



# A SUMMARY OF FCA BOTTOM UP COCOA SECTOR-2030- ROADMAP



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## 1. Why a Roadmap?

Cocoa is a long-established sector that has grown into a lucrative sector with numerous stakeholders, producing countries and millions of smallholder farmers that supply 95% of global cocoa. With a long history has also come many challenges throughout the value chain that compromise sustainability, stability and prosperity of the sector.

Cocoa farmers (especially the smallholders) are not benefiting from their cocoa farming business and also many do not have skills and capacity to manage a successful farming business. At the same time, they also lack the knowledge on how to properly implement Good Agricultural Practices (GAPs) in their farms and for decade are excluded in the value chain activities including, policy, market and sustainability platform at national and internationally.

**Farmers can not** have a voice heard and contribute in the policy that must do with their lives and business. 98 percent of farmers lack the economic and agronomic skills, or how to sustainably manage their farm. At the same, farmers don't enjoy their fundamental rights like better livelihood.

### Challenges

Farmgate Cocoa Alliance, recognizes these challenges, and wants to make sure these challenges are addressed and pave the way to an inclusive, transparent, traceable and sustainable sector, and that is accountable. We believes that, these challenges should be tackled from the root (at the bottom of the chain), to effectively resolve these challenges with long-term vision. Key challenges are:

#### 1. Income and standard of living

The situation of cocoa farmers are getting worse day by day due to extremely low income, particularly among smallholders. In fact, the most recent cocoa price drop has further reduced the expectation of the farmers and many are joining hundreds who have already switch from growing cocoa trees to grow other crops.

#### 2. Ageing farmer generation

Ageing of generation cocoa farmers is the major issue in the sector as about 80% of the present cocoa farmers in West and Central Africa are about 70 years of age. Their deteriorating situation will result to a declining of cocoa beans in the nearest future as cocoa farming is unattractive to the younger generations.

#### 3. Child and forced labour

Child and forced labour is a key challenge to a sustainable cocoa sector. In cocoa farms in West and Central Africa, children are undertaking hazardous activities on farms. Some volunteer to support their parents and others are slaves who are forced to work on cocoa farms.

#### 4. Gender inequality

Gender inequality on farms must be addressed, including income differences, access to land and provision of inputs and training. Female cocoa farmers face discrimination as they are often not able to access the same resources and services as their male colleagues.

This is a significant gap that needs to be closed to secure a sustainable and profitable cocoa value chain for all involved actors. Unfortunately, in major cocoa growing communities, women are not given the chance to contribute in terms of economic and social development of their communities.

## 5. Pests and diseases

Pests and diseases are major threats to cocoa farmers, as they lose high proportion of their annual yield to pests and disease. It is also contributing to the difficulties affecting the farmers, as they have to invest and commit more time to protect their crop from these threats.

## 6. Traceability

Lack of relevant data makes it difficult to understand how farmers grow their cocoa trees, contributing to an increase in bad practices in the value chain, ranging from quality, yield, finance, and livelihood. As consumers deserve to know how what they eat is produced, producers should also deserve to know by who and where their product is being consumed.

## 7. Certification

Many cocoa farmers lack proper knowledge to manage their farms sustainably, as about 95% of cocoa farmers are smallholders and do not have access to GAP training, lacking the capacity to build sustainable cocoa beans.

## 8. Climate change and deforestation

Cocoa farming is very vulnerable to climate change as it continues to impact cocoa growing communities. In addition to this, cocoa farming continues to be a cause of deforestation. It is necessary to sensitize, educate and train farmers on how to manage the risks and adapt sustainable farming methods.

## 9. Lack of access to market

Cocoa farmers, particularly the smallholders, do not have direct access to a market for their crop that can enable them realise profit. This is the biggest challenge and promoter of poverty among cocoa farmers as they can only depend on the local middle cocoa beans traders which leaves them with no other option or choice of buyer.

