporting on premium payments, more members are reporting on payment of a LIRP: 7 members (2 retail and 5 industry) reported having paid a LIRP for at least part of the volume they sourced. The total volume for which a LIRP was paid is, however, low, totalling 20,047 MT-BE. Disaggregated data per country can only be presented for Côte d'Ivoire. For Ghana and other countries, not enough datapoints are available (less than 3). The total volume of cocoa for which a LIRP was paid in Côte d'Ivoire is 17,577 MT-BE. This would amount to an estimated 7.8% of the total volume of cocoa imported from Côte d'Ivoire to Germany.²⁸

Figure 15: Farm gate price, premiums and LIRP in Côte d'Ivoire and Ghana

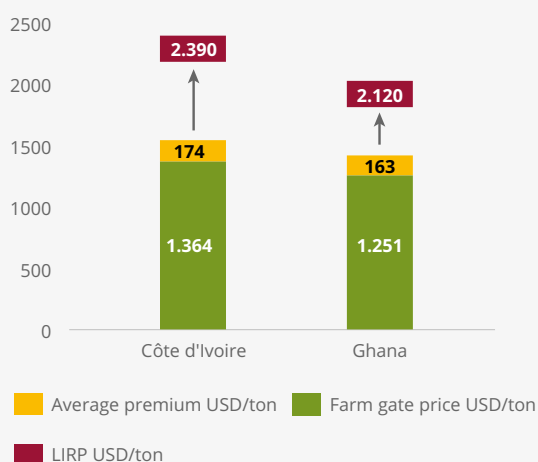


Figure 15 on the left shows the disparity between the farm gate price plus the average premium paid per ton and the living income reference price. It is worth noting that the average premium can also include premiums paid to the cooperative. As such, the gap to the living income reference price would be even bigger. It is clear from the data that current prices paid to farmers are too low. However, according to the ISCO definition on living income strategies,²⁹ increasing the price paid to the farmer should be included in a smart mix of living income strategies to close the living income gap in a sustainable manner.



²⁸ Calculation based on import data from [Verein der am Rohkakaohandel beteiligten Firmen e.V. \(kakaoverein.de\)](http://Verein.der.am.Rohkakaohandel.beteiligten.Firmen.e.V.(kakaoverein.de))

²⁹ A living income strategy is a strategy with the explicit goal of enabling cocoa-farming households to earn a living income. A living income strategy includes a monitoring and learning component. A living income strategy uses a combination, or 'smart mix' of strategies that target multiple income drivers. Multiple income drivers such as land size, yield, price, cost of production, diversified incomes are being assessed strategically for the purpose of closing the living income gap the difference between the actual household income and the existing living income benchmark. The interventions for each driver depend on the current situation of those drivers and to what extent addressing these drivers can help close the living income gap among different segments and profiles of farmers. Strategies that can improve income drivers go beyond addressing changes in the farm system and household behaviour. These strategies include improved procurement practices. They range from service delivery for improved production and processing, to brand and consumer engagement, and to improving the enabling environment. A living income strategy goes beyond income-generating activities (IGAs) that do not have the explicit aim of closing living income gaps.

3.2.7 Smart mix and black box – Measuring progress towards achieving a living income for cocoa-farming households

Implementing a smart mix of living income strategies should ultimately contribute to closing the living income gap for cocoa-farming households. Assessing the effectiveness of living income strategies and thus measuring progress towards closing the living income gap is arguably the biggest challenge not only for GISCO but for the entire sector.

But the limited availability and comparability of household income data poses a significant problem as, for example, the results from the engagement phase of a sector-wide cocoa household income study (CHIS) indicate.³⁰ Researchers from the University of Wageningen stress the need for a harmonised approach for data collection on household income so that available and comparable evidence at scale can feed into strategy and policy design. Regarding the GISCO monitoring, the collected supply chain level data depicts the scale of the challenge.



Table 7: Overview of supply chain indicators on living income

| Indicator | Côte d'Ivoire | | | Ghana | | |
|---|---------------|-----------------------------|---------------------------------------|--------|-----------------------------|---------------------------------------|
| | Result | Number of members reporting | Number of members reporting '0 value' | Result | Number of members reporting | Number of members reporting '0 value' |
| # of farming households for which a living income strategy is implemented | 82,186 | 6 | 5 | 90,922 | 5 | 4 |
| # of farming households for which a living income gap is measured per country | 4,073 | 5 | 7 | 2,548 | 7 | 2 |
| Share of farming households for which the living income gap is measured | 4.96% | 5 | NA | 2.80% | 5 | NA |
| Share of farming households that have closed the living income gap | 3.21% | 3 | 8 | 5.71% | 4 | 3 |

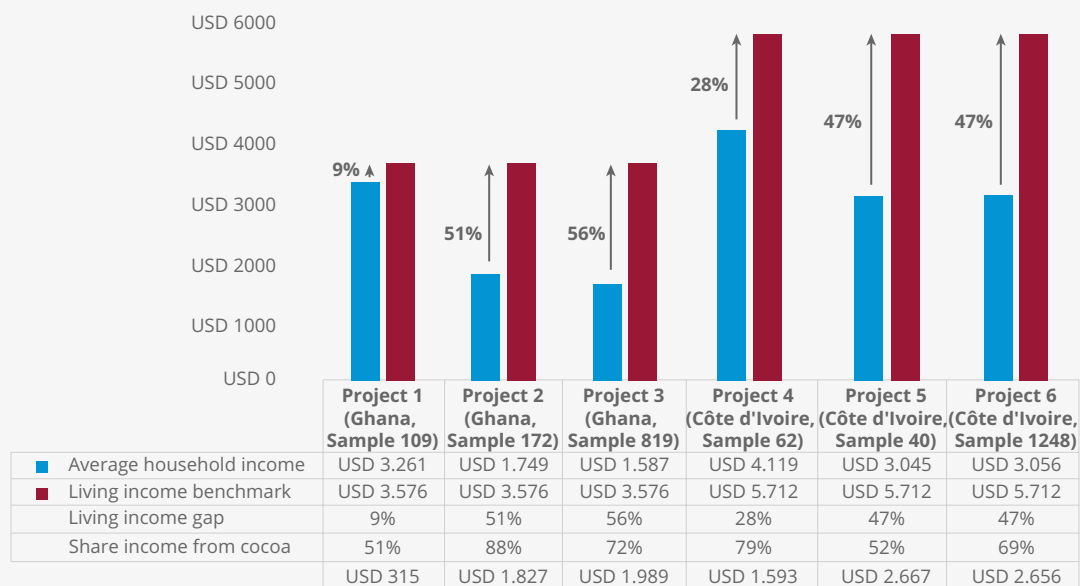
14 GISCO members reported on living income data in their supply chain. At project/programme level, 5 members reported data. The figure below shows the reported data per project for Côte d'Ivoire and Ghana (Figure 15).

As previously stated, the overall reported number of households for which a living income strategy is implemented is low compared to the number of cocoa-farming households reached by projects and the total estimated number of cocoa-farming households in Côte d'Ivoire and Ghana. Living income data is mostly only collected for the farming households that are targeted by a living income strategy. Data for the larger fraction of the farmer population, especially those in indirect supply chains, is therefore not captured. Household income data is often collected for a subset of these cocoa-farming households. Members typically report small sample sizes, with limited information on how representative these samples are. This limits the ability to compare the results across programmes or regions. While the reported number of farmers that have closed the living income gap may be representative of an individual member's project or programme or a member's direct or total supply chain, the data is not representative of the overall impact of GISCO members on reducing the living income gap for cocoa-farming households.

