



Accra, 14th of May 2021

SUSTAINABLE COCOA DIALOGUE - GHANA

ROUNDTABLE ON DEFORESTATION TRACEABILITY IN THE COCOA VALUE CHAIN

On the 14th of May 2021, the second meeting of the Ghanaian dialogue on sustainable cocoa was held via Zoom. 120 participated in the event, which lasted for two and half hours. The meeting was moderated by Mr Viwanou Gnassounou, former Assistant Secretary-General at the ACP Secretariat.

Honourable Benito Owosu-Bio, Deputy Minister Designate, Ministry of Lands and Natural Resources began his remarks by acknowledging that deforestation and forest degradation are complex problems and expressing his gratitude to the EU for providing the opportunity to discuss the key drivers of this phenomenon. He stated his belief that an efficient system to identify the origin of cocoa would be an important element in the fight deforestation in Ghana, as it has been in the timber sector, where a wood tracking system has been developed to reduce the volume of illegal timber being traded in the domestic and international market.

In 2017, he noted, the cocoa and chocolate-producing companies and the COCOBOD made specific commitments within the joint framework for action (JFA) under the Cocoa and Forests initiative (CFI), to establish a standard traceability system which is able to directly trace cocoa beans from farm level to the first purchasing point. This policy initiative has played a significant role in promoting discussions on deforestation and traceability in the cocoa supply chain. Last week, the ministry published the 2020 CFI annual report, containing data and testimonies from government officials, companies, civil society representatives and farmers.

In addition to these remarks on the CFI, Mr Owosu-Bio took the opportunity to commend the COCOBOD for their progress in the development of the comprehensive cocoa management system (CMS), and to congratulate cocoa and chocolate producing companies under the CFI, for their efforts to map almost 250.000 farms in 2020 and their investments in traceability. Mr Owosu-Bio concluded by confirming his Ministry's willingness to participate in discussions on deforestation and their commitment to improve the enabling environment through the Cocoa and Forests Initiative.

Diana Acconcia, Head of Delegation, European Union Delegation to Ghana acknowledged the level of participation in the dialogue.

Before pinpointing why traceability is central to the sustainable cocoa initiative, the EU representative offered some policy context. She explained that deforestation is linked to climate change and is therefore directly related to the EU Green-deal and its zero-deforestation target. About eighty per cent of global deforestation is driven by agricultural expansion, a phenomenon that has roots in the global demand for commodities. There is therefore a clear need to change the production and consumption models for these products. Efforts should be made to promote the consumption of products from deforestation-free supply chains both in the EU and outside the EU.

The EU is therefore working on specific legislation covering a series of commodities that are consumed within the European Union and which increase the risk of deforestation. One of the objectives of the



EU and the national dialogues on sustainable cocoa is to prepare the cocoa sector for upcoming regulatory changes.

The objectives of the current session, Ms. Acconcia explained, was to explore different ways of ensuring that the cocoa purchased by European companies and consumed by Europeans does not contribute to deforestation in the cocoa-producing countries while protecting the livelihoods of cocoa farmers and maintaining trade flows between the EU and its partner countries, Ghana and Cote d'Ivoire. This is why traceability is key; it is the only way to provide consumers and importers with the guarantees they need and to build trust and confidence in the cocoa supply chain. Traceability can ensure that cocoa grown in deforestation-free areas earn a premium in the market, creating an incentive for the whole sector to adopt best practices, and to secure acceptance in the European market.

Ms Acconcia concluded by noting that the EU does not have a “silver bullet” to solve the problem of deforestation; however, it has learnt some lessons and it wants to share its experiences. There is a need for a clear and enforceable legal and institutional framework, that enables stakeholders to understand their rights, responsibilities and obligations. A credible traceability system needs to be in place to increase accountability of public and private partners, to avoid corruption and reassure the market. Transparency is another crucial element, because stakeholders need to be able to access information about laws, policies, decisions and activities that affect them. Only transparency will allow informed participation in national debates about land use and natural resources management.

Ms Acconcia ended her remarks by reminding the participants that the responsibility lies on both sides, including with consumers and traders, urging them not to forget the wider socio-economic context. The collective effort will only succeed if actors in the value chain agrees with a more equitable distribution which incentivises farmers to adopt better practices. Finally, the ambassador noted enthusiastically the work of the COCOBOD on its on cocoa management system and its commitment to reforestation.