## **Key Opportunities**

### 1. End Consumer

Ultimately, consumer demand is the driver for change in an agri-food sector, with the demand for cocoa and the consumption of cocoa based products strongly growing by two to three percent annually. There is also appetite from emerging markets like China. For cocoa buyers and processors, it is increasingly important to secure the long-term supply of cocoa for their customers. New markets can bring better prices and certainty that there will be long-term market uptake for cocoa products.

### 2. Cocoa Sustainability

Consumers are increasingly demanding to produce 'sustainable' cocoa beans. Countries such as the Netherlands, Germany and Switzerland are aiming to source 100% sustainable cocoa by 2030. There are many labels that aim to inform consumers about the sustainability of the production process.

### 3. Concept of 'Triple Value Creation'

In the cocoa industry, the concept of 'triple value creation' is used to indicate the combined attention for: (1) economics: producing a good product for a competitive price (traditional competition); (2) society: paying decent prices to farmers and workers, avoiding child and forced labour and investing in

community services; and (3) environment: ensuring good agricultural practices with best practices for production (integrated soil fertility management, integrated pest management, renewal of cocoa plantations, integrated farming systems, e.g. combining cocoa with other crops).

This concept of triple value creation, which, according to companies should become the norm in the industry, is a major opportunity for farmers. The problem is that the rhetoric of companies is for now not sufficiently translated in actual practice on the ground.

#### 4. Governments-Farmers-Chocolate Companies - Model of Triangle Collaboration

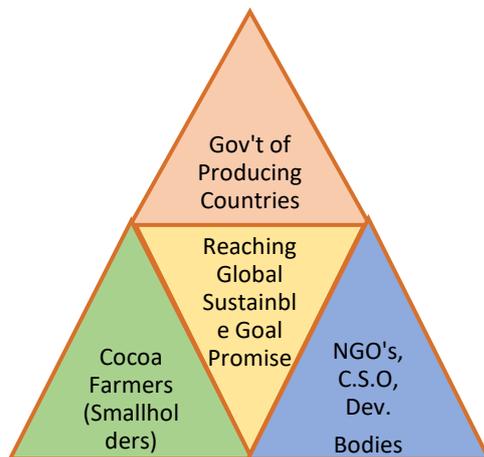


Figure 1 Triangle of Collaboration Model

The International Cocoa Organization (ICCO) represents Governments (both cocoa exporting and importing countries). The World Cocoa Farmers Organization (WCFO) represents cocoa farmers. The World Cocoa Foundation (WCF) represents some chocolate Industry. Farmgate Cocoa Alliance (FCA) is a Bottom Up civil society and non-profit organization, specialize in developing and implementing grass roots sustainable projects aimed at empowering cocoa farmers and growing community by promoting best practice at farm and farmer level.

There is high potential for collaboration by using the “Triangle of Collaboration” model. At present, the communication between these three (stakeholder) pillars requires much more development, particularly to address issues in sustainable cocoa production and cocoa farming and working conditions. This triangular approach will also allow farmers to interact and communicate with governments and industry, strengthening the cocoa supply value and creating long-term partnerships needed to bring about effective and permanent change in the cocoa sector.

#### Support

As most cocoa is produced by poor smallholder farmers in low-income countries and is a feel-good product for consumers in high income countries, there is a lot of attention for aid and trade that promotes sustainable cocoa production, improving farming and working conditions. Existing and potential external support is another huge opportunity. So far, farmers have not been able to sufficiently participate in the design of projects and initiatives because of the large number of farmers scattered over different countries, and their lower education and organizational level.

#### Sector Forecast

If the cocoa sector continues to operate as it does currently, the sector will inevitably face severe problems that will impede the development of the value chain and could cause significant losses. Therefore, effective change is needed, as outlined in this Roadmap to secure a sustainable future (see table 1).

