

PRESS STATEMENT

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Accra

GCCP statement on COCOBOD/CCC farmer income communique

The Ghana Civil Society Cocoa Platform by this statement affirms its support for the decision taken by COCOBOD and CCC of Ghana and Cote d'Ivoire respectively to halt sustainability programs of chocolate and cocoa processing companies who attempt to evade the payment of the US\$400 Living Income Differential (LID) per a tonne of cocoa to farmers. We envisage that some farmers who participate in these sustainability programs might be negatively affected, however, we believe the long-term benefit of this decision to all cocoa farmers far outweigh the loss to few farmers.

On November 30, 2020, the two cocoa regulators communicated their dislike and frustration about how certain chocolatiers and cocoa processing companies are nefariously refraining from payment of the LID to farmers. They cited instances that showed the reprehensible tactics being employed by certain chocolate companies who make billions of dollars every year from the toil of cocoa farmers but are refusing to pay just a bit more to better the living standard of these farmers. Highlighted in the communique is the example of Hershey, one of America's giant chocolate companies that resorted to bulk purchasing of dried cocoa beans on the future market instead of buying directly from Ghana and Cote d'Ivoire in the quest to escape payment of the LID to farmers. Although this approach is legal, it also demonstrate bad-faith and complete dishonesty on the part of Hershey, who had earlier affirmed their commitment to support the LID. Hershey is not the only company that is demonstrating bad-faith and dishonesty, Mars and Olam are also resorting to similar reprehensible purchasing tactics.

As civil society actors, we first and foremost commend the two cocoa regulating bodies for their commitment and steadfastness in ensuring the well-being of cocoa farmers in their respective countries. We want to assure them that civil society in Ghana is solidly behind them on this quest and we support their decision to cancel sustainability programs by companies that refuse to honor their commitments to farmers. The LID of \$400 per tonne of cocoa beans is not a handout to farmers, but a means to addressing the imbalance within the cocoa value chain. The attempt by these companies to circumvent the LID speaks volume about their commitment to farmers well-being and survivability. The recent cocoa barometer report, which depicts distribution of the cocoa sector profits along its value chain, observed that an unfair distribution of value and power in the cocoa value chain are part of the root causes of extreme poverty for cocoa farmers. Almost all cocoa farmers live well below globally defined poverty levels. The introduction of the LID, also considered as a human rights

obligation was to cushion cocoa farmers in the quest to obtain living income and improved living standards. This is because, despite all the efforts in cocoa at the moment, the core of the problem is still not being addressed; the extreme poverty of cocoa farmers.

We admit that some of these sustainability initiatives are impactful to cross-section of farmers and their communities, however, we find this as an excuse by companies to deprive the broader spectrum of farmers from getting their fair share of the cocoa value chain. Let us note that only a small proportion of farmers, less than 15% are currently covered under these sustainability programs and therefore much more has to be done. It is for this reason that the payment of the LID was such a necessary evil, to ensure that all the over 800,000 cocoa farm families in Ghana also benefit and not just those in sustainability programs. It is unfortunate that the very farmers we seek to support under these initiatives are those being victimized by the current decision by the two cocoa regulators as a result of the betrayal by some chocolatiers/companies.

Our main concern is the fact that such evasion or circumvention by these companies is happening at the beginning of LID implementation. There is no doubt that other companies may follow same if stringent measures are not taken by the two countries who produce about 70% of the world's cocoa. We can also see the frustration and disappointment of these regulators as a result of the bad-faith and dishonesty demonstrated by the affected chocolate and cocoa processing companies. The two governments have already announced over 28% increment in the farm-gate price of cocoa hence these nefarious activities by these companies will affect their inflows. We have seen statements by some of the affected chocolatiers in response to the COCOBOD/CCC communique which they claim to support the implementation of living income differential. Actions speak louder than words, and so far their actions have proven otherwise. We therefore think that transparency in purchases of cocoa beans is critical and must be observed to eliminate all forms of mistrust between cocoa producing countries and buyers.

To minimize the possible effect of the decision to cancel sustainability programs being run by the affected companies, the Ghana Civil-society Cocoa Platform makes the following recommendations:

- We call on the COCOBOD and CCC to engage relevant national stakeholders to discuss further and arrive at strategies to supporting such farmers and their families.
- We call on all actors including international players (governments, chocolatiers/processors, NGOs, retailers etc) to condemn such act.
- We also call on the World Cocoa Foundation to as a matter of urgency engage with their members to reaffirm their commitment to the LID implementation

In conclusion, we note that for cocoa farmers to thrive and to ensure sustainability in the sector, all chocolate manufacturers, suppliers and processors must be very willing to support implementation of the LID to the cocoa farmer who are largely engulfed in poverty.

About the Ghana Civil-Society Cocoa Platform (GCCP):

The Ghana Civil-society Cocoa Platform (GCCP) is an independent campaign and advocacy platform for civil society actors in the cocoa sector – comprising of Civil Society Organizations, Non-governmental Organizations, Community-based Organizations, Farmer-based Organizations, Farmer Associations, Media and interested individuals. The main aim of the platform is to advocate and influence cocoa sector policies and programmes. GCCP is currently being hosted by SEND Ghana, with membership across the country, especially in cocoa growing areas.

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