



FAIRTRADE AND COCOA LIFE

Annual partnership statement



CONTEXT

Ghana is the second largest cocoa producing country in the world, where 20 percent of all cocoa comes from.

There are roughly 8,650,000 people directly employed in cocoa farming and the difficulty in making money as a cocoa farmer means many are living in poverty. The complex, interrelated challenges faced by cocoa farmers make it hard to achieve a sustainable livelihood. There are many challenges to overcome. For example, the average age of a cocoa farmer is rising each year; tree productivity is low due to the age of many cocoa farms; and access to finance is difficult, making it harder to make the necessary farm improvements to reach optimum productivity. Other challenges include a lack of infrastructure including roads, medical assistance and schools, the changing climate which makes harvests difficult to predict, and the emergence of other legal and illegal trades which are luring young people away from farming.

Since 2009 Fairtrade and Cadbury have been working together with seven cocoa farming unions in Ghana. At the time all the cocoa used in Cadbury Dairy Milk products was Fairtrade certified. When Cadbury became part of Mondelez in 2012 they decided to build on the Cadbury Cocoa Partnership and this became Cocoa Life, a holistic sustainability programme which focuses on thriving cocoa growing communities. In 2016 Mondelez approached Fairtrade to discuss how we could integrate our work into Cocoa Life; this was an evolution for Fairtrade. We moved beyond certification of Cadbury Dairy Milk bars to a new working relationship across the entire Cadbury range as a partner in the design and delivery of Cocoa Life. This new relationship covered five times the amount of cocoa previously certified.



Kwame, cocoa farmer, tending his cocoa trees, Fawohoyeden co-operative, Ghana



Beatrice Boakye, drying cocoa beans, Asuadai co-operative, Ghana

MONDELÉZ INTERNATIONAL AND FAIRTRADE: PARTNERSHIP FRAMEWORK

PARTNERSHIP OBJECTIVE



Achieving resilient livelihoods and economic growth for cocoa farming communities.



PARTNERSHIP SCOPE

Volumes used in Cadbury products sourced from Ghana, with scope expanding to other brands and origins in the coming years.



ABSOLUTE TERMS FOR FARMERS



A loyalty payment paid directly to farmer organisations



Written contracts ahead of the season



Producer-led decisions



Additional benefits directly accessible by the farmers



Annual increase in volume over partnership period

COCOA LIFE'S STRATEGY, PARTNERING WITH FAIRTRADE

Sustainable livelihoods

Identifies ways to scale up, innovate and create lasting impact for cocoa farming communities in West Africa beyond the existing partnership's work.



PROGRAMMES WORKING WITH FAIRTRADE

Climate change



Support cocoa farmers to be resilient to a varied, changing climate.

Strong organisations



Strengthen farmer co-operatives to support their members effectively.

Investment in youth



Address the challenges young people face in becoming cocoa farmers.

HOW WE WORK TOGETHER

As this was an unprecedented arrangement we wanted to ensure it was the right partnership for Fairtrade. Therefore we conducted due diligence analysis on the Cocoa Life programme in 2016 before the principles of the partnership were agreed. Fairtrade looked at the components of Cocoa Life and compared them to the core principles of Fairtrade to see if Cocoa Life was designed to bring about lasting positive change for farmers and their communities.

So what did we discover? We established that Cocoa Life is a farmer-centric programme which not only looks at cocoa farming but also the wellbeing of the communities where they operate. There is a clear chain of custody for Cocoa Life premiums and transparency over the volumes which are purchased through independent verification by FLOCERT. We took the key findings along with an outline of the partnership vision to the seven unions supplying Fairtrade cocoa to Mondelez to ask them if they supported Fairtrade working in a new way with Cocoa Life. They voted in favour of Fairtrade being part of Cocoa Life and wanted to be involved in the relationship. It was these factors amongst others that led us to conclude that Cocoa Life was a credible programme for Fairtrade to partner with.

This new partnership, based on principles agreed by Mondelez and Fairtrade, seeks to enable farmer communities to thrive, with sustainable relationships and supply chains. These principles reflect the relative strengths of the Fairtrade approach with the complementary knowledge and community involvement of Cocoa Life and seek to build stronger benefits for farmers and their communities.

One of the partnership principles was parity for cocoa farmers supplying Cocoa Life. Parity means that farmers retain at least the same value compared to Fairtrade Premium. Cocoa Life committed to purchasing volumes which would ensure stability for producers over the next three crop years. Volumes of cocoa purchased and payments are verified by FLOCERT who are the global certifier for Fairtrade as well as offering verification services to Cocoa Life. Fairtrade will continue to monitor this to ensure the commitment to increase volumes is upheld. For the 2016/17 harvest, Cocoa Life upheld their volume commitments.