CURRENT SITUATION	FUTURE BASED ON CURRENT APPROACH	FUTURE BASED ON ROADMAP APPROACH
95% cocoa farmers unorganized small-holders	Cocoa farmers falls due to lack of interested youth, remain remote, unorganized and with low bargaining power	No. cocoa farmers stabilised with young men and women involved. Farmers are grouped, trained and increasing sustainable production
High rates of gender inequality and illiteracy in cocoa communities	Women excluded from education and entrepreneurial activities leading to continuation of poverty cycle	Women in management and ownership roles on cocoa farms with independent income, access to training and good living standards.
Child and forced labour are high risks in cocoa communities despite numerous campaigns	Continuation of child and forced labour leading to low social economic development in cocoa communities and an uneducated young generation	Elimination of child and forced labour in cocoa communities leading to increased education among children, better employment prospects and social economic development
High rates of urban migration, particularly among young people	Aging generation of farmers not rejuvenated with young people, leading to decline in cocoa production. Young people make high risk journeys in search of better prospects in Europe.	Prosperous employment opportunities in cocoa for young people reduce migration rates and revitalize aging generation of farmers to boost cocoa production and sustainability
Climate change risk threatens cocoa production	Cocoa farmers not equipped to deal with effects of climate change leading to low yields, reduced cocoa supply and loss of income for cocoa farmers	Cocoa farmers educated in climate change mitigation strategies such as agroforestry to maintain yields, cocoa supply and income.
Transparency in value chain is limited with unclear stakeholder roles	Value chain continues to operate without defined stakeholder roles and boundaries leading to inefficient use of finance and resources, fragmented sustainability initiatives and marginalisation of farmers.	All stakeholder roles and responsibilities clearly defined, each effectively cooperating with others to work towards a common agenda and facilitate sustainability initiatives on a large scale leading to transparency from bean to bar.
Consumer awareness increasing regarding food origins and associated issues such as human rights and environment	Consumers demand verified sustainable products but supply is not available, resulting in backlash from consumer level	Sustainable supply of cocoa is secured and traceable. Chocolate industry is committed to sourcing sustainably directly from farmers.

*Table 1 Outcome with/without changes*

## 2. FCA Bottom-Up Approach

The current system is largely a top-down approach, whereby most of knowledge and financial investments are received higher up in the value chain in the hope that this will eventually trickle down to reach farmers at the bottom of the chain.

Unfortunately, this has not proven successful, with farmers remaining marginalised and without sufficient support, empowerment, or knowledge of their farming business. This existing approach relies on small, fragmented initiatives by individual stakeholders to make an impact, however this is simply not feasible when working with only the resources of singular stakeholders.

In addition, there have been numerous and diverse individual initiatives by stakeholders that unfortunately have struggled to have a positive effect. This has resulted in the loss of defined stakeholder roles, leading to inefficient overlap in activities and responsibilities of value chain members. This in turn leads to inefficient resource use, conflicting interests and stakeholder involvement in activities that are not their responsibility nor specialization.

These aspects combined with the lack of structures in place at national levels in producing countries has resulted in multiple initiatives with similar objectives that are acting on a small scale, when their impact could be maximised if they were to combine forces. Therefore, Farmgate Cocoa Alliance proposes the set-up of national structures that can provide a platform to bring order and defined roles to stakeholders. This definition of roles and responsibilities will pave the way towards lasting accountability and transparency in the chain.

The National Cocoa Platform (NCP) is an inclusive approach to facilitating progress, whereby all stakeholders will play a meaningful role in deliberations over key challenges to be addressed. Each stakeholder will bring their experience and in-depth knowledge, so that together they can build a strong and robust value chain from farmer level that is sustainable for people, planet and profit. National structures also facilitate collaboration on topics such as trading practices and sourcing strategies that will facilitate effective flow of sustainable cocoa from production to consumption that guarantee positive economic, social and environmental development.