As previously mentioned, household income data reported in the monitoring tool is scarce.

³⁰ Verina Ingram et.al, Towards a sector-wide cocoa household income study: results from the engagement phase

Figure 16: Household income per project – Ghana and Côte d’Ivoire



Household income data on a project and programme level reiterates the challenge at hand for measuring progress towards closing the living income gap. Data availability is low and while samples may be representative of a specific project, comparability of household income data between projects is low. For the 6 projects, the living income gap is, on average, 40% and ranges from 56% to 9%.

A comparative study by the University of Wageningen comes to similar conclusions. Examining 6 household income datasets³¹ for Côte d’Ivoire and Ghana, the study indicated that more than 40% of cocoa-producing households in Côte d’Ivoire and 30% in Ghana fall below the World Bank extreme poverty line, while the vast majority of cocoa-producing households fall below the living income benchmark. The study also found that cocoa production is the largest source of income (around 66% or more) for the cocoa-farming households in Côte d’Ivoire and Ghana.

In conclusion, a smart mix of living income strategies focusing on price, productivity, income diversification and targeting different segments of households still needs to be implemented on a larger scale. Different members are increasing their efforts to better understand which strategies work best for different farmer segments, as a one-size-fit all approach does not lead to the desired impacts.

Effective implementation of living income strategies requires mechanisms to be in place in order to counterbalance the risks posed by substantial rises in overall cocoa production stemming from broad improvements in productivity, without transitioning less suitable cocoa farming areas to alternative uses. Achieving the goal of enabling cocoa-farming households to sustainably earn a living income requires a combination of elevated prices, heightened productivity and a decrease in the average cost of production.

Limitations of the data

- ❶ Lack of transparency. 87% of living income-related projects have living income-related indicators but the collected data on household income is not reported by all members during the data collection.
- ❷ Limited availability, representativity and comparability of household income data. This has implications for the statements that can be made regarding achievement of Goal 1 Living income. Household income data on a project/programme level may give a biased picture of household income and the results can often not be extrapolated to the whole supply chain.

³¹ van Vliet JA, Slingerland MA, Waarts YR and Giller KE (2021) A Living Income for Cocoa Producers in Côte d’Ivoire and Ghana? Front. Sustain. Food Syst. 5:732831. doi: 10.3389/fsufs.2021.732831.

3.2.8 Road ahead

GISCO reformulated its Goal 1 in 2023. It now states: *'We are jointly committed to constantly improving the income situation of cocoa-farming households in the producing countries, so that everyone can earn a living income. We are jointly committed to enabling at least 90% of households, whose main occupation is cocoa cultivation and who supply members of the German Initiative on Sustainable Cocoa with cocoa that is sold or processed in Germany, to earn a living income by 2030. We develop common strategies to achieve this goal.'*

Elevating the livelihoods of cocoa-farming households will remain a central concern for GISCO in the coming years. To enhance effectiveness, it is essential for all GISCO members to adopt greater transparency in their implementation of strategies aimed at improving living income. This entails obtaining a clear insight into how these strategies impact household income within specific projects, programmes and throughout the supply chains. The [GISCO Roadmaps](#)³² are one stepping stone in this direction.

For the next monitoring round, priority needs to be given to adapting the monitoring system to the newly formulated goal. Alongside this, we need to critically reflect how to improve on some of the existing monitoring datapoints in order to increase the transparency and robustness of the data.

Measuring living income is generally challenging due to varying methods, difficulties in collecting sensitive income data and associated costs. The ISCOs under the umbrella of ALICO, along with partners such as the World Cocoa Foundation, the Voice Network and the Living Income Community of Practice (LICOP), are already taking steps to work on a harmonised methodology and to enhance the collection of this data. The importance of these efforts is clear in light of the current challenges.

Certain trends that have been explored to a limited degree this year are poised to become significant factors in the upcoming years. Among these trends are the implications of the ongoing cocoa price surge³³ and rising production costs on living income strategies and farming household income, as well as the potential effects of climate change on cocoa production and income in West African cocoa-producing nations.³⁴

From the data, the following options for action arise for GISCO and its members:

1. Work together with members to improve reporting on living income in the GISCO monitoring system. Clarify how the transparency, availability and robustness of income data in projects and programmes (including certification programmes) and in supply chains can be increased through the monitoring system.
2. Continue to promote a smart mix of strategies to close the living income gap, including the payment of living income references prices, premiums, productivity increase, purchasing practices, gender transformative approaches, etc.
3. Explore how surrounding conditions affect strategies on living income, i.e. climate change, price surge on the stock exchange, etc.
4. Actively participate and continue to partner (i.e. by sharing data) in the Household Income Study of the Alliance on Living Income in Cocoa (ALICO) in order to harmonise methodologies on income data.



³² For more details also see: [13_06_2023_Kakaoforum.pdf \(bundeskartellamt.de\)](#)

³³ [ICCO-Monthly-Cocoa-Market-Report-May-2023.pdf](#)

³⁴ Schroth et al., Vulnerability to climate change of cocoa in West Africa: Patterns, opportunities and limits to adaptation, 2016: <https://www.sciencedirect.com/science/article/pii/S0048969716304508>



3.3 Traceability and deforestation-free cocoa

Goal 5: Ending deforestation and contributing to conservation of forests and biodiversity, and to reforestation.

3.3.1 The key role of traceability

Cocoa traceability means that information on the origin and possibly also on the cocoa's sustainability characteristics is documented and linked to batches of cocoa beans. Such information is preserved and transmitted along the cocoa value chain. Traceability is therefore a prerequisite and means for fostering sustainability in the cocoa sector.

Box 1: EU Regulation on deforestation-free supply chains

29 June 2023, the [EU Regulation on deforestation-free supply chains](#) [EUDR], entered into force. The new law will ensure that a set of key goods placed or made available on the EU market or exported from it must be deforestation-free, and thus will no longer contribute to deforestation and forest degradation in the EU and elsewhere in the world.

