



BASELINE REPORT 2022

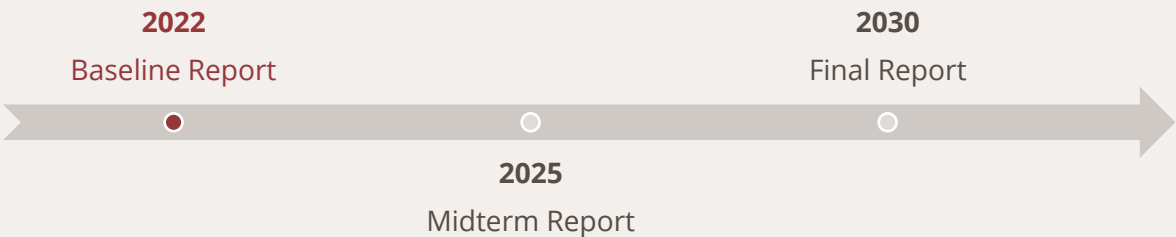
“Tackling Challenges Together” – SWISSCO Roadmap 2030



Swiss Platform for
Sustainable Cocoa

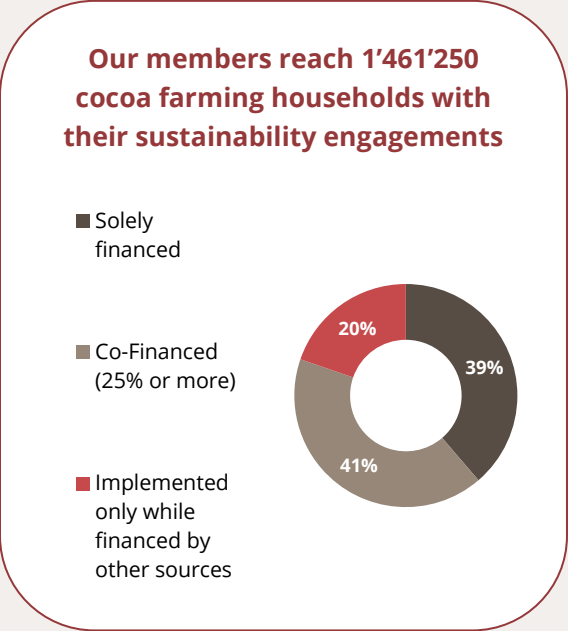
Executive Summary

Tackling the challenges together is the guiding principle of our Roadmap 2030. To be successful with this approach, we need to know where our members stand, what drives them and where their priorities lie. This Baseline Report serves as a basis for assessing the commitment of members of the Swiss Platform for Sustainable Cocoa (SWISSCO) to achieving the goals of the Roadmap 2030. The latter defines a shared vision with common goals for all of the Platform's members across four target areas (living income, deforestation, child labour and traceability) and two key transversal themes (gender and innovation). 85% of SWISSCO members answered the survey for this Baseline Report, which helped us immensely to show where we stand as a member community. The report is therefore important to effectively implement our common strategy and increase transparency on our common actions in the future.



The outreach of our platform is substantial, reaching about 25 % of the world's cocoa farming households. Even though our initial sourcing target was based on imports into Switzerland, the data collected shows that the impact of our membership goes far beyond Swiss imports and represents about 2 % of global imports. Although some feedback from members did not include detailed data, our members and their partners reached approximately 1.46 million farm households in 2021.

The great response to the intended cooperation with local authorities was striking and underlines the search for broad-based partnerships. Unsurprisingly, systemic challenges such as deforestation, climate change, biodiversity loss, child labour and improved framework conditions topped the survey, also alluding to current and upcoming regulatory developments at national and EU level that shall create a level playing field for all partners in the supply chain.



47 members want to join sustainable sourcing landscapes

44 members want to join efforts to mainstream gender along the cocoa value chain

39 members want to join efforts to measure the income of the farmers

We now know that many members want to learn more about the impact of their activities. Here, SWISSCO is challenged to develop solutions that are of interest and help to as many members as possible, and can be considered credible.

In the area of living income, we now have a rough idea of which incentives or reward schemes are used and to what extent. 81% of all SWISSCO member companies from sectors A & B indicated using the payment of premiums to reward cocoa farmers and their families for their performance in terms of sustainability and quality. In addition to traditional premiums, other, more specific reward systems related to quality, climate, biodiversity, education or diversification of income opportunities are increasing rapidly.

Climate-smart, regenerative and agroforestry practices are gaining increasing attention. According to the Baseline Report, over 500'000 farmers were supported with climate-friendly measures in 2021 which highlights the importance of the development and the use of adoption and mitigation measures of cocoa production in face of climate change.

Members are proactively addressing the issue of child labour and youth empowerment. Some supply chains are already well advanced in reaching out to almost all families within the supply chain with comprehensive Child Labour Monitoring and Remediation Systems (CLMRS) or similar approaches to prevent, monitor and remediate child labour.

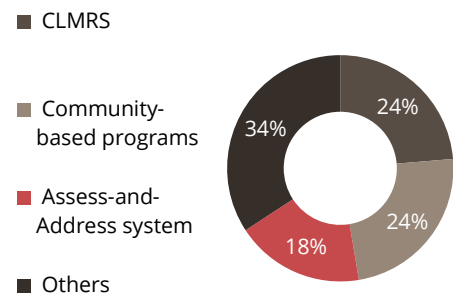
With this knowledge, SWISSCO is now challenged to develop solutions that are accessible to as many members as possible, involve a manageable effort and at the same time can be considered credible.

We gladly accept this challenge!

Income diversification and yield increase are the most used activities to enable farmers to earn a living income



SWISSCO members contribute to eliminate child labour and to improve the perspectives of youth through various measures



Four countries of origin of cocoa top the list for Swiss companies

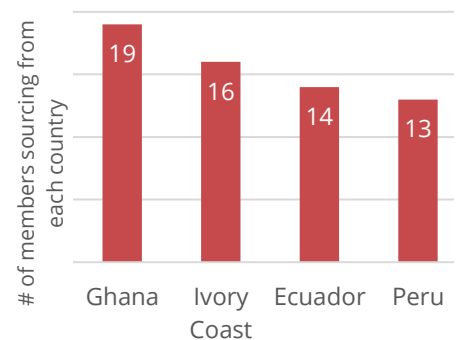


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List of Abbreviations

CFI	Cocoa and Forest Initiative
CSA	Climate-Smart Agriculture
ILO	International Labour Organization
ISCOS	European Initiatives for Sustainable Cocoa
MoU	Memorandum of Understanding
NGO	Non-governmental organizations
SBTi	Science-based Target Initiative
SECO	Swiss State Secretariat for Economic Affairs
SME	Small- to mid-size enterprises
SWISSCO	Swiss Platform for Sustainable Cocoa

1. Background and Purpose of the Baseline Report

This Baseline Report serves as a basis for assessing the commitment of SWISSCO members to achieving the goals of the SWISSCO Roadmap 2030. An Interim Report in 2025, and a Final Report in 2030, will document the SWISSCO path regularly, thus fostering accountability and informing in a transparent manner on progress as well as setbacks.

The SWISSCO Roadmap is the platform's strategic guidance document until 2030. Following a participatory process, involving inputs from Swiss-level working groups, board discussions and a broad consultation among all SWISSCO members, the SWISSCO Roadmap was approved at the 3rd General Assembly Meeting in September 2021.

"The Roadmap defines a shared vision with common goals for all SWISSCO members."

Revolving around four key target areas with 12 qualitative and quantitative targets¹ and two key transversal themes, the Roadmap responds to the most pressing challenges in the cocoa value chain. The identified target areas are in line with the UN 2030 Sustainable Development Goals (SDGs).

KEY TARGET AREAS



Towards a living income for cocoa farmers and their families

In order to ensure a living income for cocoa farmers and their families, we pursue a holistic approach that considers all determining factors such as crop price, diversification of income, and improvement of framework conditions and local governance.