### 2.1. National structure

Farmgate Cocoa Alliance proposes the set-up a National Cocoa Platform (NCP), that will be applicable in cocoa producing countries in west and central Africa.

#### National Cocoa Platform

The National Cocoa Platform (NCP) comprises farmers, governments, traders, chocolate industry, NGOs and CSOs who will also develop a common agenda, particularly with regards to addressing key challenges, pooling resources, developing plans for farm and farmer level initiatives, as well as coming to agreements on trade, business and sustainability practices that should be respected by all stakeholders. The NCP will define stakeholder roles, responsibilities and boundaries to allow for effective and efficient functioning of the sector, whereby each stakeholder can dedicate itself to a specific role that contributes to a successful value chain.



The establishment of this platform will be a step forwards for greater collaboration at national and international levels, to introduce an agenda which will pave the way for the implementation of sustainable and transparent structures at community, national and international levels in the cocoa sector. In turn this will empower farmers and consumers both economically and socially and will make the cocoa sector strong, sustainable and profitable for all stakeholders from the bottom of the chain to the top.

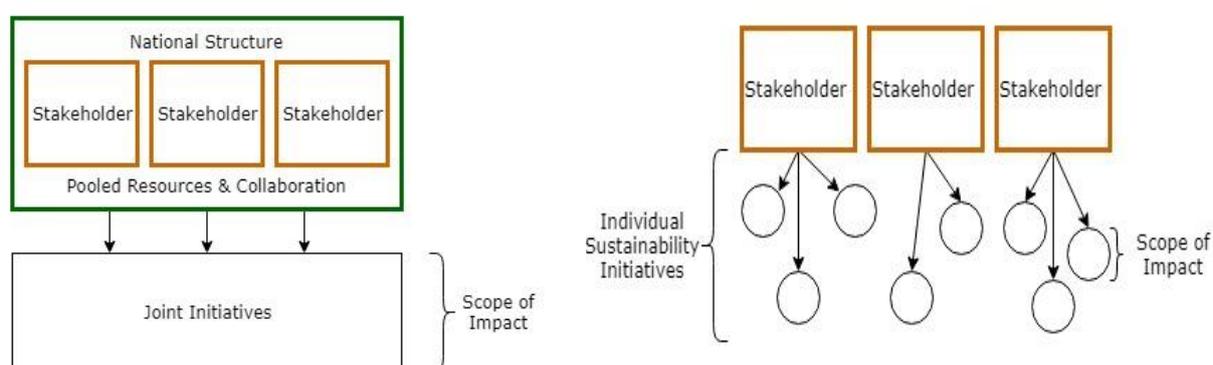
### Stakeholder role

The stakeholders who are participating at the NCP platform will setup the roles and responsibilities that will contribute to the efficient functioning of the platform. Each stakeholder must commit fully to its responsibility and therefore respect the responsibility of others, to avoid encroaching on the responsibilities of others. By defining role, we will achieve a cocoa sector that is efficient whereby each stakeholder can contribute to its progress, and avoid impeding others.

### NCP activities

NCP will be used to define responsibilities, and allow activities to be carried out in a fair and balanced manner, and secure smooth functioning of policy, regulation, sustainability and environmental actions. The NCP will also help to facilitate broader collaboration on regarding human rights issues within producing country level. The NCP members shall review and approve sustainability and environmental proposals intended for farmer and farm implementation (see above). If such proposal(s) will meet its purpose of implementation, and is in line with the criteria of national government and farmers then such proposal must be approved by NCP member and be implemented.

### Structure key elements



### Defined Role

We believe that, with the establishment of NCP platform, it become practically easier to work directly with (smallholder) farmers, and also to implement sustainability activities, aim at strengthening cocoa farming and bring development in communities. It will also up-scale the production of sustainable and traceable supply of cocoa beans. It will make easier for companies to ensure transparency and accountability in their supply chain, and provide end consumers with reliable information about what they consume, creating an added value to businesses be it a farmer and or industry.