In his remarks, **Viwanou Gnassounou, Former Assistant Secretary-General at Africa, Caribbean and Pacific States**, framed the panel discussion by highlighting the series of topics that would be covered: the ability to track the origin and production of cocoa marketed in the EU and to connect it to deforestation; the risks that need to be assessed and how to assess them; who should audit; which actions are in place in producing countries; and measures to take in the event of non-compliance.

Honourable Joseph Aidoo, Chief Executive of COCOBOD, began the panel discussion by explaining that, in Ghana, standard operating procedures allow actors to trace conventional cocoa from the importer back to the society level, meaning that there is 100% traceability along this segment of the supply chain. The missing element is the traceability from the farm-gate or society level back to the farm, though this gap has been partially filled by certification schemes.

Under the Joint Framework of Action of the Cocoa and Forests Initiative (CFI), COCOBOD and industry partners have signed on to specific commitments, adopted actions and activities to establish a standard traceability system that can trace cocoa beans from the farm level directly. The CFI focus is on ending deforestation caused by encroachment into reserved and protected forests. According to the Chief Executive, almost all the cocoa activity happens outside protected areas (“off-reserve”). He expressed his belief that the CFI will stop farmers from producing cocoa from protected forests.



The Chief Executive continued his presentation by introducing the Cocoa Management System (CMS), a seamless operating system that will capture the bio-data of cocoa farmers in Ghana, their household members' data (including new-born babies) and cocoa farm polygons using the GPS. The CMS will register the farms' GPS addresses in the system, transparently, to reassure buyers and consumers about the source of Ghanaian cocoa beans. Other benefits of the CMS are the promotion of financial inclusion and the reduction of cocoa businesses operational costs. The scheme will enable COCOBOD to track the progress of economic forest trees in rehabilitated cocoa fields.

This new operating system will identify individual cocoa farmers by keeping track of individual farms size and location. Only identifiable farmers will be able to sell cocoa beans from registered farm polygons. The system is thus designed to expose cocoa farms placed in protected areas. The system will also enable the COCOBOD and the Forestry Commission to collaborate and evict farmers from forest reserves using approved safeguard methods.

Mrs Roselyn Fosuah Adjei, Director Climate Change (National REDD+ Focal Point) Forestry Commission, began by confirming that cocoa production has indeed caused Deforestation and Forest Degradation (D&FD) in Ghana. She emphasised that cocoa-driven D&FD did not start recently but has taken place over several years. She also underlined that no one single entity is solely responsible, so blaming individual actors is pointless.

Ms Adjei outlined that both legal and illegal cocoa farms exist in forest reserves and protected areas and that, by law, illegal cocoa farms in forest reserves are not acceptable. The overall hectareage of legal and illegal farms, however, is not known in its entirety. There was originally some hope that certifications would address the problem, but there is evidence that certification schemes have even certified illegal farms in reserved areas.

The Forestry Commission believes that a comprehensive traceability system must cover both the produce and the institutions engaged in the business. In this sense, a full-blown monitoring system for forests has yet to be developed Ghana. Figures on cocoa production already include 'illegal produce', but the amount of illegal produce is not known. Mrs Adjei further observed that the competitive nature of cocoa sector may actually enhance the purchase of 'illegal products', suggesting that market pressure from buyers exacerbates the problem. It has been difficult to tackle D&FD because it typically translates into revenue generated for economic development. There has so far been no analysis of the socio-economic impact of excluding illegal products from the market.

Mrs Adjei explained that it is difficult to access the full farmer database, since existing data is currently held by different stakeholders. The aim should be, at some point, to create a holistic database that is housed nationally. This is what the Cocoa Management System (CMS) hopes to achieve. The system will also be able to delineate legal farm boundaries and identify admitted farms that have encroached outside these boundaries.