Deforestation-free and climate-friendly cocoa supply chain

With the goal of a deforestation-free and climate-friendly cocoa supply chain, we engage in international efforts to halt deforestation and forest degradation and promote the adoption of climate-smart agriculture and agroforestry practices.



Tackling child labour and improving perspectives of youth

We implement innovative approaches on different scales to tackle the complex issue of child labour in cocoa-growing communities and to improve the perspectives of young people.



Enhancing transparency and traceability within the cocoa supply chain

We promote and gradually enhance the traceability of cocoa beans back to the farmer to facilitate development opportunities for cocoa farmers and to increase the level of transparency for consumers.

¹ A concise overview of the 12 specific targets can be found in the Annex of this document.

KEY TRANSVERSAL THEMES



Gender

Empowering women is key to resolving many challenges in the cocoa sector. We, therefore, promote women's access to better training, jobs, land, markets, education, and financial services.



Innovation

To increase value creation in producer countries, we endorse innovative approaches both in the production and processing of cocoa and in the greater diversification of the production steps as well as of the product range.

By tackling challenges together, the Roadmap fosters SWISSCO's mandate to serve as network and competence center for sustainable cocoa, to enable joint learning and exchange of knowledge, to facilitate and implement innovative and scalable projects, to ensure target-oriented accountability and to engage in policy dialogue with partner countries.

2. Who contributed with data for this report?

The majority of the data for this Baseline Report was collected through a Baseline Survey which was sent out to all SWISSCO members in February 2022. The members reported on their company's/organization's activities of 2021. Further complementary data was taken from the Cocoa Sourcing Statistics from 2021 and the evaluation of the value chain projects co-financed by the Swiss State Secretariat for Economic Affairs (SECO) (data from 2021, reported in 2022).

All SWISSCO members were invited to report on their contribution to the Roadmap. In total, 54 members responded to the Baseline Survey, which corresponds to 85 % of the whole membership as of February 2022 (Figure 1).

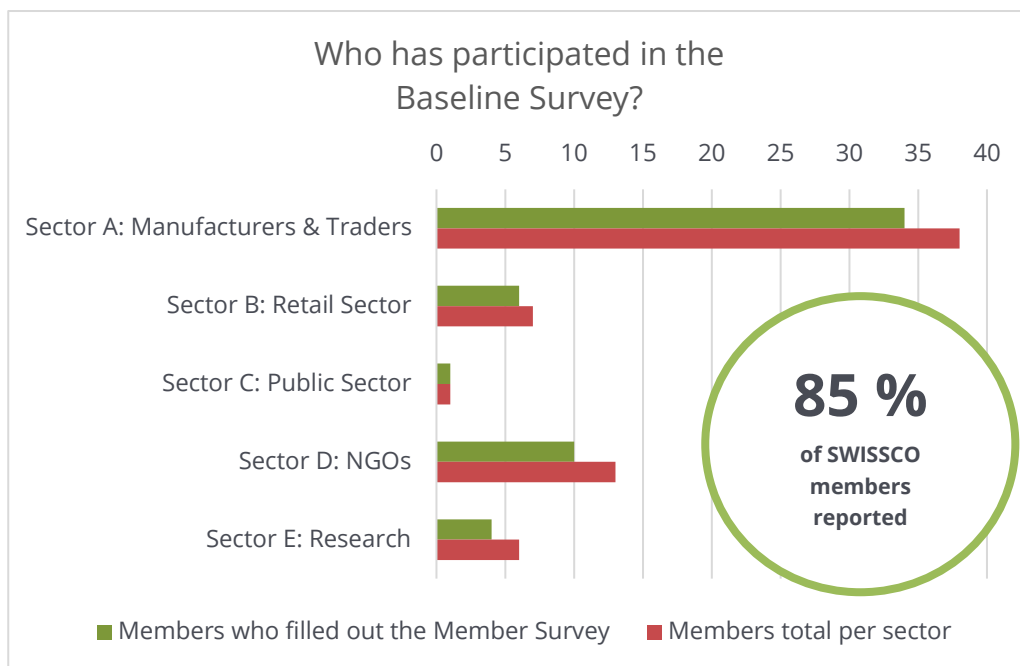


Figure 1: Overview of SWISSCO members per sector who participated in the Baseline Survey

Source: SWISSCO Baseline Survey 2022

While the overall quote of participation in the Baseline Survey was high amongst the SWISSCO membership, it must be noted that not all members reported on all questions. It is therefore crucial to note the total number (n) shown in each of the graphs below to which the results relate. Due to the diverse membership of SWISSCO as a multi-stakeholder platform and the different mandates of the member organizations, a generalization of the results would be misleading. With these caveats in mind, the Baseline Report nevertheless shows trends and identifies gaps that must be addressed to achieve the goals of the SWISSCO Roadmap 2030.

3. Members' sustainability engagements

Financial investments into sustainability in cocoa

SWISSCO members indicated having invested more than CHF 150 million into sustainability related activities in cocoa.² CHF 108'029'875 were invested into sustainability programmes and projects in 2021. This includes activities related to technical assistance, trainings, social infrastructure, and research. An additional CHF 51'143'983 were invested into rewarding schemes. Rewarding schemes are any type of monetary or non-monetary payment that is provided to a farmer/cooperative in exchange for certain criteria their cocoa production fulfils. Besides the traditional premiums (Fairtrade premium and Rainforest



² 98% of the total reported investments were made by manufacturers and traders.

Alliance/UTZ premium), other more specific rewarding schemes relate to quality, climate, biodiversity, education or diversification of income. Chapter 4 provides a more detailed insight into which rewarding schemes are most applied by SWISSCO members.

Scope of sustainability engagements

SWISSCO members reached about 1.46 million cocoa farming households with their sustainability engagements in 2021. Figure 2 gives an overview of the scope of SWISSCO member’s sustainability engagements, differentiating between solely financed, co-financed and implemented measures. 565’747 cocoa farming households were reached with activities that were solely financed by the reporting SWISSCO members, therefore not running any risk of double-counting. An additional 607’284 cocoa farming households were reached with co-financed activities and 288’219 households were reached by members implementing project activities that were financed by other sources than their own.

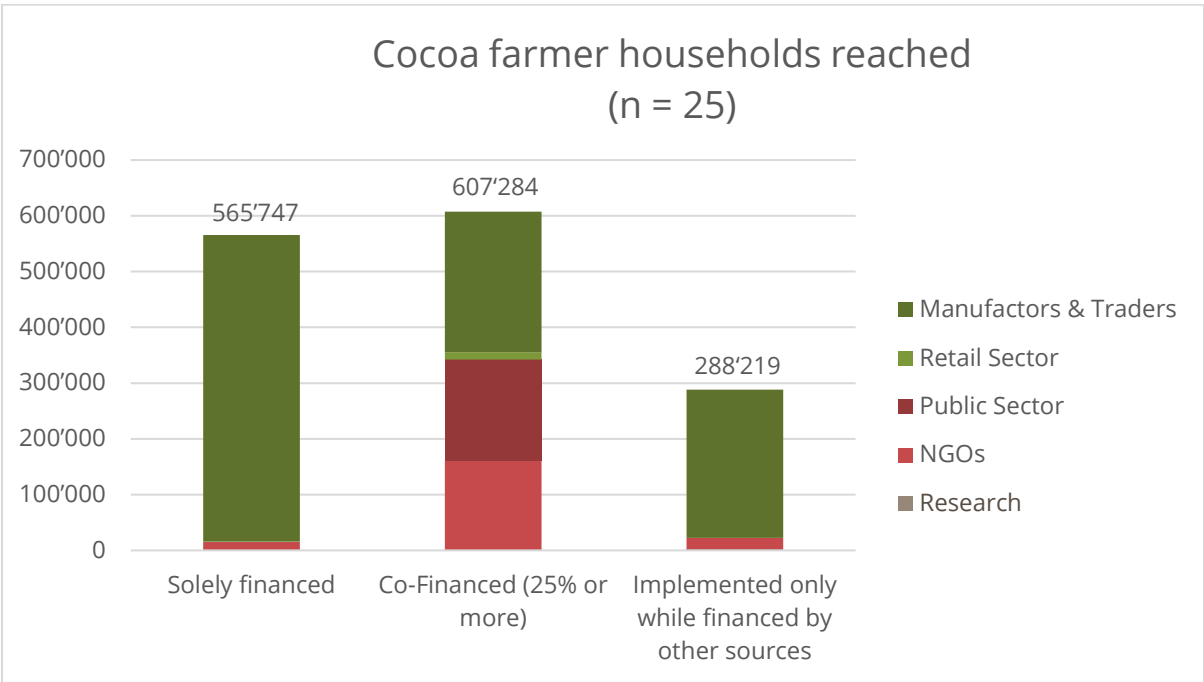


Figure 2: Cocoa farmer households reached by SWISSCO members' sustainability engagements