Companies will have to confirm that the product has been produced on land that has not been subject to deforestation or forest degradation, including of primary forests, **after 31 December 2020**. While no country or commodity will be banned, all relevant companies will have to conduct **strict due diligence** if they export or place on the EU market **palm oil, cattle, soy, coffee, cocoa, timber and rubber** as well as derived products such as **beef, furniture, or chocolate** listed in the Annex to the Regulation upon the entry into application of the new rules in 18 months (December 2024).³⁵

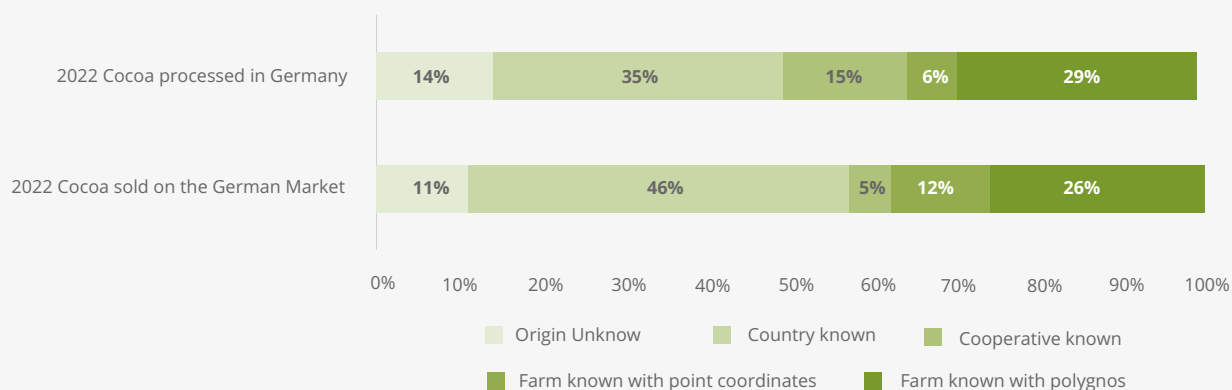
The Regulation requires that the commodities used for all products falling under the scope be traceable to the plot of land. Mass balance chains of custody that allow for the mixing, at any step of the supply chain, of deforestation free commodities with commodities of unknown origin or non-deforestation-free commodities [of EUDR-compliant goods with EUDR-non-compliant goods], are not allowed under the Regulation, because they do not guarantee that the commodities placed on the Union market or exported from it are deforestation-free. Therefore, the commodities placed on the Union market, or exported from it, need to be segregated from commodities of unknown origin or from non deforestation-free commodities at every step of the supply chain. As mass balance [of EUDR-compliant goods with EUDR non-compliant goods] is therefore to be ruled out, full identity preservation is not needed.³⁶

24 members reported on the traceability levels of cocoa processed in Germany. 26 members, of which 4 retailers, reported on the traceability levels of cocoa supplied to the German market. In the reporting period, our monitoring data shows that the origin is unknown or only the country of origin is known for 57% of the cocoa sold on the German market and 49% of the cocoa processed in Germany.

³⁵ Source: Green Deal: New law to fight global deforestation and forest degradation driven by EU production and consumption enters into force (europa.eu).

³⁶ [FAQ - Deforestation Regulation_1.pdf \(europa.eu\)](#)

Figure 17: Traceability level of cocoa sourced



This means that there is still considerable need to improve traceability in order to meet the EUDR requirements (see Box 2).

Box 2: 2018 Cut-off date for deforestation-free cocoa

GISCO has opted to keep the previously established cut-off date of 31 December 2018 for its own deforestation-free cocoa targets.

However, in order to improve harmonisation of indicators between the ISCOs, it was decided that members would be able to choose which cut-off date to report on. Members could opt to report on multiple cut-off dates, but this option was not used. The data presented here is not exclusive to the 2018 cut-off date.

The table below (Table 8) provides an overview of the target indicators related to Goal 5. 38% of the volume of cocoa sold on the German market is traceable to farm level, whereas only 8% of the cocoa sold on the German market is reported to be deforestation-free. The data collection method changed³⁷ between 2021 and 2022 so there is only limited comparability. However, looking at the absolute volume of cocoa supplied to the German market that is traceable to farm level, the volume, at 54%, has increased significantly (77,973MT-BE in 2021 and 119,844 MT-BE for 2022).



Table 8: Overview of Goal 5 target indicators

| Target indicator | 2021* | 2022 | Target 2025 |
|---|-------|------|-------------|
| Target indicator 5.1 (supply chain indicator): By the end of 2025, GISCO member companies will ensure 100% traceability to farm level in their direct supply chain ³⁸ including farm mapping systems. | 36% | 38% | 100% |
| Target indicator 5.2 (supply chain indicator): By the end of 2025, 85% of the cocoa purchased/processed by GISCO members in Germany will be deforestation-free (for CIV: is sourced from farms that are not located in protected areas or protected forests) (traceability from farm to cooperatives provided by farm mapping systems). | 8% | 8% | 100% |

*data has been corrected for 2021

³⁷ The scoring system for cocoa origin transparency for 2021 and traceability for 2022 has changed. The question on the share of deforestation-free cocoa sourced has been taken out of the traceability section. In 2022, members needed to report separately on deforestation free-cocoa.

³⁸ As in previous years, the presented data relates to the total supply chain (direct and indirect).

3.3.2 Reliance on certification standards for deforestation-free cocoa but not aligned with EU legislation

However, it also became apparent during the data cleaning process that members had different interpretations of what constitutes ‘deforestation-free cocoa’:

1. Some members understood deforestation-free as ‘Having point coordinates for plots less than 4ha and polygon boundaries of the plots bigger than 4ha and verified as not in a protected forest and as not comprising land that was deforested or degraded since 31 December 2018 for GISCO’, as per the GISCO definition.
2. Others considered certified cocoa to be equivalent to deforestation-free cocoa, referring to the criteria on deforestation-free cocoa used by standard setting organisations.

On an ISCO level, it was decided to only accept cocoa that is in line with the ISCO definition as deforestation-free cocoa. This does not mean that certified or independently verified cocoa is not deforestation-free, but that it does not clearly comply with the ISCO definition. Standard setting organisations are moving towards stricter criteria on deforestation-free cocoa.

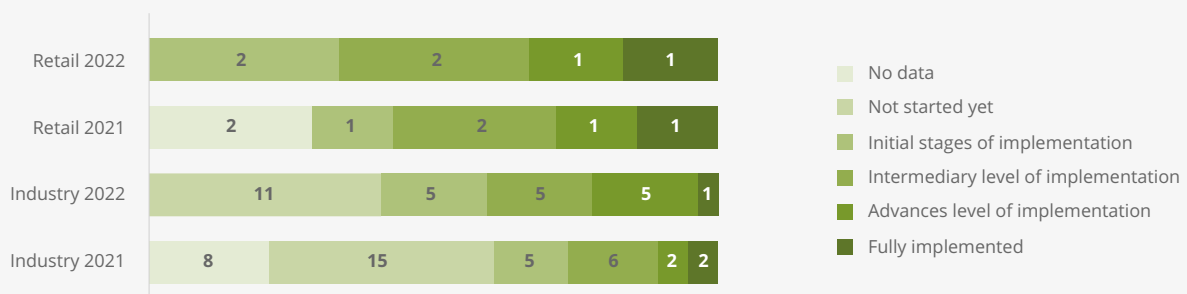
3.3.3 Reluctance to claim deforestation-free cocoa

The data shows a considerable gap between the share of cocoa that is traceable to farm level and the share of cocoa that is reported to be deforestation-free. Some members indicated that, due to the prevailing uncertainty about the application of the new EU Regulation, they are for the time being reluctant to claim deforestation-free cocoa. For monitoring purposes, they opt for caution and do not report their cocoa as being deforestation-free. One of the key challenges is meeting the due diligence requirements and assurance that the supply chain is fully segregated i.e. that there has been no infiltration of or mixing with cocoa that is not EUDR-compliant.