Early years school, Asunafo North, Ghana



Beatrice Boakye, working in the agricultural supply shop Asunafo North, Ghana



Cocoa farmer Oti Manu, fermenting cocoa beans, Kasapin co-operative, Ghana

PROGRESS

Cocoa farmers in seven unions in Ghana began this innovative partnership with Fairtrade and Cocoa Life in June 2017 when Cocoa Life started sourcing 100 percent of the cocoa volumes for Cadbury brands from their members.

Here we look at how the partnership informed their strategy, the component parts of the strategy and what they aim to achieve.

COCOA LIFE STRATEGY WORKING WITH FAIRTRADE:

Cocoa Life and Fairtrade wanted to combine their expertise. For more than 20 years Fairtrade have built up experience working with farmers and using trade to improve livelihoods, whilst Cocoa Life have considerable expertise on how supply chains can contribute to the long term sustainability of cocoa farming. As such, Fairtrade is well placed to build a sustainable livelihoods strategy for Cocoa Life, working with existing partners and interventions to bring about economic growth for cocoa farmers and their communities.

Fairtrade Foundation's Monitoring, Evaluation and Learning (MEL) team planned a 'Sustainable Livelihoods Landscape Study' with Cocoa Life using a variety of research methods which will result in the Cocoa Life Sustainable Livelihoods Strategy by the end of 2019. This builds on the work of Cocoa Life's existing partners and identifies ways to scale up, innovate and create lasting impact for cocoa farming communities in West Africa beyond the existing partnership's work.

PROGRAMMES WORKING WITH FAIRTRADE:

Teams across the international Fairtrade system worked with Cocoa Life Ghana, Mondelez and the seven cocoa unions to develop programmes across Mondelez Cocoa Life Ghana programme pillars – especially Farming, Livelihoods and Environment.

Three programmes will tackle the immediate needs of cocoa farmers and their communities in the areas of:

1. Climate change
2. Strong organisations
3. Working with youth

Climate change



Climate change is not only increasing pressure on an already stressed cocoa sector but is also further undermining the resilience of both cocoa production and cocoa farmers and their families in Ghana. Fairtrade Africa, Fairtrade International and the Fairtrade Foundation, in collaboration with the leadership of the seven unions, have proposed to work with Cocoa Life Ghana and existing partners to improve the climate resilience of smallholder producer organisations supplying Mondelez.

Strong organisations



In addition to this programme and in support of Cocoa Life's objectives to promote entrepreneurship and empower the farmer unions supplying Mondelez, we are now assessing the unions' organisational strength. A second programme will ensure their ongoing viability and with training and other activities within the unions, this will allow the farmer organisations to play a full role in the cocoa trade as smooth functioning businesses. We will look at the current status of each union, their current strengths and opportunities for growth. This may include the diversification of income or revised business models.

Investment in youth



Work on this programme to encourage young cocoa farmers will begin in 2019.

PROGRESS

COMMUNICATIONS:

The partnership in the UK was first announced in a joint press release and interviews with Fairtrade Foundation CEO Michael Gidney and Mondelez President of Northern Europe Glenn Caton in November 2016. The news was broadly well received though there were some questions around how Fairtrade would be presented on-pack to ensure the partnership was represented but distinguished from certification. Before the official launch of the partnership in July 2017 Fairtrade Foundation was able to clarify that there would be the new 'in partnership with...' logo to create a distinction between the two.

In June 2017 the Cocoa Life mark went on the front of pack whilst the 'Partnering with Fairtrade Foundation' logo went on the back of pack of Cadbury's products.

Over the past year Mondelez's Cocoa Life logo and the Fairtrade Partnership mark has been rolled out to other markets including Australia and New Zealand. The new packaging is also being rolled out to encompass all Cadbury products, meaning five times as much Cadbury chocolate will be sustainably produced. Cocoa Life will be buying more cocoa and on better terms of trade for farmers.



PRODUCER VOICE

Keeping the opinions and views of the seven unions (West Amansie, New Juaben, Fanteakwa, Wassa East, Asanafo North, West Akyme, Suhum) central to the partnership has been of paramount importance to both Fairtrade and Cocoa Life. Last year plenaries and workshops were held between Fairtrade Africa, Fairtrade International, Fairtrade Foundation, Cocoa Life Ghana and the seven unions as all parties strived to create a partnership which delivers benefits and security for farmers and their communities. They identified climate change as being an immediate threat to livelihoods and hence the reason for the partnership to concentrate efforts on this issue in the first instance. They also stressed the importance of long term contracts and how this enables them to plan their investments in the long term rather than harvest to harvest.