Source: SWISSCO Baseline Report 2022

4. Roadmap 2030 Target Areas

The following sub-sections provide an insight into the 2021 baseline of the different sub-targets of the four key target areas of the Roadmap.

Target Area 1

Towards a living income for cocoa farmers and their families

Targets for living income	2025	2030
1a) All members are active in at least two areas critical to achieve a living income: (1) price, (2) yield increase, (3) reduction of production costs, (4) income diversification and (5) improvement of enabling conditions and governance.	Reporting progress since 2021	Reporting progress since 2025
1b) Supply chain partners contribute jointly to a living income by rewarding sustainability and quality aspects	Reporting progress since 2021	Reporting progress since 2025
1c) SWISSCO, members and partners conduct global impact assessment to measure household income	Joint assessment conducted	Repeated assessment conducted



Most of the cocoa farming families live in poverty, while cocoa production contributes to about two thirds of their income. Poverty is a complex and multifactorial problem. In West Africa, self-employed farmers operate on small farms of less than five hectares, with an average yield of only 400 kilos per hectare. In addition, cocoa famers face fluctuating prices and lack access to financial services. With low incomes and weak economic resilience, cocoa farmers face inadequate living conditions and struggle to meet the basic needs.

SWISSCO members have therefore committed to pursue a holistic approach to enable farmers to earn a living income, considering the following determining factors: (1) price, (2) yield increase, (3) reduction of production costs, (4) income diversification, and (5) improvement of enabling conditions and local governance. SWISSCO members are encouraged to implement a smart mix of interventions, combining activities targeting several of the above-listed determining factors.

Target 1 a) All members are active in at least two areas critical to achieve a living income

The vast majority of SWISSCO members (46) reported being active in two or more of the above-listed areas of engagement to enable farmers to earn a living income (Figure 3). This indicates that SWISSCO members are already working on a long-term impact on farmers' income, which can only be achieved through an smart mix of interventions.

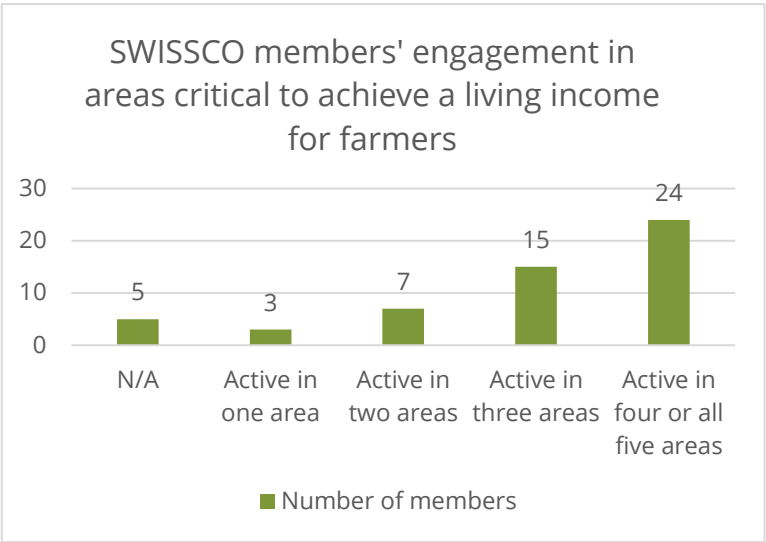


Figure 3: SWISSCO members' engagement in one or more of the following areas: price, yield increase, reduction of production costs, income diversification or improvement of enabling conditions and local governance

Source: SWISSCO Baseline Report 2022

Most support activities revolve around the diversification of income (42 members) and yield increase (40 members) (Figure 4). To

encourage income diversification, SWISSCO members reported having conducted trainings on agricultural production and having promoted the implementation of (dynamic) agroforestry systems. Moreover, members are developing market systems and access for non-cocoa crops (or new cocoa-derived products such as cocoa juice) and other products (such as soap and honey) to encourage the diversification of income. Yield increasing activities mostly revolve around providing farmers with trainings on improved agricultural techniques (such as pruning practices).

Several members have invested in implementing mobile payment systems to ensure fair remuneration directly to the farmers while incentivizing full transparency of the value chain through this process. Other price related activities include the payment of the Living Income

Differential (LID), the payment of premiums (see next sub-target for more information) and facilitating access to monetary (and non-monetary) loans for farmers.

Further activities include investments into community infrastructure and the modernization of harvesting practices and the further processing steps.

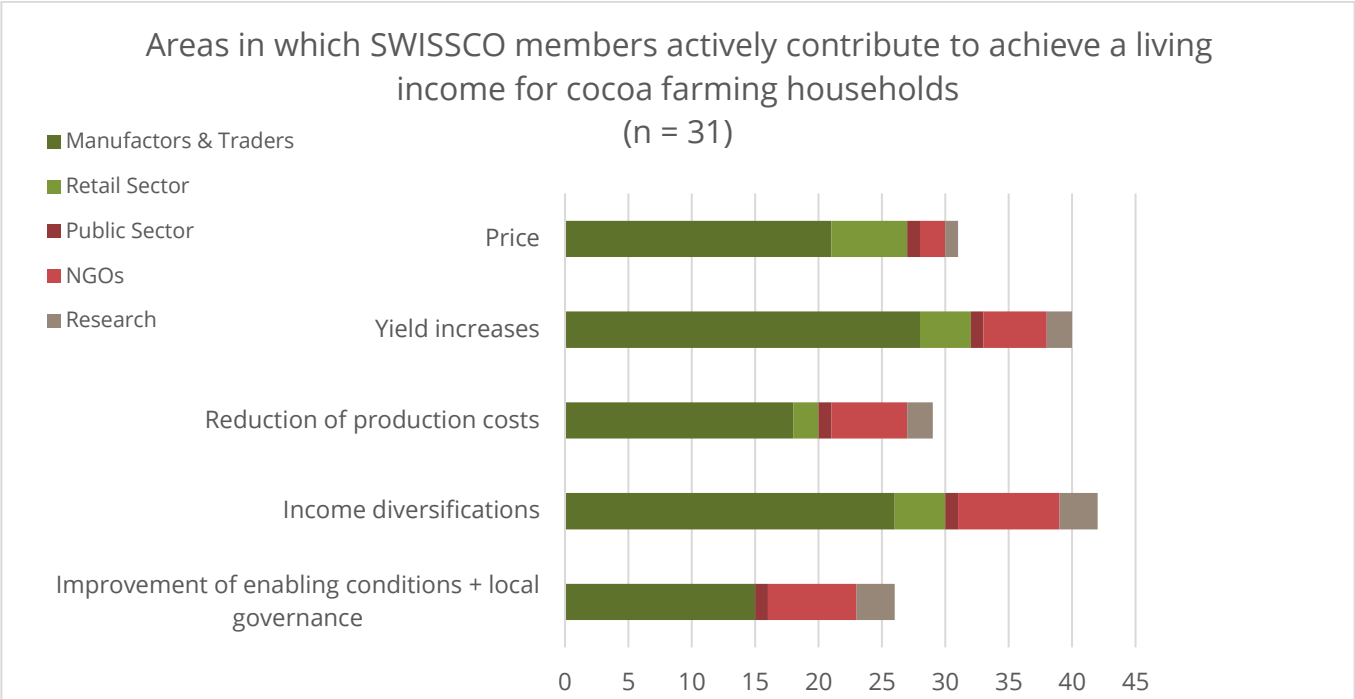


Figure 4: Areas in which SWISSCO members actively contribute to achieve a living income for cocoa farming households

Source: SWISSCO Baseline Report 2022

Overall, SWISSCO members apply holistic approaches to contribute to a living income, combining activities to address the poverty of cocoa farmers and their families, being the root cause of many sustainability challenges in cocoa.