3.3.4 Environmental risk management as a stepping stone?

For the monitoring report, we also analysed if the implementation of environmental risk management on a supply chain level could be a gauge for assessing member efforts to exclude cocoa from deforested areas in their supply chain. However, when looking at the combined data, there is limited evidence of advancements in adopting strategies and tools to manage environmental impact. Furthermore, the data does not show any clear correlation between the adoption of environmental risk management and members’ reporting on deforestation-free cocoa. Members reporting a high level of environmental impact management did not necessarily report a higher share of deforestation-free cocoa and vice versa. So, while it is possible that members are making progress on environmental risk management as a stepping stone for increased sourcing of deforestation-free cocoa, this is not visible in the data.

Figure 18: Implementation of environmental risk management in the supply chain



Members were also asked to provide more in-depth information about the implementation of environmental risk management and due diligence in their supply chains (see IV Other monitoring topics).

Limitations of the data

As for other datapoints, comparability between years is limited, mainly due to changes in the data collection method. In addition, there are some other limitations to the data.

- ❶ In the context of further harmonising the monitoring among the ISCOs, calculations of joint ISCO members are now based on the global average share of deforestation-free cocoa, rather than the share of deforestation-free cocoa specific for the German market.

Reporting on the implementation of environmental impact management is based on self-perception by members.

3.3.5 Road ahead

As the EUDR rules take effect from December 2024, companies have a limited timeframe in which to progress with traceability and sourcing of deforestation-free cocoa. In its 2023 review of its goals and indicators, GISCO also aligned itself closer to the EUDR. The newly revised target indicators for Goal 5 (Ending deforestation³⁹ and contributing to conservation of forests and biodiversity, and to reforestation) now state:

Indicator 5.1 (supply chain indicator):

From 2025 onwards, members of GISCO guarantee full traceability back to the producer in the supply chain⁴⁰ (traceability from the plot to retailers in line with the EU Regulation).⁴¹

Indicator 5.2 (supply chain indicator):

From 2025 onwards, 100% of cocoa and chocolate products⁴² imported into the EU by members of GISCO will be deforestation-free. The available monitoring data indicates the current reluctance among members to assert the presence of deforestation-free cocoa. Navigating uncertainties surrounding EUDR implementation remains a key challenge to surmount. In addition, while in Côte d'Ivoire and Ghana national systems to support traceability are being established, in Nigeria, the third most important sourcing country for Germany,⁴³ the implementation of a national traceability system is still in the early stages.

From the data, the following options for action arise for GISCO and its members:

1. Strengthen the availability and robustness of data and determine whether the reformulation of indicators necessitates a potential reconsideration of the GISCO-agreed cut-off date of 2018 for the upcoming monitoring round.
2. Enhance traceability of sourced cocoa.
3. Explore how GISCO can further support its members, including small and medium-sized enterprises in the EUDR implementation process
4. Explore how GISCO can support the implementation of national traceability systems, including in Nigeria.
5. Clarify how to build direct business relationships with cooperatives. This can significantly increase the level of traceability and reduce supply chain risks such as deforestation for companies.

The annex provides an overview of additional project indicators related to agroforestry, forest protection and forest restoration.

³⁹ According to the FAO, deforestation is the conversion of forest to another land use or the long-term reduction of tree canopy cover below the 10% threshold.

⁴⁰ Full traceability back to the producer must be clarified with upstream suppliers; this is not direct sourcing.

⁴¹ The EU Regulation on deforestation-free products requires geolocation by point coordinates for parcels of up to 4 ha, and by polygon coordinates for parcels of 4 ha or more.

⁴² Chocolate products according to Annex 1 of the EU Regulation on Deforestation-Free Products: Cocoa beans, whole or broken, raw or roasted; Cocoa shells, husks, skins and other cocoa waste; Cocoa paste, whether or not defatted; Cocoa butter, fat and oil; Cocoa powder, not containing added sugar or other sweetening matter; Chocolate and other food preparations containing cocoa.

⁴³ [Import - Verein der am Rohkakaohandel beteiligten Firmen e.V. \(kakaoverein.de\)](https://www.kakaoverein.de)



IV

OTHER MONITORING TOPICS



4.1 Other monitoring topics

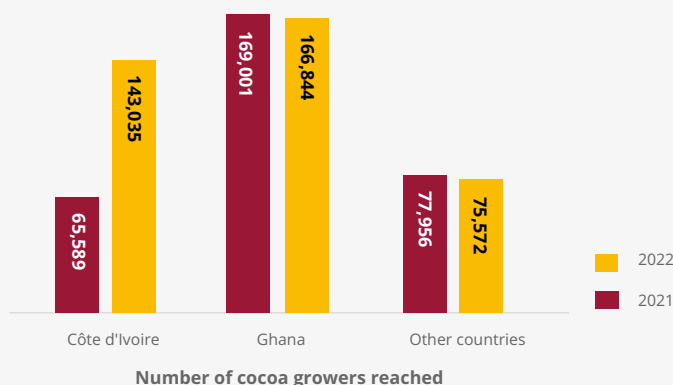
This section introduces monitoring data that falls outside the scope of the focus topics discussed in Section III. The data is accompanied by brief description and is not subjected to further analysis.

4.1.1 Living income

Access to finance

166,844 farmers in Ghana (data from 8 projects/programmes), 143,035 farmers in Côte d'Ivoire (data from 9 projects/programmes) and 75,572 farmers in other countries (data from 9 projects/programmes) benefitted from improved access to finance. A substantial increase in the number of farmers with improved access to finance in Côte d'Ivoire is noted.

Figure 19: Access to finance



The Village Savings and Loan Association (VSLA) is the predominant mode of improving access to finance. Both in Ghana and Côte d'Ivoire, women are underrepresented in strategies aimed at improving access to finance.