The detailed registration system (CMS) should provide a complete segregation of legal and illegal farms and a quantification of volumes from each, as well as a re-demarcation and pillaring of admitted farm boundaries. Mrs Adjei also called for a comprehensive socioeconomic analysis of the impacts on income of excluding illegal production on the rural and the national economy. In addition to this, a robust, transparent, accountable and inclusive National Forest Monitoring System (NFMS) with both a



human and satellite component, she claimed, is essential to tackle deforestation and forest degradation. A scalable standard for assessing legality at the landscape-level, inspired by the FLEGT, could also be part of the solution. Lastly, the director emphasised the importance of sustainable financing to pay for a traceability system, including design, restoration, transitioning, implementation, monitoring and verification.

Mrs Adjei then provided an overview of ongoing work under the Forestry Investment Programme and some of the challenges involved in re-demarcating and pillaring admitted farms. Under REDD+ , the government has developed a ten-year strategy to address cocoa-driven deforestation, including the design and implementation of robust landscape governance arrangements (landscape zoning and planning) that include the private sector, traditional authorities, governments and CSOs / NGOs. In addition to this, she mentioned activities to promote alternative livelihoods activities for farmers, climate smart cocoa strategies (irrigation, artificial pollination, introduction of shade trees), farmer business school training programmes, farm and farmer registration efforts and the development of a real-time or near real-time national forest monitoring system to track landscape activities.

To conclude, Mrs Adjei stated that excluding farmers from the export market in the short term will not solve the issue of deforestation, it will only displace it. She called on both producer and consumer countries to take their time to make the transition towards sustainable cocoa production, beginning with the prevention of further encroachment into forests.

Ms. Agata Pawlowska, Operations Manager at the World Bank, started her presentation by applauding the EU for organizing the national dialogue on sustainable cocoa in Ghana. She also notes that this work goes along with the World Bank's twin goals of ending extreme poverty and boosting shared prosperity. She then introduced **Mr. Sheu Salau**, who provided more details about World Bank's plans in Ghana. Mr. Salau reminded the audience that deforestation is closely related to poverty, which is both a cause and an effect of deforestation.

For this reason, the economic pillar of sustainability is essential to alleviate poverty and fight deforestation in the region.

Mr. Salau described the World Bank's support in the region as covering three areas:

- Investment projects (including climate-smart cocoa, child labor, and land use planning);
- Policy dialogue (on land and tree tenure, forestry law enforcement, and governance); and
- Institutions (multi-stakeholder dialogue and decision making).

The World Bank's projects, when completed, will result in:

- Improved natural resource management, land use planning, and biodiversity conservation;
- Improved the livelihoods of cocoa farmers and communities through sustainable cocoa; production and traceability; and.
- Enhanced capacity to address climate change and deforestation & improve the delivery of ecosystem services.

Mr. Salau identified some fundamental building blocks that already exist, which can serve as the basis for developing a traceability system. These include the national cocoa bag tagging system, the cocoa management system, the CFI forest map, and the African Regional Standard on Sustainable Cocoa that Ghana and Cote d'Ivoire have developed. He also noted some best practices that exist within the industry, including the traceability systems used by Olam and Cargill.



As development cooperation is concerned, Mr. Salau explained that the World Bank cocoa project would provide capacity building for COCOBOD on various topics, such as remote sensing technologies, and on the integration of cocoa management system with the cocoa seal tagging system. He highlighted the need to link the cocoa bag tagging system with land use maps and the cocoa management system to create full traceability across the supply chain.

To conclude, the WBG representative affirmed that it is essential to leverage the systems/schemes/programs already in place as the most efficient way to build resilience in the cocoa system and support sustainable production.

Mr Obed Owusu-Addai, Managing Campaigner, EcoCare Ghana insisted in his presentation that forest loss is not happening only in forest reserves and protected areas. In general, there is a tree cover loss in off-reserve areas which must be taken into account in the discussions on deforestation. He seconded the call from Ms Adjei for a comprehensive national forest monitoring system. He presented a series of maps to demonstrate the extent of forest loss in cocoa growing landscapes from 1990 to the present day.

Mr Owusu-Addai further informed the audience that there are three existing models for tracing deforestation in cocoa supply chain being piloted in Ghana : i) community-based forest monitoring models (e.g. RTM, CSIFM, Timby, etc); ii) satellite-based monitoring models (e.g. FLEGT Alert, GFW GLAD Alert, EOLab platform, etc); and iii) hybrid systems, where synergies and complementarities are found between the previous two models. He emphasised that satellite-based systems need to be complemented by community-based systems, as farmers and forest fringe community members are best placed to identify farm boundaries and deforestation. He insisted that the involvement of communities in forest monitoring is more effective than relying exclusively on satellites and noted the importance of strengthening cooperatives to this end.