## 2.2. Professionalization of cocoa farming

Approximately 98 % of global cocoa is produced by unorganised smallholder farmers, who mostly live and farm on tiny plots in remote areas in producing countries. These unorganised farmers lack better farming knowledge on how to properly implement Good Agricultural Practices (GAPs) in their farm, zero control of their basic rights as cocoa entrepreneur.

Limited or no training on how to manage the application of farm inputs required in their daily doings for the maintenance of their farms, no knowledge about climate change and deforestation. Farmer are not participating in sector initiative, and also lack business oriented capacity such as, access to market, financial loan, tools, inputs to sustainably manage farm, which has resulted in cocoa farming business remaining a fragmented and unsustainable profession for millions of farmers.

Therefore, it is essential to professionalise smallholder cocoa farming business. Unorganised smallholders farmers are the main supplier of cocoa bean, in order to make the sector sustainable, traceable, transparent and accountable the 98% unorganised smallholder must be part of the value chain, and small-scale farmers must be recognised as entrepreneurs.

Working directly with smallholder farmers is key to strengthen their position in the value chain, this will empower and make it possible for them to address key challenges affecting their lives and community and will end up building a prosperous inclusive cocoa value chain.

To facilitate professionalisation of cocoa farming business, the following six key steps are needed:

- Farmer Identification and Grouping
- Cocoa Farmers as Entrepreneur
- Farmer Training and Capacity Building
- Sensitization and Awareness Raising
- Community Field Agents
- Monitoring

### Farmer Identification and Grouping

To effectively facilitate farmer involvement in value chain activities, smallholders, who represent the majority of cocoa producers, must be identified and organised using structures such as, existing cooperatives, farmers groups or creating new groups. This takes place through the identification and registration of farmers. Once individual farmer has been identified, grouped, and registered, the Entrepreneurship Enhancement process will start, involving four key steps:

*Business Registration:* To enable smallholder cocoa farmers to develop into independent businessmen and women, registration of their farms as businesses must be facilitated.

*Bank Accounts:* Once a farmer has registered his/her farm, such farmer has a legal right to operate and manage his/her cocoa farm as a business and have documentation to open a business bank account. This way farmers can manage their farms as any other registered business in the country. This will give them access to a number of financial benefits from the bank such as: savings, loan, and can build pension.

*Access to Direct Market:* Having registered as a business and opened bank accounts, farmers are able to conduct direct transactions with buyers that are transparent and verifiable. By facilitating this link between cocoa farmers and buyers, fair pricing can be ensured, and the necessary taxations applied by governments in producing countries.

*Business Management:* To ensure that farmers can sustain themselves independently for the future, farmers will be trained in managing their businesses effectively. This is indispensable to facilitating farmer independence and autonomy in their farming businesses and bringing development to cocoa farming communities by breaking the cycle of poverty.

### Training and Capacity Building

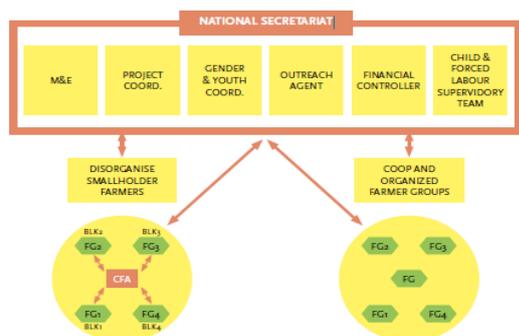
To address key sustainability challenges occurring at farm and farmer level, training and capacity building is required. In particular, social and environmental issues are very common among cocoa farmers, needing intervention via knowledge transfer and implementation of better practices.

Training will include key education on GAPs, sustainability practices, production improvement techniques and business practices in order to provide them with the tools and knowledge to manage successful farming businesses. Key topics include: Climate change mitigation, GAPs, pest and disease management, business practices, input management, labour practices, post-harvest handling and productivity improvement.