Figure 20: Modes of access to finance

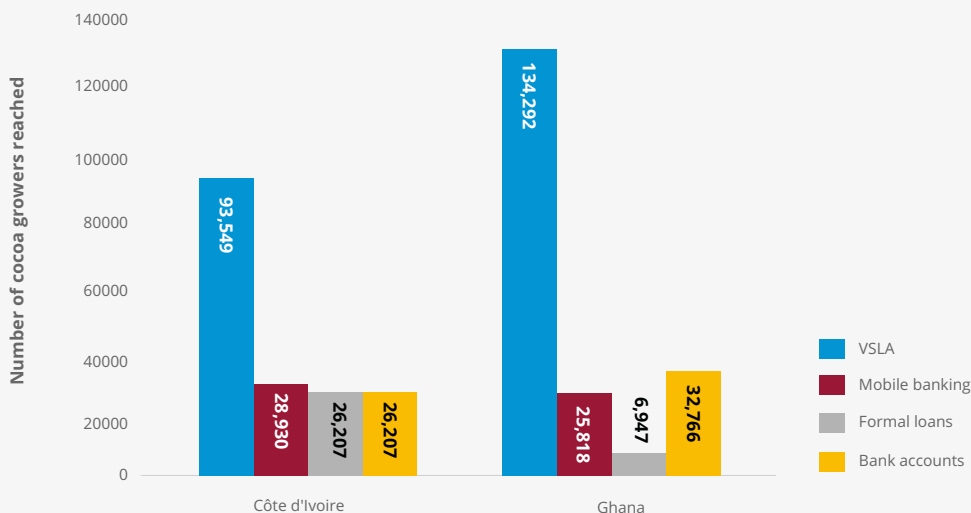


Figure 21: Access to finance by gender – Ghana

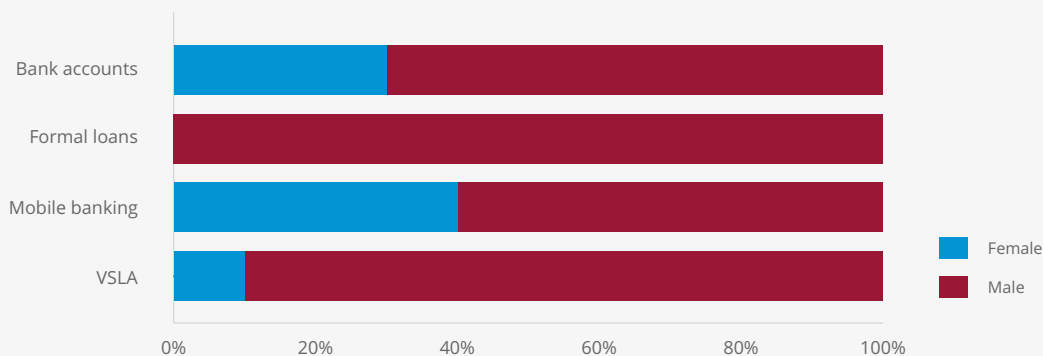
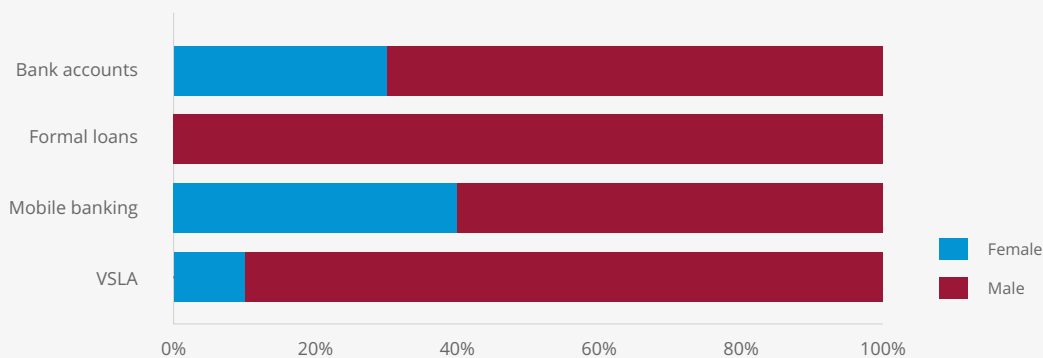


Figure 22: Access to finance by gender – Côte d'Ivoire



4.1.2 Child labour

For the 2022 reporting round, GISCO, in collaboration with other ISCOs, introduced the voluntary exchange of data reported by members from the International Cocoa Initiative (ICI) to the ISCOs, specifically concerning child labour. The following steps were taken:

Standardised indicators: An agreement was reached to establish a unified set of indicators across all ISCOs, drawing from the indicators set by ICI. This harmonisation aimed to streamline data collection and reporting processes.

Integrated reporting: ISCO members who are also affiliated with ICI had the option to select the data sharing approach. Instead of duplicating their efforts by reporting separately to both entities, they could now transfer their relevant information from ICI to the ISCO.

Out of the 28 GISCO members who participate in reporting, 6 members opted for data sharing with ICI. Simultaneously, an additional 9 members provided data through the ISCO tool. In total, this represented 44% of industry and retail members who actively engaged in reporting on child labour.

The declining number of households covered by a CLMRS that we can see in this year's data can be explained by the different data collection method of ICI. Under the ICI approach, suppliers report on behalf of their clients, enabling double counting to be limited. The 2022 data should be considered more reliable than the 2021 data and data for the two consecutive years should not be compared.



Table 9: Child labour datapoints

| Indicator | 2021 | | 2022 | |
|--|--------------|-----------------------------|---------|-----------------------------|
| | Result | Number of members reporting | Result | Number of members reporting |
| Number of farming households in company's supply chains that were covered by child protection/HRDD systems that prevent and address child labour | 1,028,969 | 11 | 671,085 | 14 |
| Number of children covered by a Child Labour Monitoring and Remediation System (CLMRS) | New question | NA | 619,481 | 10 |
| Number of cases of child labour identified | 48,360 | 7 | 82,937 | 11 |
| Share of child labour cases identified out of the total share of children covered by CLMRS | New question | NA | 13% | 10 |
| Number of children among those identified as being in child labour that received support | 47,725 | 8 | 53,660 | 11 |
| Number of children identified as being in child labour who received at least two follow-up visits | New question | NA | 20,577 | 9 |
| Number of children among those identified as being in child labour who stopped working | New question | NA | 11,476 | 8 |

4.1.3 Deforestation and agroforestry

The supply chain indicators related to deforestation and environmental impact management have already been discussed in the section on focus topics. Additional data on agroforestry and reforestation is collected in the project and programme questionnaire and is presented here. The plausibility of the data is unclear. Because of limited capacity and the datapoints not being included in the focus topics, no further examination was done this year.

Agroforestry

32 projects involved a contribution to establishing cocoa agroforestry systems. 21 of these projects reported on the number of farmers that applied cocoa agroforestry and 12 of these projects reported on the type of cocoa agroforestry systems that have been established.

According to the 2022 reporting, among the farmers reached by GISCO member projects/programmes, 77,480 farmers in Côte d'Ivoire and 90,699 farmers in Ghana have adopted agroforestry systems in their agricultural practices. This is a decline compared to the previous year but it is unclear what exactly has caused this.