The EcoCare representative speaking for and on-behalf of the Ghana Civil society Cocoa Platform (GCCP) also pointed out some of the bottlenecks that hinder the creation of an effective traceability system, including policy and legislative inconsistencies, institutional bottlenecks, duplication of efforts, lack of data-sharing and an absence of safeguard mechanisms to deal with offenders in protected areas. To conclude, Mr Owusu-Addai expressed his conviction that addressing the problem of cocoa deforestation should be a shared responsibility because all stakeholders are complicit in the problem. He observed that farmers are both culprits and victims; they should therefore not be unduly victimized for their practices, but systems should be put in place to assist them to continue their cocoa farming in a sustainable manner while preserving the environment, thus allowing them to comply with future EU legislation.

Mr Ismail Pomasi, Chairman, Cocoa Abrabopa Association began by asking what kind of support is being recommended as a result of the cocoa talks, and if this support is sustainable in the long-term. He insisted that no support can be more sustainable than ensuring that the farmer has a living income and mentioned the Living Income Differential as a specific example of a “top up” to farmers’ income. According to Mr Pomasi, if farmers have a reasonable living income, most of the challenges related to deforestation could be addressed. By comparison, support that is offered for a period of time and then withdrawn is not sustainable. Mr Pomasi called on participants to see farmers as business-minded



people who want to generate decent revenue, to go to market and conduct their business in a professional manner, and to increase their productivity.

The Cocoa Abrabopa Association, he explained, work with certification schemes to implement sustainability standards. They have mapped all associated farmers using a GPS device, in order to ensure that farmers are not producing cocoa outside the borders of their farm. However, after the mapping process was completed last year, up to six hundred farmers were found to be producing in protected areas and were expelled from the association as a punitive measure. Yet, Mr Pomasi highlighted a problem with this logic: the farmer may have been expelled from the cooperative, but he is still producing cocoa. In this case, how can you ensure the cocoa produced in protected areas are not entering the market? He called attention the words of the EU ambassador, who said that it has never been the intention to make farmers worse off. He expressed his view that removing certain farmers from the system may actually exacerbate the problem, making it more difficult to monitor their activities and support them to produce more sustainably.

He added that the Forestry Commission should be responsible for managing and monitoring protected areas, as illegal cocoa farming activities are causing problems for all other farmers. They should be able to identify these activities, since it takes up to five years to grow a cocoa plantation. Communities are not in a position to do this enforcement work, as they do not know the delimitation of protected areas.

Finally, Mr Pomasi agreed that agroforestry systems should be adopted, with shade trees. He informed participants that farmers are concerned with the devastating effects of climate change and would welcome support to introduce agroforestry systems. He urged the government to review and fully implement the law that gives tree ownership to farmers. He concluded his remarks by calling for increased yields per hectare as a means of avoiding deforestation, commending programmes by the COCOBOD and the EU to increase productivity, and asking for the EU to ensure that its regulation does not cause a negative impact on the farmers' lives.

Mr Ernest Dwamena, Country Manager - Sustainable Sourcing, Touton Ghana, Touton Ghana, presented the experience from the private sector in relation to traceability and deforestation. He started his presentation by noting that there is a growing momentum to address sustainability issues in the cocoa supply chain; that is, the private sector and other stakeholders want to address child labour, deforestation and the living income in a coordinated manner. The industry's participation in the Joint Framework of Action under the Cocoa and Forests Initiative reveals its willingness to respond to sustainability challenges, by protecting and reforesting forests. The private sector also works with communities providing incentives to farmers to continue their production in a sustainable way.

Mr Dwamena informed the audience that the industry has put in place programs to trace cocoa along the whole supply chain, starting from the farms. He also underlined that there are other drivers of deforestation in Ghana, in particular the mining sector. He pointed out the difficulties posed by cocoa that is not sourced at farm-level, resulting in leakages and the sale of illegal cocoa.