## Community Field Agents (CFAs)

To be able to successfully implement this project we will identify and train educated and ambitious young men and women (focus priority) who are locals in cocoa growing communities to become Community Field Agents (CFAs). They will be trained by FCA national secretariat trainer of trainers. Newly-qualified CFAs will be trained on the job with the support of experienced colleagues. There will be constant expansion in the areas of training and continuous professional and capacity development. The role of the CFAs is to:

- Train and build farmers capacity on Good Agriculture Practices (GAPs) and how to manage their cocoa farm as a business
- Sensitize farmers on gender and child rights
- Raise awareness on climate change and deforestation



Propose model to be used to group the unorganized (smallholder) cocoa farmers, by CFAs', in cocoa communities into sizeable Farmer Groups (FG1, FG2... etc.). Groups are put in place in farming communities according to blocks (Blk. 1, Blk. 2... etc.) - made up of farms that share common boundaries within an area.

## Monitoring

FCA's community field agents will constantly monitor the project progress in order to measure the project outcomes. At the same time monitoring will let the project staff on the ground know how well they implements the project and what improvement they can bring to the work they will be doing in the field. Monitoring will take place 2 times a year (on unspecified timetable).

## 3. Action plan

The implementation of the Roadmap will be done in cocoa producing countries, mainly in west and central Africa. Based on the complexity of the cocoa value chain, as almost all cocoa producing countries have their own national rules, and policy which in some cases the government decide on the cocoa policy alone. This makes the implementation of the Roadmap necessary and obligatory, as farmers have the legal right to participate in decision making including other important stakeholders. Roadmap will be implemented in each country taking into account the current environment.

Step 1: Dialogue with governments in the cocoa sector, and other stakeholders in the value chain, to sensitize them, and advocate the need for such a platform. Stakeholders include governments of producing and consuming countries, industry, civil society, worker unions, chocolate manufactures, chocolate retailers and traders.

Step 2: Establishment of the National Cocoa Platform (NCP) a key component to pave the way towards and fair and balance cocoa sector. It will also help build trust, bring transparency, accountability and ensure traceability from farm to bar, and link farmer to end consumer. It will also be used to provide support directly to farmers (smallholders) including GAPs training and other capacity building skills.