Target 1 b) Supply chain partners contribute jointly to a living income by rewarding farmers and their families for their performance in terms of sustainability and quality

Of all member companies from sectors A & B (reporting + non-reporting), a total of 81 % indicated using the payment of premiums to reward cocoa farmers and their families for their performance in terms of sustainability and quality (Figure 5). The two most frequently granted types of rewards in 2021 were certification premiums for UTZ/RA (22 members) and Fairtrade premiums (21 members), closely followed by premiums for Organic/BIO certified cocoa (17 members) and a quality premium (15 members) (Figure 5). A total of 14 members indicated to grant their farmers an additional premium to secure a living income, such as the payment of the Fairtrade Living Income Reference Price.

An increasingly popular measure to provide targeted income support to cocoa farmers is the payment of so-called Payments for Environmental Services (PES). Eight members

reported to grant farmers with this type of reward. Such payments provide farmers with an incentive to preserve or restore the environment in the region they are operating in and while at the same time improving farmers' livelihoods.

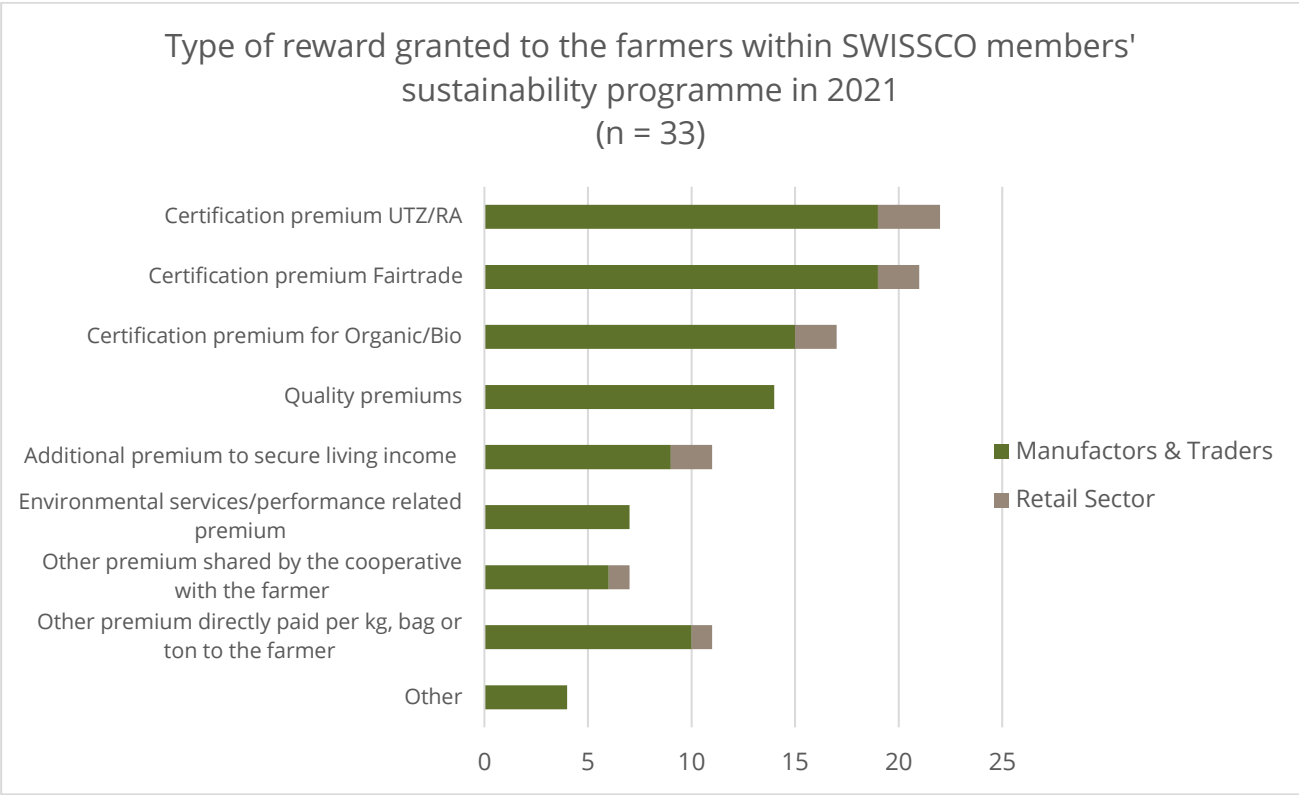


Figure 5: Type of rewards granted to the farmers within SWISSCO supply chain partners' sustainability programmes in 2021

Source: SWISSCO Baseline Report 2022

Forward-looking, the implementation of a smart mix of interventions will become even more important in light of the diversity and complexity of challenges in the cocoa sector. One promising example of such a smart mix of measures could be the combination of rewards like or similar to PES, aiming to diversify cocoa farmers' income streams through carbon, biodiversity and water finance with yield increasing activities and crop diversification measures.

Target 1 c) SWISSCO conducts impact assessment to measure household income

Recent studies already provide empirical evidence on cocoa household and income data. However, these often examine a very specific type of household in a particular production region and do not always reflect the actual production costs of cocoa. This is partly because setting up a credible cross-country study design is very demanding, complex and resource-intensive. Tackling such a project jointly is therefore seen as a reasonable approach.

39 out of 54 of the SWISSCO members who reported on the Baseline Survey voiced interest in joining efforts to measure the impact of their work regarding the income of cocoa farmers (Figure 6).

In line with this, together with the Alliance for Living Income in Cocoa (ALICO)³, SWISSCO is engaged in developing an open-source methodology for income surveys to analyse the impact of different private/public-private interventions and investments of the European Initiatives on Sustainable Cocoa (ISCOS) and their members, with the purpose to increase farmer incomes.

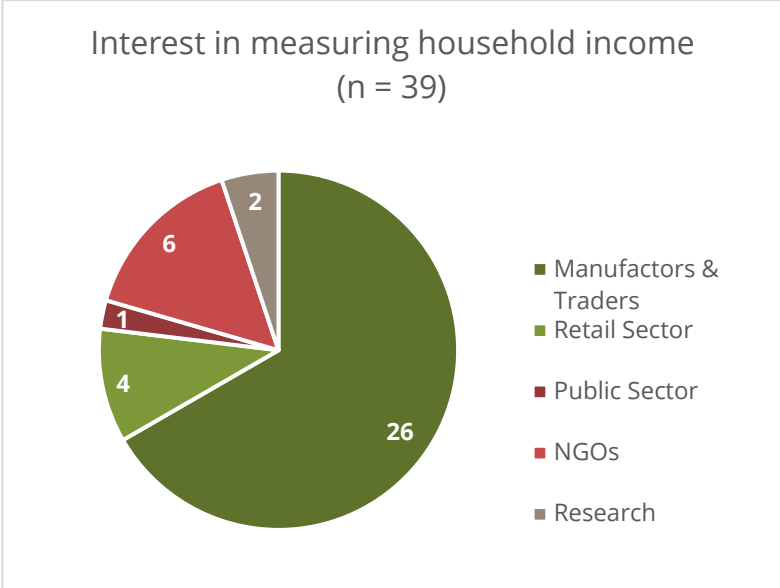


Figure 6: SWISSCO members' interest in measuring household income

Source: SWISSCO Baseline Report 2022

With the objective of helping to identify promising approaches to increase farmers' incomes as well as highlighting gaps and failures of current practices, this open-source methodology aims to (i) help generate reliable and comparable income data, (ii) be easily replicated by other researchers and to other geographical areas and (iii) enable the private and public sectors to conduct complementary income surveys and analyses based on a harmonized methodology and global/collaborative data set.