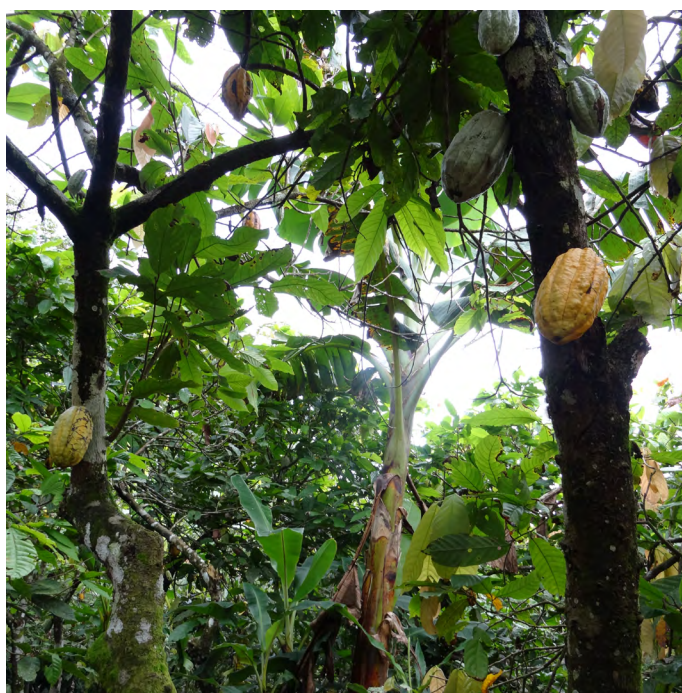








Table 10: Agroforestry-related datapoints





| Indicator | Côte d'Ivoire  | | Ghana  | | Other countries  | | Total  | |
|---|---|--------|---|--------|---|---------|---|---------|
| | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 |
| Number of farmers that applied agroforestry | 103,025 | 77,480 | 100,223 | 90,699 | 65,029 | 63,650 | 268,277 | 231,829 |
| % of farmers, reached by GISCO members, that applied agroforestry | 16% | 12% | 34% | 23% | 20% | 20% | 21% | 17% |
| Number of hectares of agroforestry systems newly established | 181,060 | 33,235 | 22,436 | 15,437 | 2,339 | 133,428 | 205,835 | 182,100 |
| Number of hectares of entry level for agroforestry | 155,004 | 33,235 | 20,219 | 15,437 | 2,140 | 133,428 | 177,363 | 182,100 |
| Number of hectares of basic category for agroforestry | 25,056 | 31,065 | 2,217 | 283 | 188 | 632 | 28,461 | 31,980 |
| Number of hectares of advanced category for agroforestry | 0 | 2,268 | 0 | 2 | 10 | 40 | 10 | 2,310 |
| Number of hectares of dynamic agroforestry system | 0 | 0 | 0 | 2 | 1 | 2 | 1 | 4 |
| Hectares of agroforestry systems established at least 3 years ago | 0 | 8,500 | 33,200 | 5,913 | 2,400 | 114,538 | 35,600 | 128,951 |

Off-farm forest restoration

A reported 964 hectares of off-farm forests were restored in Côte d'Ivoire and 393 hectares in Ghana (total 4,336 ha). This constitutes an increase for Ghana and a decrease for Côte d'Ivoire. The number of native trees planted off-farm significantly increased in both countries. In total, data is available for 7 projects.



Table 11: Off-farm forest restoration





| Indicator | Côte d'Ivoire  | | Ghana  | | Other countries  | | Total  | |
|--|---|---------|---|---------|---|---------|---|-----------|
| | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 |
| Number of hectares of off-farm forest restored | 4,118 | 964 | 218 | 393 | 0 | 1,000 | 4,336 | 2,357 |
| Number of native trees planted off-farm | 593,281 | 859,810 | 5,000 | 300,400 | 572,370 | 212,792 | 1,170,651 | 1,373,002 |

Forest protection

In the reporting year, 601,642 hectares of forests benefitted from protection in Côte d'Ivoire and 2,438,438 hectares of forest benefitting from forest protection were reported for other countries. In total, data is available for 9 projects. For Ghana, no data was reported. It is unclear what factors led to the instability of the data.



Table 12: Forest protection





| Indicator | Côte d'Ivoire  | | Ghana  | | Other countries  | | Total  | |
|---|---|---------|---|------|---|-----------|---|-----------|
| | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 |
| Number of hectares of forest benefitting from forest protection | 668,308 | 601,642 | 294,000 | 0 | 0 | 2,438,438 | 962,308 | 3,040,080 |

Integrated pest management

In total, 339,861 farming households claimed to apply integrated pest management, which is equivalent to 24% of all households reached by the projects and programmes, compared to 35% in 2021. 105,461 farming households applied integrated pest management in Côte d'Ivoire, 39,050 households in Ghana and 195,350 in other countries. This is a decrease compared to 2021 when members reported that 449,103 farming households applied integrated pest management.



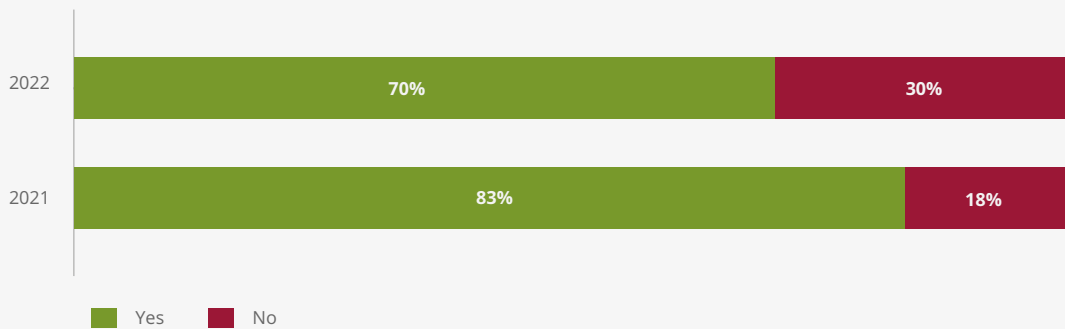
Table 13: Integrated pest management

| Indicator | Côte d'Ivoire  | | Ghana  | | Other countries  | | Total  | |
|--|---|---------|---|--------|---|---------|---|---------|
| | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 |
| Number of farming households that applied integrated pest management | 102,649 | 105,461 | 139,664 | 39,050 | 206,790 | 195,350 | 449,103 | 339,861 |
| % of households that applied integrated pest management | 17% | 7% | 51% | 3% | 49% | 14% | 35% | 24% |

Promotion of diversified and sustainable farming systems

Having a 'strategy to promote diversified and sustainable farming systems, as a contribution to environmental sustainability', implies that cocoa sustainability projects and programmes aim for changes in farming practices used by cocoa-farming households. These programmes may aim at reducing the adverse environmental effects of existing farming practices or aim at adopting other farming systems that have positive effects for the environment. This could include the use of natural resources, improvement of soil quality, reduction of pesticide use, increase in biodiversity, climate resilience, forest coverage, etc. For 2021, 83% of the relevant reported projects and programmes had a strategy to promote diversified and sustainable farming systems as a contribution to environmental sustainability. The number dropped to 70% of projects in 2022.

Figure 23: Did the project/programme have a strategy to promote diversified and sustainable farming systems as a contribution to environmental sustainability?



4.1.4 Cross-cutting challenges

Implementation of HRDD in the supply chain

Only industry (member group B) and retail (member group C) members are required to report on human rights due diligence implementation in their supply chains. Members were asked to share their own perception of the level at which they considered their implementation of HRDD to be (not started yet, initial stages, intermediate, advanced etc.).

Figure 24: Implementation of HRDD in the supply chain



Members were also asked to provide more in-depth information about the implementation of HRDD in their supply chains, distinguishing between the 6 core elements of a HRDD process:

- Element 1:** Human rights policy statement that aims at embedding respect for human rights in the organisation's/ company's own cocoa supply chain management;
- Element 2:** Risk assessment (identifying and assessing human rights impacts of the cocoa supply chain);
- Element 3:** Measures – identifying and implementing measures to prevent or mitigate adverse human rights impacts;
- Element 4:** Tracking implementation and human rights results;
- Element 5:** Reporting (communicating on how human rights impacts are addressed);
- Element 6:** Human rights grievance mechanisms.

Compared to the previous year, there has been an enhancement in reporting (with full participation). However, there has been limited advancement in the number of members reporting full or advanced levels of implementation.