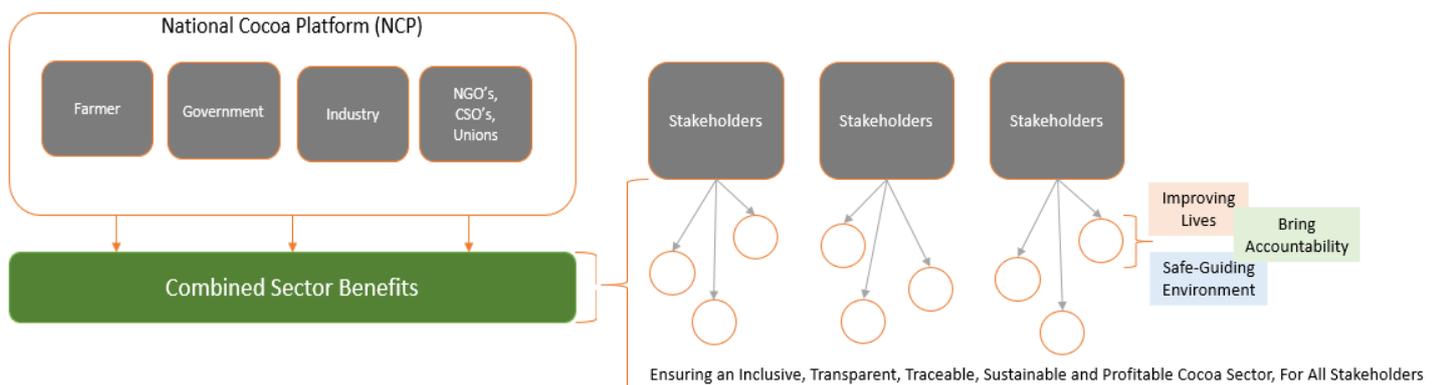
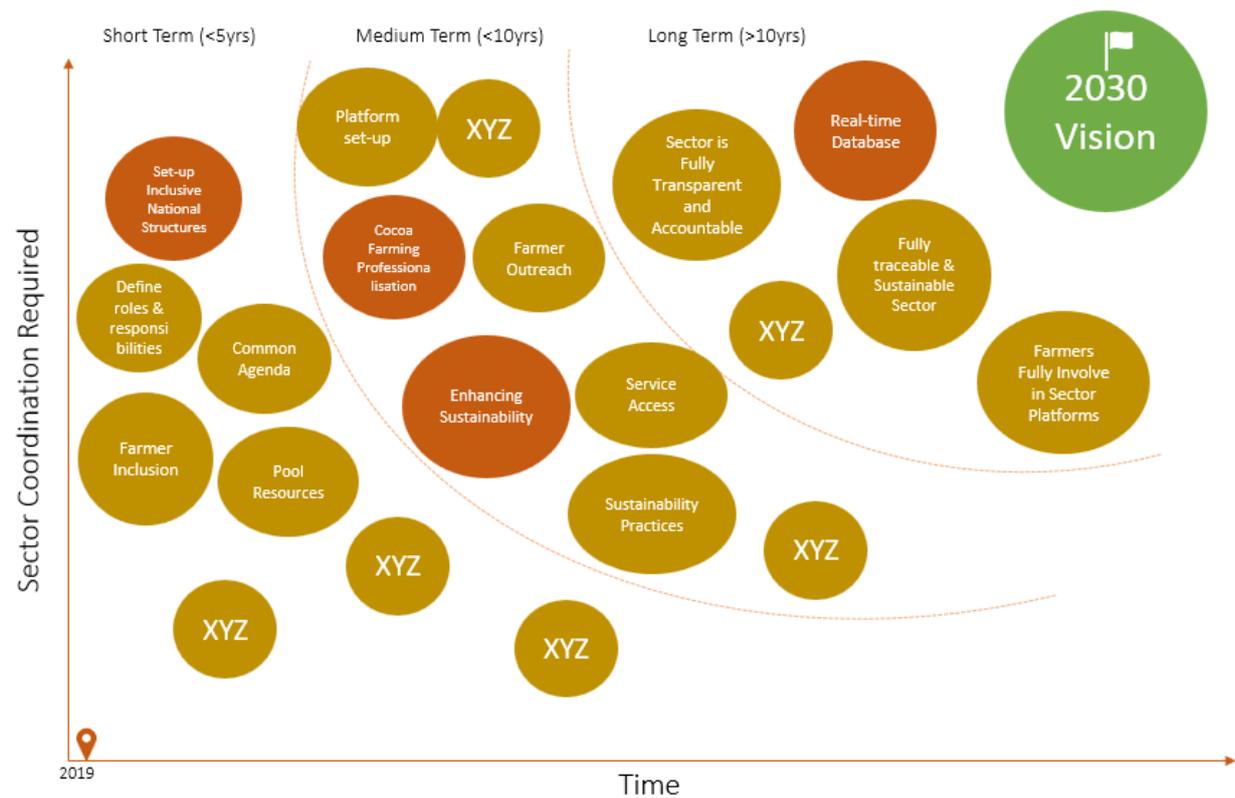
Create direct access to market for smallholder farmers, make it easy for continuous monitoring implementing activities. Roadmap will be an important tool to be use to eradicate child and forced labour, gender discrimination, illegal use of reserve land and to stop deforestation in cocoa farming.