Current measures of SWISSCO members to monitor and assess the progress and impact of their activities in terms of contributing to achieving living incomes for the cocoa farming households include:

- conducting annual surveys, household censuses and field visits,
- monitoring the farmer data registered in information databases,
- monitoring turnover shares (assuming that higher shares lead to higher incomes of farmers) and
- relying on data provided by labelling organisations.

³ ALICO is an alliance of stakeholders, including the European Initiatives for Sustainable Cocoa (ISCOS), the Voice Network and the Sustainable Food Lab committed to join forces and reach a systemic change to ensure that farmers earn a living income. Leveraging and strengthening existing structures, the alliance promotes policy dialogue, creates efficiency by facilitating and aligning existing efforts, provides expertise and leads content-related discussions.

Target Area 2

Deforestation-free and climate-friendly cocoa supply chain

Targets for forests and climate friendly cocoa	2025	2030
2a) SWISSCO members actively engage directly or through supply chain partners in international efforts to halt deforestation, forest degradation caused by cocoa production area expansion (e.g. CFI in Ghana and Côte d'Ivoire) and logging inside cocoa plantations.	Reporting on progress since 2021	Reporting on progress since 2025
2b) SWISSCO engages in cocoa sourcing landscapes aimed at forest protection and restoration	Sourcing landscapes (at least five) are operational	Reporting on progress
2c) SWISSCO members enable farmers to adopt effective climate smart agriculture or agroforestry practices	At least 70'000 farmers enabled	At least 150'000 farmers enabled
2d) Swiss cocoa supply chain partners are on the pathway towards net zero emissions focusing on reductions in the supply chain	Member companies report on their pathway since 2021	Member companies report on their pathway since 2025

In many countries, cocoa production is threatened by aging plantations, poor farm management, soil degradation, pests and other diseases. To increase production and meet demand, cocoa producers often rely on the clearing of additional forest land. Deforestation leads to a loss of biodiversity and contributes to climate change. In addition, the misuse or overuse of pesticides and chemical fertilizers in many cocoa farms negatively affects the quality of local water resources, contaminates soils, and further reduces biodiversity. Furthermore, the consequences of extreme weather events such as prolonged dry seasons, extreme temperatures as well as the appearances of new pests and diseases translate into reduced cocoa yields, therefore less income for farmers and unpredictability in the cocoa market that most farmers are not prepared for. In order to build more resilient livelihoods and farming systems, farmers and stakeholders alike must begin to adapt to climate change.

SWISSCO members are therefore committed to engaging in international efforts to halt deforestation and forest degradation, promote a climate-friendly cocoa supply chain and strengthen cocoa farmers' resilience to the changing environment.

Target 2 a) SWISSCO members actively engage, directly or through supply chain partners, in international efforts to halt deforestation, forest degradation caused by cocoa production area expansion and logging inside cocoa plantations.

SWISSCO members' engagement in international and local efforts to end deforestation and forest degradation encompasses a wide array of measures, for instance:

- engaging in **private-public partnerships** with a focus on agroforestry and climate-smart agriculture (CSA),
- participating in workshops and **trainings on agroforestry and CSA** to pass on the knowledge to farmers,
- promoting the **polygon mapping of cocoa farms**,
- **monitoring deforestation by satellite** in the cocoa-sourcing regions,
- applying company-owned **deforestation risk tools** and
- conducting **studies and research projects**.

24 SWISSCO members reported to actively engage in international fora and initiatives around the topics of forests, climate-smart agriculture, agroforestry, and biodiversity. Out of this, 13 members indicated to be part of the Cocoa & Forests Initiative (CFI)⁴, therefore annually reporting on activities along the principles and objectives of CFI.

However, 24 members reported not being engaged in any international fora or initiatives on the topic of deforestation and climate-friendly cocoa. An engagement in the ISCO Working Group on Forests & Agroforestry or the SWISSCO-level Task Group on deforestation-free

⁴ The Cocoa & Forests Initiative is currently implemented in Côte d'Ivoire and Ghana, which produce approximately 60% of the world's annual supply of cocoa, and Colombia, where cocoa is being seen as an opportunity to support the peace process. The Initiative, launched in 2017, is chaired by the governments of Côte d'Ivoire, Ghana and Colombia, and is facilitated by IDH, the Sustainable Trade Initiative and the World Cocoa Foundation (WCF). Read more on the initiative's commitments and action plans [here](#).

and climate-friendly cocoa could be a first step for these members to engage more with other members on the topic and thus make sure to exchange on best practices and challenges.

2021 marked a transitioning year of SWISSCO-level working groups, such as the Working Group Climate Resilience and Biodiversity to joint working groups with the ISCOs. In total, **24 SWISSCO members registered for participating in the ISCO WG Forests & Agroforestry**. In addition, **17 SWISSCO members are part of the SWISSCO-level Task Group on deforestation-free and climate-friendly cocoa**. The objective of this Task Group is to gather and systematize knowledge within SWISSCO on the investments needed to enable the transition towards more regenerative cocoa production models based on agroforestry and climate-smart agriculture practices (on-farm) and to establish and consolidate sustainable sourcing landscapes (off-farm) in cooperation with other development partners and commodity sectors.

Target 2 b) SWISSCO engagement in cocoa sourcing landscapes, involving at least 3 member companies and active facilitation by SWISSCO office.

As of 2021, 20 SWISSCO members reported already being actively engaged in sustainable cocoa sourcing landscapes in seven cocoa-growing countries (Figure 7).

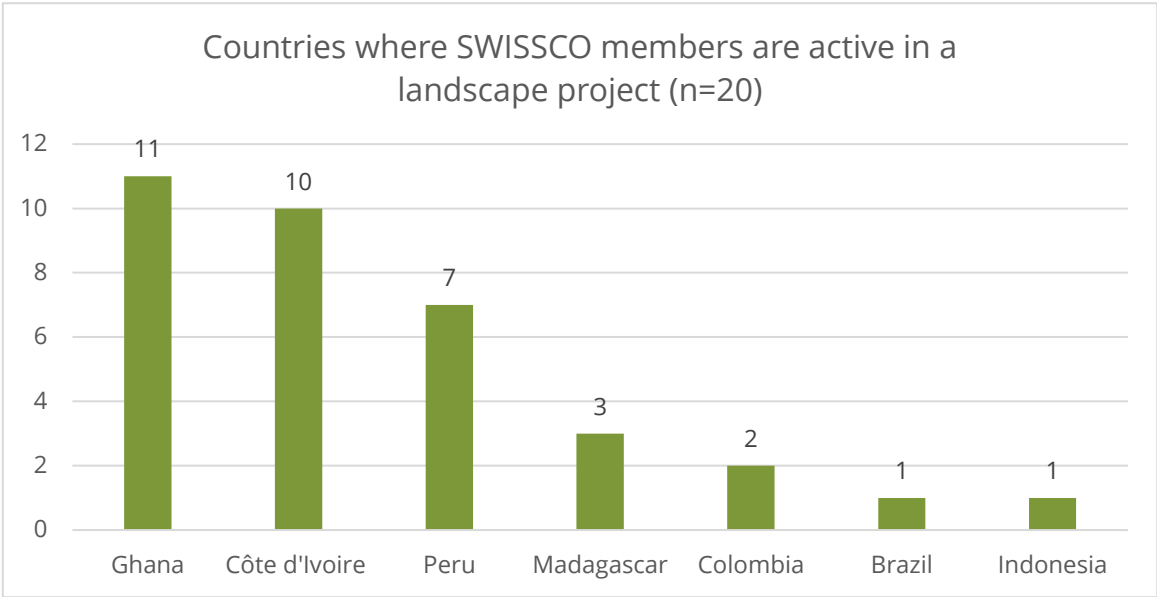


Figure 7: Countries where SWISSCO members are actively involved in a landscape project

Source: SWISSCO Baseline Report 2022

Most of these sustainable cocoa sourcing landscapes are set in **Ghana** (regions: Kamkum, Asunafo-Austifi, Atwima, Mponua, Bia and Juabeso) and in **Côte d'Ivoire** (regions: Gabiadji, Sand Pedro, La Nawa, Covally and Goin Debe). **Peruvian** sustainable sourcing landscapes are exclusively found in the San Martin region (see Figure 8).