Figure 25: Implementation of HRDD in the supply chain – Retail

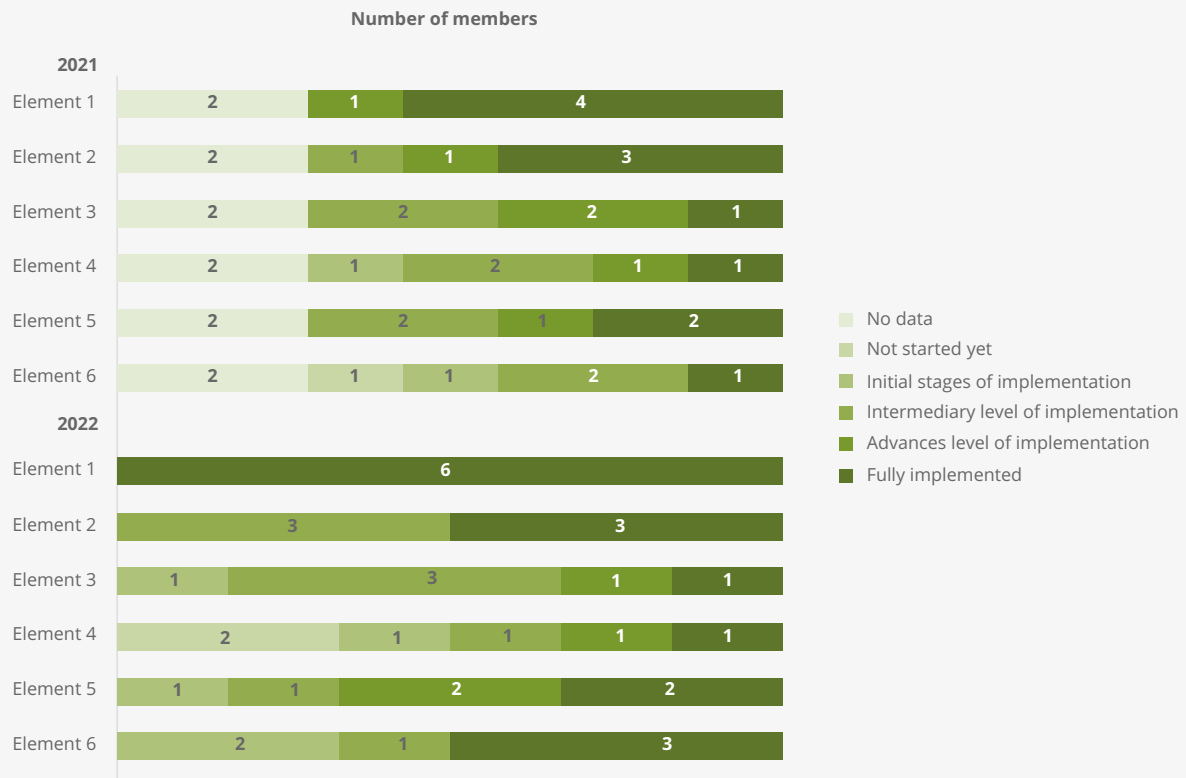
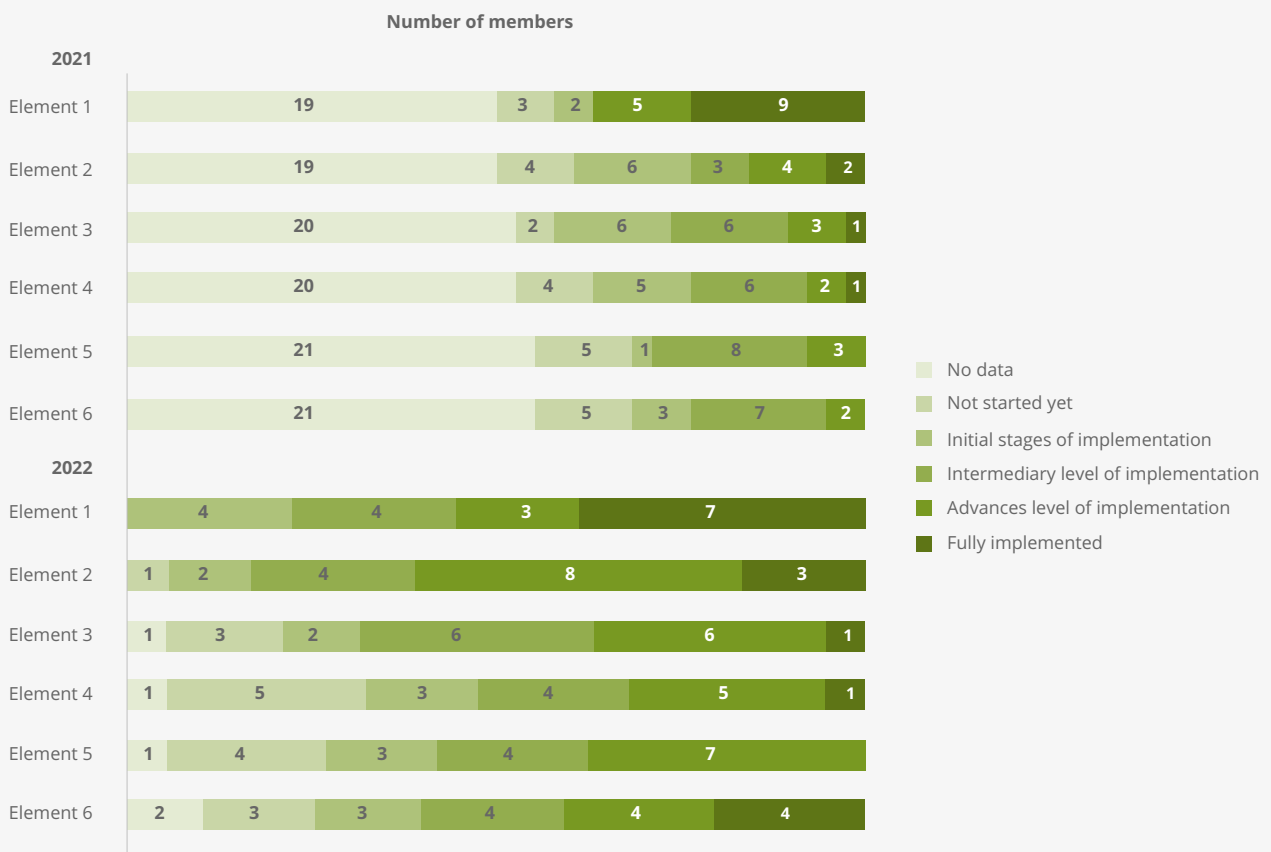


Figure 26: Implementation of HRDD in the supply chain – Industry



Environmental risk management details

Members were asked to provide more in-depth information about the implementation of environmental risk management and due diligence in their supply chains. In general, and similar to implementation of HRDD in supply chains, the level of implementation of specific elements decreases as the implementation element increases (from element 1 to element 6).

- Element 1:** Governance of environmental risks and responsibilities – policy statement that aims at embedding environmental management in the organisation’s/company’s own cocoa supply chain management;
- Element 2:** Risk assessment (identifying and assessing environmental risks of the supply chain);
- Element 3:** Measures – identifying and implementing measures to prevent or mitigate adverse environmental effects or to generate positive environmental impact;
- Element 4:** Tracking implementation and environmental results;
- Element 5:** Reporting (communicating on how environmental impacts are addressed);
- Element 6:** Grievance mechanisms.

