

A legal pathway to sustainable cocoa in Ghana and Côte d'Ivoire

The cocoa sector is key in Côte d'Ivoire and Ghana. Together, both countries produce more than 60 per cent of the cocoa that sustains the USD\$130 billion global chocolate industry.¹

Cocoa production provides a source of income to over 800,000 smallholder farm families in Ghana. It mobilizes nearly 1 million producers who provide an income to 5 million people in Côte d'Ivoire.² Moreover, it is an important foreign exchange generator for both countries and it contributes significantly to government revenues.

800,000

Smallholder farm families in Ghana make an income from cocoa

However, despite its importance to the Ivorian and Ghanaian economies, the cocoa sector is experiencing major difficulties and is not fully playing its role as a driver of economic, social and sustainable development.

- **Firstly**, many of the farmers and cocoa workers live in abject poverty.³
- **Secondly**, the labor-intensive nature of cocoa production perpetuates the cycle of poverty. Because of the low earnings of cocoa farmers, they are unable to employ the required labor. This then leads to them relying on their children for support on their farms.⁴
- **Thirdly**, the expansion of cultivated areas over the last few decades has come at the cost of the countries' forests and thus the decline of its biodiversity and soil quality.⁵

The sustainability of cocoa depends on the reconciliation of three factors: the efficiency of cocoa production, and trade (for all actors), social protections and environmental preservation. To support this reconciliation, a reform of national, regional, and international legal and policy tools is urgently needed. In Ghana and Côte d'Ivoire, the cocoa sector is governed by national legal and institutional frameworks that organize and regulate the production and trade of this commodity. These countries also host a variety of international or regional initiatives aimed at improving the sustainability of cocoa. However, these initiatives and legal frameworks are inconsistent and incomplete when it comes to the three factors of sustainability mentioned above, and their gaps and deficiencies partially fuel the problems described above.

In consumer countries as well, several initiatives have been taken to respond to sustainability concerns in the cocoa sector. The EU and the UK have recognized the environmental cost of commodities such as cocoa, and have introduced legislation to minimize the consumption in the EU and UK markets of commodities linked to deforestation or forest degradation. Other pieces of legislation which are in preparation at EU level might also incentivize change in the cocoa sector, such as the Corporate Sustainability Due Diligence Directive which aims at minimizing adverse human rights and environmental impacts in companies' value chains, the review of the Environmental Crime Directive and the legislative consolidation of certification mechanisms.

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What do the research papers bring to this debate

1. A better understanding of the national legal and institutional frameworks currently regulating cocoa production and trade in Ghana and Côte d'Ivoire.
2. Identification of the loopholes and possible governance, legal and policy reform solutions for the major social and environmental costs of cocoa production at national level.
3. A better understanding of the potential impacts of the upcoming regulations in the EU & the UK, and an exploration of what more could be done by consumer countries.

The first research papers in the series consist of the following:

Our first set of papers outline the legal and institutional framework for the production and trade of cocoa in Ghana and Côte d'Ivoire

(publication: July 2022). These papers describe the main legal texts regulating the production and trade of cocoa in both countries, the various institutions involved at national level and some of the regional and international initiatives aiming at tackling the social and environmental challenges of the sector.

The second paper summarises what national stakeholders have identified as the major social and environmental concerns with cocoa production and trade in Ghana and Côte d'Ivoire and propose legal reform recommendations to tackle the identified loopholes in national law and policy

(expected publication: August/September 2022). The aim of this paper is to serve as starting point for policy and legal reform discussions at national, regional and international levels.

The third paper explores (i) how the upcoming EU and UK regulations may already incentivise some of the solutions to the social and environmental concerns identified in the proposed reforms to the Ghanaian & Ivorian legal frameworks, and (ii) what more consumer countries could do to support these much-needed reforms

(expected publication: October 2022). The aim of this briefing is to identify the opportunities that consumer-country actions may bring to tackling some of the issues in the cocoa sector.

Sources:

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4. Luckstead, Jeff, et al. "Estimating the Economic Incentives Necessary for Eliminating Child Labor in Ghanaian Cocoa Production." PLoS ONE, vol. 14, no. 6, June 2019, p. 2, <https://doi.org/10.1371/journal.pone.0217230>; NORC Final Report: Assessing Progress in Reducing Child Labor in Cocoa Production in Cocoa Growing Areas of Côte d'Ivoire and Ghana. NORC at the University of Chicago, Oct. 2020, p. 10, https://www.norc.org/PDFs/Cocoa%20Report/NORC%202020%20Cocoa%20Report_English.pdf
5. Ghana's Cocoa Forest REDD+ Programme, 2017.



A future in which people and planet thrive together isn't just possible: it's essential.