Figure 8: Overview of regions in the three countries where most SWISSCO members are actively involved in a sustainable cocoa sourcing landscape project.

Source: SWISSCO Baseline Report 2022



A total of 46 members showed interest in joining sustainable cocoa sourcing landscape projects.

In response to this wide interest, SECO launched a call for proposals in summer 2022, the so-called SWISSCO Landscape Call. This has the advantage to take sustainability beyond the farm level, where most agribusinesses focus their interventions, to the scale that includes watersheds, ecosystems, local markets and governments. The projects have a landscape focus and collectively engage different stakeholders that are working together on common goals beyond the cocoa supply chain. The expected project start date for the projects in the first funding window is spring 2023, with two further funding windows following in 2023.

Target 2 c) SWISSCO members enable farmers to adopt effective climate smart agriculture (CSA) or agroforestry practices.

At the farm level, SWISSCO members committed to enable the effective adoption of climate smart agriculture or agroforestry practices by at least 150'000 farmers⁵ by 2030. This number

⁵ The following types of farmers will be included in the reporting: 1) Farmers that supply cocoa to the Swiss market and 2) farmers that are supported through SWISSCO member funding, and which are not included in the reporting of other national initiatives.

represents the approximate number of farmers being part of the Swiss cocoa supply chain⁶. The intermediate target for 2025 is to reach 70'000 farmers.

SWISSCO members reported supporting a total of 540'402 farmers with CSA promoting activities and 459'872 with agroforestry related activities in 2021⁷. On first glance, these numbers appear to indicate that the target set for 2030 is not only met but already far exceeded. However, these high numbers must be interpreted with caution, as many SWISSCO members operate globally and therefore import volumes into Switzerland do not serve as a reference to their overall activities. Moreover, these findings lead to a reflection of the difference between the meaning of *supporting vs enabling* farmers. Providing support does not directly lead to an effective adoption of CSA or agroforestry practices. These high numbers, therefore, point to the need for creating a common understanding of the effective implementation of measures in capacity building and a closer monitoring of this goal.

One approach to obtain numbers referring to *enabling* farmers to adopt CSA or agroforestry practices is by analysing the data reported from the 14 SECO co-financed value chain projects. The projects are required to report annually on the activities and results of the project implementation, using the SWISSCO Monitoring, Evaluation and Learning Framework.

The reporting for 2021 on these value chain projects indicated that 43'373 farmers have received training in climate smart agriculture practices during that year. Out of this, 27 % were female participants. Furthermore, 12'510 farmers (28 % female) were reached with income diversification trainings (including activities promoting the implementation of agroforestry systems), 49'207 farmers (26 % female) were supported with the distribution of multi-purpose trees and 3'862 farmers (25 % female) received cocoa seedlings.

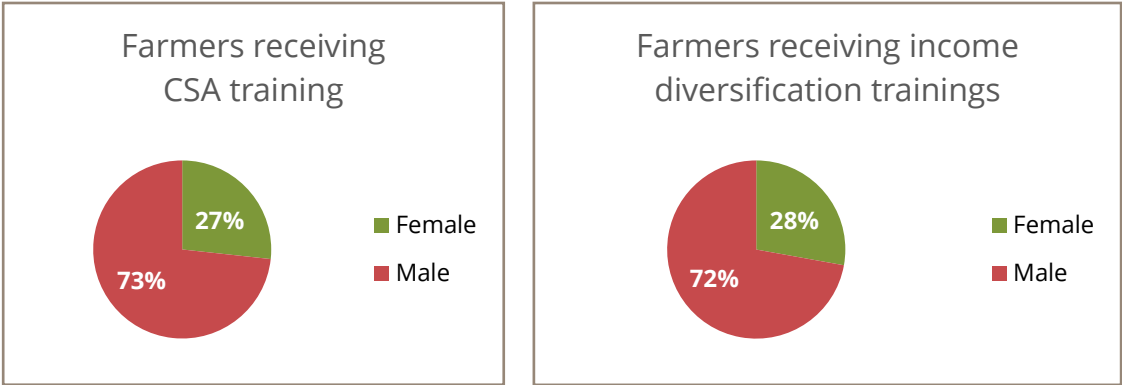


Figure 9: Farmers of SWISSCO members' sustainability projects receiving CSA and income diversification trainings disaggregated by gender

Source: SWISSCO Baseline Report 2022

⁶ This estimate draws from data from SWISSCO's Monitoring, Evaluation and Learning (MEL) Framework, including the sourcing statistics. The estimate assumes an average area cultivated with cocoa of two hectares and an average yield per hectare of 0.5 metric tonnes.

⁷ The most frequently mentioned activities of support were the implementation of trainings on practices related to agroforestry and CSA (including demonstration plots) and the distribution of seedlings. Source: SWISSCO Baseline Report 2022.



Further follow-up on the topic of effectively monitoring the implementation of CSA and agroforestry practices will be done in the context of the SWISSCO-level Task Group on deforestation-free and climate-friendly cocoa.

Target 2 d) Swiss cocoa supply chain partners are on the pathway towards net zero emissions with focus on the supply chain in line with the Paris Agreement by adhering to initiatives such as Science-Based Target Initiative (SBTi) or by undertaking equivalent

According to the [Science-based Target Initiative \(SBTi\)](#), targets are considered science-based if they are in line with what the latest climate science deems necessary to meet the goals of the Paris Agreement – limiting global warming to well below 2°C above pre-industrial levels and pursuing efforts to limit warming to 1.5°C. The SBTi develops methods and criteria for effective corporate climate action and validates corporate targets. Such targets must take scopes 1 and 2 into account according to the Greenhouse Gas Protocol Standard. If a company's scope 3 emissions account for more than 40 % of its total scope 1, 2 and 3 emissions, the targets must also cover scope 3.

Scope 1: Direct emissions; GHG emissions directly from operations that are owned or controlled by the reporting company

Scope 2: Indirect emissions; GHG emissions from the generation of purchased or acquired electricity, steam, heating, or cooling consumed by the reporting company

Scope 3: Indirect emissions; all indirect emissions that occur in the value chain of the reporting company, including both upstream and downstream emissions

The Baseline Report indicates that 22 members (Figure 9) adhere to initiatives such as the SBTi or have similar strategies in place to contribute to net zero emissions. However, the survey also showed that 19 members have not yet implemented any specific measures in this area and 13 did not respond to this question.

Overall, the evaluation shows that a large share of SWISSCO members have not yet developed a strategy for achieving net zero. For those members who do adhere to the SBTi the data from the Baseline Survey did not allow to assess specific information on the level of member's engagements and scopes. These findings are congruent with the survey from the 2021 SWISSCO [technical paper on climate & nature finance](#) by Southpole, SWISSCO and Earthworm.