Figure 27: Implementation of environmental risk management – Retail

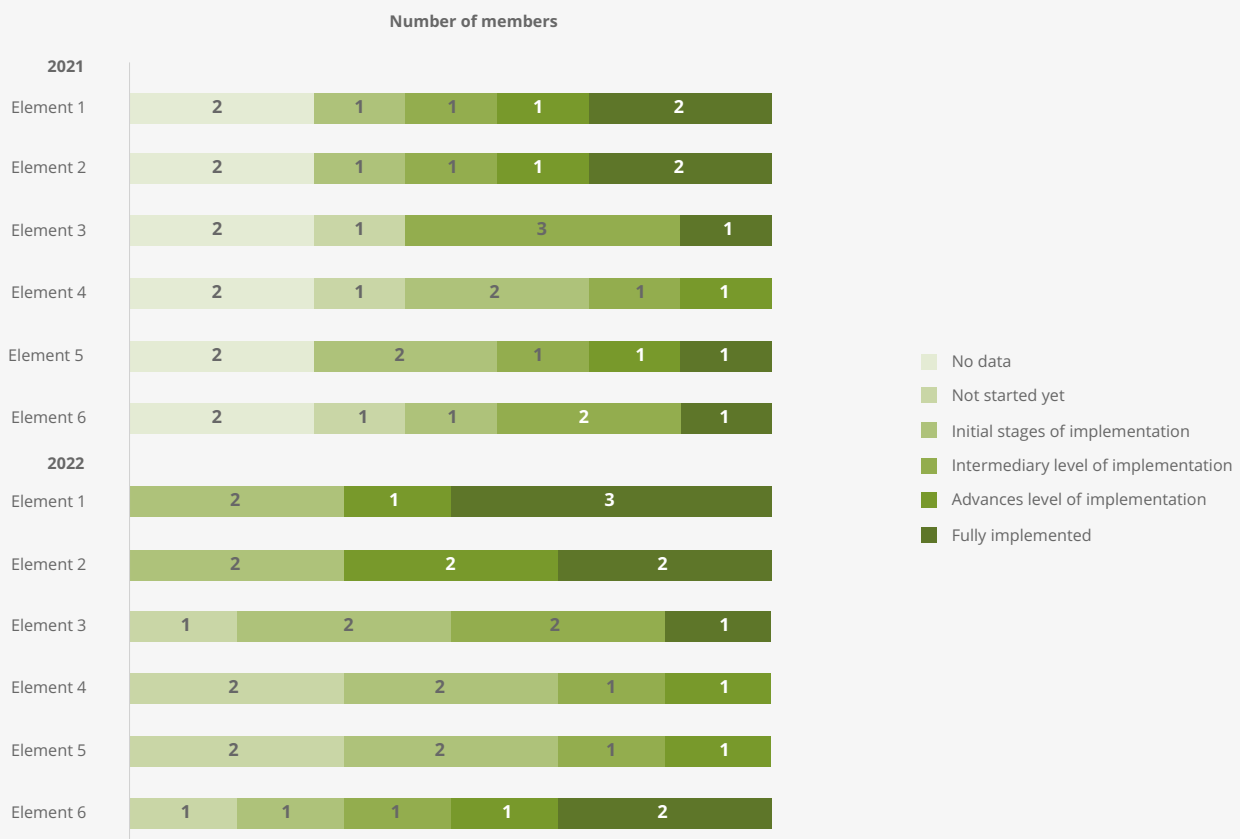
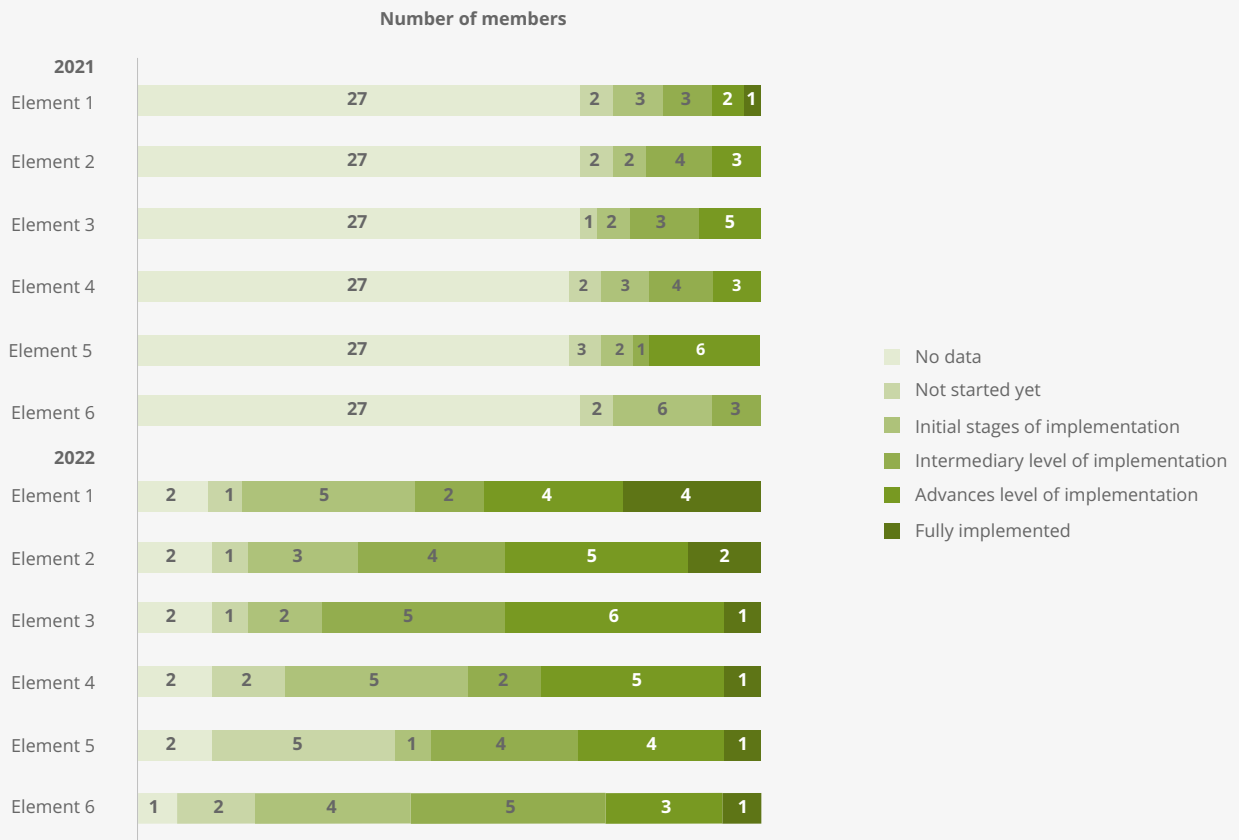


Figure 28: Implementation of environmental risk management - Industry



Compared to the previous year, there has been an enhancement in reporting. When looking at the implementation of specific elements, there are some advancements in adopting strategies and tools to manage environmental impact.



ANNEX



Annex

CLICK HERE TO GO TO THE ANNEX.

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SUPPLY CHAIN QUESTIONNAIRE**

**ANNEX 2:
PROJECT/PROGRAMME QUESTIONNAIRE**

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Imprint

Published by:

Forum Nachhaltiger Kakao e.V.
(German Initiative on Sustainable Cocoa)

Seat of the association is Berlin
c/o Representative Office of Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH

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44, Paleizenstraat, 1030 Schaarbeek

Layout:

Umbruch Werbeagentur GmbH, Darmstadt

Photo credits:

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Eschborn 2023



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