“THROUGH TRAINING FROM MONDELEZ, TRAINING FROM FAIRTRADE, AND THEN THE SPECIFICATIONS (FAIRTRADE STANDARDS), WE’VE LEARNT THAT IF YOU SPRAY YOUR FARM WELL, YOU USE THE CORRECT CHEMICALS, AND THE CORRECT DOSAGE, YOU ARRIVE AT ACHIEVING A GOOD YIELD.”

Nikrumah Emmanuel,
Mfama co-operative, Asanafo North.



Cocoa farmer training workshop, Ghana

WHAT WE LEARNED

For Fairtrade, deciding to partner with Cocoa Life was a step beyond the certification model for which we have been known for the last 25 years.

This decision involved consultation and due diligence across the international Fairtrade system. The Fairtrade International board is made up of 50 percent farmer representation and in order for Fairtrade to retain its integrity and stand up to the scrutiny of stakeholders, farmers' voices must be at the heart of everything we do. Through the course of establishing this partnership we have learnt to hold these values even higher and are always ready to listen and act when things aren't working. Fairtrade will continue to shine a light on injustice in supply chains and this partnership is no different. If the farmers are not happy with the terms of trade, we will highlight these to Cocoa Life and work to overcome challenges. Fairtrade will monitor the partnership principles and will not continue with the partnership if the volume and premium commitments are not upheld. The partnership with Cocoa Life has served as a blueprint for our ways of working in the future and through this we hope to identify other organisations with whom we can work in innovative ways to bring about lasting positive change.



THE FUTURE

SUSTAINABLE LIVELIHOODS:

Fairtrade Foundation's MEL team will lead the implementation of Phase 1 of the 'Sustainable Livelihoods Landscape Study', expected to be completed by the end of March 2019. This phase will achieve two key objectives:

- i. To provide a rigorous and comprehensive comparative analysis of approaches and results achieved by Cocoa Life, Fairtrade and main industry players to bring about sustainable livelihoods for cocoa communities in West Africa
- ii. To identify strengths, weaknesses, gaps and opportunities to work together to create a Cocoa Life approach to sustainable livelihoods.

We will produce a Phase 1 report on the cocoa industry, which will be a useful benchmark and future reference point and will inform the continuation of the study. This report will be publicly available.

CLIMATE CHANGE:

As this project gets under way, Fairtrade Foundation and Fairtrade Africa will conduct a process to formulate a series of key MEL frameworks aligned with best practices in climate change adaptation, including the Cocoa Life key performance indicators to guide the programme and monitor its success and impact, and address key questions as a partnership under this programme.

Over the next twelve months the Fairtrade Foundation and Fairtrade Africa will collaborate to ensure continual progress and regular reporting requirements are fulfilled.

STRONG ORGANISATIONS:

We recognise the potential challenges of moving away from Fairtrade Premium payments for the cocoa farmers and the additional support needed through organisational strengthening inclusive of, but not limited to, assistance through the transition from Fairtrade certified sourcing. Fairtrade Premiums are paid to the union level while Cocoa Life premiums are paid to the primary societies which means that the unions are suffering from a loss of income. Over the next twelve months we will create a suitable organisational strengthening programme to ensure the seven unions' economic performance is sustained.

COMMUNICATIONS:

Fairtrade and Mondelez have had a collaborative approach to communicating the Cocoa Life partnership and its progression. For instance, last year, we issued a joint announcement about the changes to Cadbury packaging to reflect the new partnership and the information provided on pack. We remain committed to providing regular and transparent updates on the partnership. This will include annual statements, like this one, as well as regular updates on the sustainable livelihoods study, climate change, strong organisations and investment in youth programmes as they develop.

Looking forward, as the Fairtrade climate change programme continues to be embedded within Cocoa Life the two partners intend to continue sharing best practice and learning from interventions on the ground, adjusting, updating and informing as and when required. Starting the journey of an innovative partnership between Fairtrade and Cocoa Life could not happen overnight and it has taken the past 12 months to lay the foundations. We continue to see value in working together and will report back next year with our progress and learnings from year 2.



Mary Opoku, working on her farm, Mfama co-operative, Ghana