Step 3: Professionalization of Cocoa Farming. Identify, group and register unorganised smallholder farmers. Once unorganised farmers are identified, grouped, and registered they will be trained by FCA, Community Field Agents (CFAs). Training will include, key education on GAPs, business management,

how to safeguard farming environment to stop deforestation and how to apply sustainable farm techniques.

#### 4. outcome

With the implementation of this roadmap we are securing social and economic stability in cocoa growing communities and the country at large. It will improve national labour force, and enhance human rights such as, right to education, gender equality and economic independence. This will encourage young people in cocoa communities to be to become self-reliance and give them the ability to contribute in the economic development of their country.



FARMERS	GOVERNMENT	INDUSTRY	NGO/CSO
<b>Policy</b>			
<ul style="list-style-type: none"> <li>Bring farmer interests, key issues and proposals to NCP</li> <li>Commit to farming professionalisation</li> </ul>	<ul style="list-style-type: none"> <li>Facilitate policy development for buying, trading, exporting and taxation of cocoa</li> <li>Include cocoa farming in economic strategy through agricultural modernization</li> </ul>	<ul style="list-style-type: none"> <li>Commit to best practices for sourcing, trading and exporting</li> </ul>	<ul style="list-style-type: none"> <li>Bring policy suggestions to NCP regarding sustainability, human rights and environment (to be passed on to NCP)</li> </ul>
<b>Farm Level Activities</b>			
<ul style="list-style-type: none"> <li>Provide input for activity planning (strategies, key challenges)</li> <li>Evaluate and approve projects via NCP</li> <li>Commit to active participation in projects / initiatives</li> <li>Encourage and engage community members, particularly women and youths</li> </ul>	<ul style="list-style-type: none"> <li>Evaluate and approve projects via NCP</li> <li>Provide resources for activity implementation</li> <li>Facilitate activity implementation regarding legislative / legal aspects</li> </ul>	<ul style="list-style-type: none"> <li>Provide input for planning and development via NCP</li> <li>Transfer current farmer-level activities to FCA activities</li> <li>Provide input on industry expectations and requirements (quality, safety etc.)</li> <li>Contribute to facilitating value added activities at farmer level</li> </ul>	<ul style="list-style-type: none"> <li>Provide resources such as Codes of Conduct and Best Practices to be applied at farmer level</li> <li>Oversee the Bottom-Up certification approach</li> </ul>
<b>Markets</b>			
<ul style="list-style-type: none"> <li>Maintain quality and traceability criteria at production level</li> <li>Sell directly to industry buyers via verified bank transactions</li> <li>Payment of applicable taxes</li> <li>Refusal of sales to non-verified buyers</li> </ul>	<ul style="list-style-type: none"> <li>Withdraw from farm-level interference with cocoa transactions (eg. state buying)</li> <li>Withdraw from price setting in cocoa markets</li> <li>Obligate formalization of contracts between cocoa farmers and buyers</li> <li></li> </ul>	<ul style="list-style-type: none"> <li>Source directly from farmers via verified bank transactions</li> <li>Commit to best practices in trade, sourcing and export</li> <li>Payment of applicable taxes</li> <li>Responsible collection of taxes on buyers and sellers</li> </ul>	<ul style="list-style-type: none"> <li>Set up of Monetary Supervisory Team to oversee transparent market transactions</li> </ul>
<b>Transparency &amp; Accountability</b>			
<ul style="list-style-type: none"> <li>Share key data for database set-up and traceability</li> <li>Commit to direct and verifiable transactions only</li> </ul>	<ul style="list-style-type: none"> <li>Commit to farmer business independence</li> <li>Provide national data to database and Monetary Supervisory Team</li> </ul>	<ul style="list-style-type: none"> <li>Commit to direct and verifiable transactions only</li> <li>Share key data for data-base set-up and traceability</li> </ul>	<ul style="list-style-type: none"> <li>Communicate key developments at retail/consumer level</li> </ul>