SWISSCO members adhering to the Science-based Target Initiative or similar efforts to contribute to net zero emissions
(n = 22)

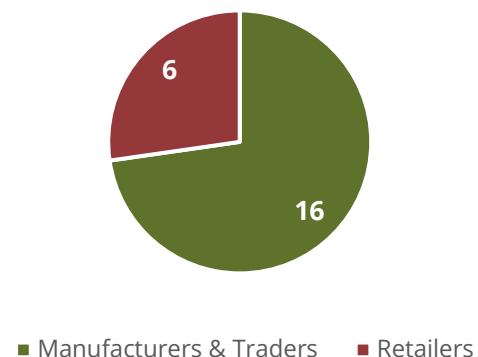


Figure 10: Members adhering to the SBTi or having similar strategies in place to contribute to net zero emissions

Source: SWISSCO Baseline Survey 2022

Target Area 3

Tackling child labour and improving perspectives of the youth

Targets for child labour	2025	2030
<p>3a) All members active in producer countries with incidence of child labour in cocoa production are contributing to eliminate the root causes of child labour and therefore child labour and to improve the perspective of youth</p>	Report on progress since 2021	Report on progress since 2025
<p>3b) SWISSCO engages in sustainable cocoa sourcing landscape involving efforts to tackle child labour effectively</p>	Report on progress since 2021	Report on progress since 2025
<p>3c) SWISSCO signs and operationalizes MoU with local authorities aimed at child labour prevention</p>	MoU with Alliance 8.7 pathfinder country	Report on progress

Despite a significant increase of attention on the topic of child labour in the last decade and growing efforts of the stakeholders in the cocoa value chain, the latest [NORC Report](#)⁸, published in October 2020, states that between 2013/14 and 2018/19 the prevalence rate of child labour in cocoa production among cocoa growing households in Côte d'Ivoire and Ghana remained stable without any significant improvements. Thus, around 41 % of children in cocoa growing households in Côte d'Ivoire and 58 % in Ghana are still involved in child labour. Out of this, 37 % of children in Côte d'Ivoire and 51 % of children in Ghana were engaged in hazardous child labour in cocoa production⁹. With limited school attendance, development and education are hindered. This can entrench the households' impoverishment for subsequent generations, making it harder to break the cycle of poverty.

Considering this challenge, all SWISSCO members have agreed on joining forces to scale up efforts to tackle child labour and improve the perspectives of youth.

3 a) All members active in producer countries with incidence of child labour in cocoa production are contributing to eliminate the root causes of child labour and therefore child labour and to improve the perspective of youth.

A total of 43 SWISSCO members reported on actively contributing to eliminate (the root causes of) child labour and improving the perspectives of youth (Figure 10). However, 5 members of the member sector A (manufacturers & traders) and 6 other members did not report on being actively engaged in tackling child labour.

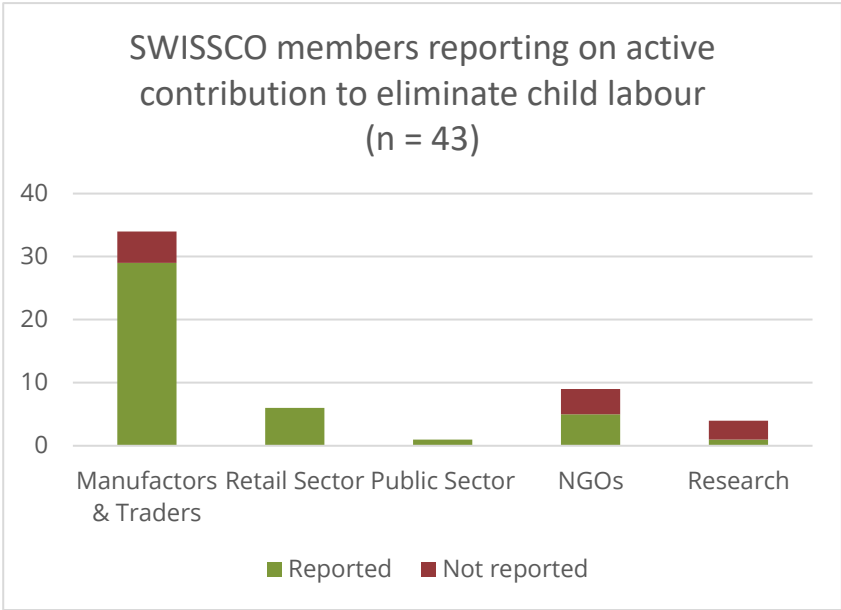


Figure 11: SWISSCO members by member sector who have reported/not reported on being actively engaged in tackling child labour

Source: SWISSCO Baseline Survey 2022

Out of the 43 members that are actively engaged in ending child labour, 21 members reported on applying more than one activity. This mirrors SWISSCO's position to promote a holistic approach of a smart mix of

⁸ The primary objective of the study was to assess and measure changes in the prevalence of working children, children in child labour, and children in hazardous work in the cocoa growing areas of Côte d'Ivoire and Ghana between 2008/09 and 2018/19.

⁹ Find more information on the definition of hazardous child labour [here](#). More specific information on hazardous child labour in cocoa can be found in the [NORC Report](#).

measures to prevent, monitor and remediate child labour and strengthen children’s rights. The complexity of the challenge which has systemic root causes beyond cocoa, requires a smart mix of measures and instruments, which focus on education, health, social security, improvement of income and overall framework conditions. Most of SWISSCO members’ activities include the use of Child Labour Monitoring and Remediation Systems (CLMRS), community development programmes and/or human rights due diligence processes.

The applied approaches vary to equal parts between activities within Child Labour Monitoring and Remediation Systems (CLMRS) with a supply chain focus on the one hand and community-based programmes on the other hand (Figure 11). Furthermore, 26 members reported on applying other approaches to tackle child labour – either in addition to the above-mentioned approaches or as an alternative to those.

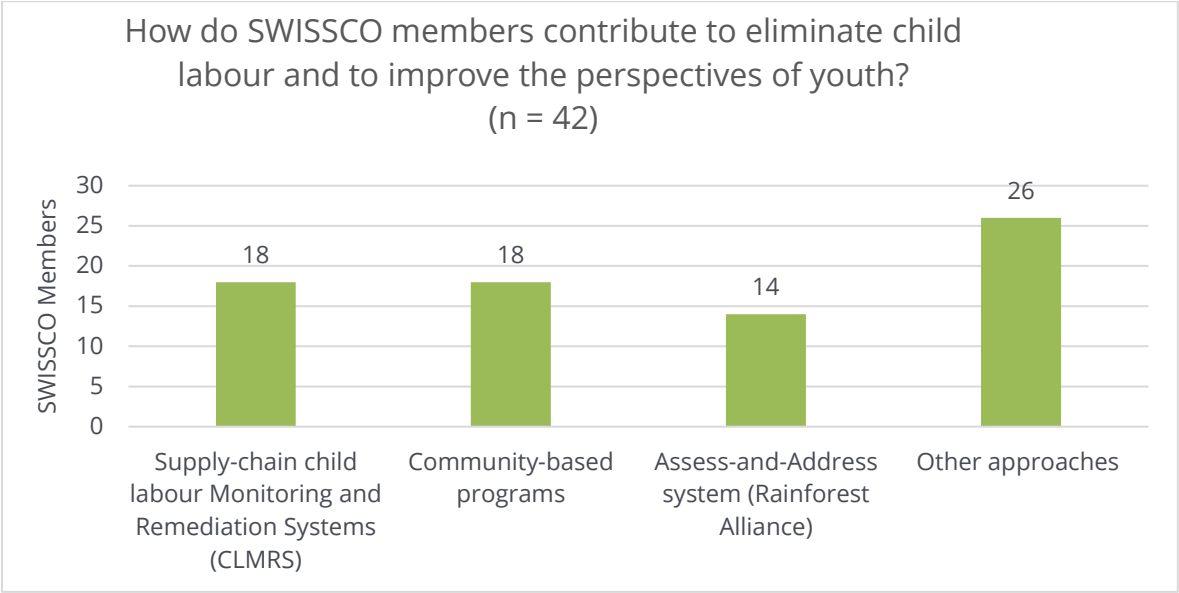


Figure 12: Measures taken by SWISSCO members to contribute to eliminate child labour and to improve the perspectives of youth

Source: SWISSCO Baseline Survey 2022

This shows that the endeavour of eliminating child labour does not have a one-size-fits-all solution but rather requires a holistic approach, encompassing activities on many levels. The reporting on those “other approaches” showed that while some members rely mostly on certification schemes to monitor child labour, others engage in preventing child labour by conducting sensibilization workshops on child protection, by monitoring school attendance, and by strengthening the capacity of governance structure at landscape level.