He further explained that Touton assists farmers to adopt resilient models, mitigating negative impacts while increasing productivity and income. He cited the Bia - Juabeso Hotspot Intervention Area as an example of the company's approach to setting up a landscape governance system with active participation of government, traditional authority, private sector and development organisations.



To make the landscape governance system work, he continued, it is necessary to share roles and responsibilities between different stakeholders including government, private sector, civil society and traditional authorities. He confirmed that such systems can adequately monitor compliance with deforestation commitments and assess the performance of the landscape.

Turning to deforestation, Mr. Dwamena explained Touton's engagement – in partnership with the Forestry Commission – in the work of establishing of a National Forest Monitoring system. He emphasised stakeholders' shared responsibility to contribute to the success of the system by sharing data about farms and other land uses.

To conclude, the private sector representative re-affirmed his company's commitment to address deforestation with up-to-date systems and tools: deforestation risk assessments, real time alerts, and monitoring at farm level by staff and community-based natural resource monitoring teams. He emphasised the importance of traditional leaders in showing the way by setting up a committee for prevention and management of encroachments into protected areas (i.e. Forest Reserve Encroachment Remediation Committee – FRERCO).

Q&A session

In response to a question on the differences between the fight against deforestation in protected areas ("on-reserve") and in so-called "off-reserve" areas, Ms Adjei emphasized that the Forestry Commission does not focus exclusively on the "on-reserve areas", even though that is the core of its mandate. It is now going beyond its mandate to work in all areas that are defined as a forest. This can be complicated in off-reserve areas, where there is no clear demarcation between farmland and other land-use categories. It is therefore important to carry out zoning activities through inclusive governance structures, led by traditional authorities, and expressed in landscape management plans. She called for additional resources – technical and financial – to conduct these activities and design a complete forest monitoring system, and to meet climate change commitments.

Honourable Joseph Aidoo, Chief Executive of COCOBOD claimed that except occasional encroachment into protected/reserved forests, cocoa production takes place exclusively in off-reserve areas. The degradation of forests around the reserves is due to the presence of swollen shoot virus in cocoa plantations, which causes the death of cocoa trees; the clearance of this "deadwood" causes these cocoa plantations to look like degraded forests. Mr Aidoo urged stakeholders to promote agroforestry as a means of reclaiming areas that have been degraded, including those affected by illegal mining activities or illegal logging. Cocoa agroforestry can thus create some kind of "secondary" forest, where trees reach up to 16 metres and create canopy cover of over eighty per cent. These systems can therefore consider to constitute a forest according to the FAO definition.

Mr Obed Owusu-Addai seconded the remarks from Ms Adjei on the need for zoning and landscape management planning, calling on stakeholders to preserve high carbon stock (HCS) and high carbon value areas, even in "off-reserve" landscapes. On the Cocoa Management System, he urged the COCOBOD to open up the system for stakeholder participation, to enhance trust and improve the credibility of the system. On this point, Emmanuel Opoku from the COCOBOD responded that they



are engaging with Licensed Buying Companies but have not felt the need so far to consult with civil society on this point.

In response to a question on tree ownership, Mr Ismail Pomasi emphasized that new policies on tree ownership can protect farmers from logging activities and facilitate agroforestry. He expressed his satisfaction with the COCOBOD's work on this topic and called on them to ensure that tree registration is convenient for farmers. In response to a question on the possible effect of increased prices on deforestation, Mr Pomasi explained the importance of productivity enhancement, through irrigation and the application of fertilizers, as these techniques can help to ensure that farmers do not encroach into forest areas. For this to happen, he explained, there is a need to boost farmers' investment capacity through price increases. He insisted that farmers have an interest in protecting the environment, as they suffer the worst consequences from climate change. He concluded by calling on the European Commission and other stakeholders to actively support the Living Income Differential as a means of achieving sustainability goals.

In response to a question about industry participation in the CMS Mr Ernest Dwamena stated that the creation of a unified traceability system is one of the greatest investments that the government can make, to improve control over the supply chain. The private sector can contribute to the CMS, he said, by providing data and informing the design of the management system, based on companies' previous experience in tracking their supply chains. His remarks were seconded by Mr Pomasi, who urged the COCOBOD to give due consideration to preexisting databases held by the private sector and cocoa cooperatives.