3 b) SWISSCO engages in sustainable cocoa sourcing landscapes involving efforts to tackle child labour effectively



As of 2023, with the launch of a number of SECO co-financed projects, the topic of child labour will be tackled on a landscape level in several countries. Furthermore, SWISSCO actively encourages a stronger collaboration between the private and public sector in countries of cocoa-origin to promote systemic approaches.

3 c) SWISSCO signs and operationalizes cooperation agreements aimed at child labour prevention with local authorities and, where appropriate, with multilateral organizations such as ILO, UNICEF, and development banks.

Overarching institutional frameworks on child labour benefit the alignment of actors worldwide in their understanding of the phenomenon and in efforts to tackle causes and consequences. Two fundamental International Labour Organization (ILO) Conventions build the basis for most discussions around child labour: the Minimum Age Convention, 1973 (No. 138) and the Worst Forms of Child Labour Convention, 1999 (No. 182). All countries in which cocoa is sourced for the Swiss cocoa supply chain¹⁰ have ratified¹¹ those two ILO conventions.

To generate an impact, it is of crucial importance for national governments to provide an enabling environment and facilitate the implementation of a country-wide strategy, drive alignment and generate lessons and best practices.

SWISSCO is therefore in continuous dialogue with national governments of cocoa-origin countries and coordinates its measures to strengthen child protection and prevent and reduce child labour with the ILO, UNICEF, the World Bank and other like-minded national and international initiatives. In 2023 the Memorandum of Understanding with Ghana will be renewed, which includes action points to jointly tackle the issue of child labour.

¹⁰ Switzerland Cocoa beans; whole or broken, raw or roasted imports by country | 2019 | Data (worldbank.org)

¹¹ Ratifying countries undertake to apply the convention in national law and practice and to report on its application at regular intervals. In addition, representation and complaint procedures can be initiated against countries for violations of a convention that they have ratified. Source: Conventions and Recommendations (ilo.org)



Target Area 4
Transparency and traceability within the cocoa supply chain

Targets for transparency and traceability

2025

2030

4a) The entire physical flow of products containing cocoa into Switzerland should be traceably based on sustainable agricultural production.

80%

100%

4b) Enhanced traceability along the supply chain, involving first-mile traceability and, where efficient and practical, segregation of physical flows.

Report on progress

Report on progress

Transparency and traceability of the cocoa value chain are key to increasing accountability and sustainability of the cocoa sector. However, there is a lack of common vision, definitions and standards for traceability in the cocoa sector, therefore often hindering full traceability of the supply chains. Particularly first-mile-traceability and companies' indirect supply chains are still prone to weak traceability. Furthermore, there is limited coordination, collaboration and use of synergies in developing traceability systems between private as well as between private and public stakeholders. Lastly, there is a need to ensure that traceability brings relevant benefits to farmers, to ensure farmers ownership of sustainability data and return on efforts for cocoa farmers and their organisations.

In light of these challenges, SWISSCO members have committed to promote and gradually enhance first-mile traceability as well as traceability for all other steps along the supply chains. This includes considerations of benefits for consumers and farmers alongside the efficiency and practicability of pursued traceability measures.

Only members of the Sector A (Manufacturers & Traders) and Sector B (Retailers) were asked to report on this part of the Baseline Survey.¹²

4 a) The entire physical flow of products containing cocoa into Switzerland (beans, butter, mass, finished products, etc.) should be traceably based on sustainable agricultural production.

Swiss foreign trade statistics record the imports and exports of cocoa and cocoa products into and from Switzerland, but do not provide specific information on certifications and other qualitative indications. Therefore, for the Platform's monitoring of the cocoa imports from a sustainable production, the Coordination Office has been conducting an annual member survey since 2018, asking the members to report on more detailed information regarding methods of production and verification of compliance. The data collection and evaluation method allows to differentiate between cocoa beans and other cocoa products (e.g., cocoa butter) which reveals significant differences in terms of sourcing and traceability.

In 2021, 71 % of all cocoa bean equivalents imported into Switzerland were sourced from sustainable production (Figure 12). Whereas in 2020 the total had increased significantly to 74 %, in 2021 it decreased slightly by three percentage points to 71 %. Overall, the milestone target of 80 % sustainable imports by 2025 is still within reach.

¹² At the time of data collection for the Baseline Report, SWISSCO had 38 members of Sector A and seven members of Sector B. 40 of these members filled out the Baseline Survey.

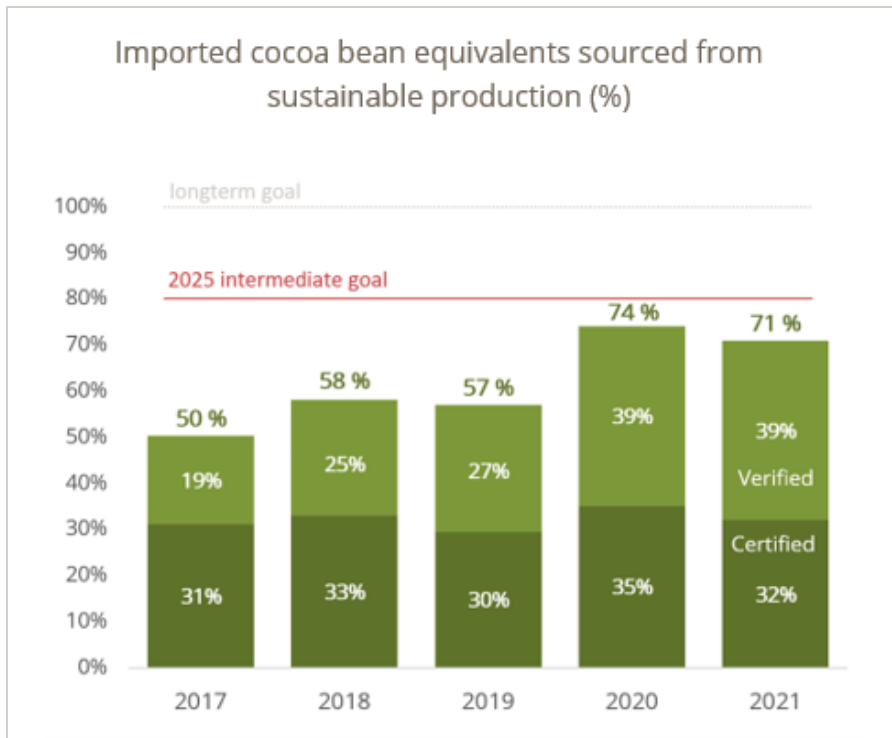


Figure 13: Share of imported cocoa bean equivalents sourced from sustainable production (certified and verified) on total imported cocoa bean equivalents for 2017 through 2021

Source: Cocoa sourcing statistics 2021

Looking at the proportionally most relevant cocoa products (beans, butter, paste and powder; see Figure 13), cocoa beans today are up to 97 % sourced from sustainable production. While in the previous year a significant improvement of 48 percentage points to 77 % was achieved for sustainably sourced cocoa paste/liquor, there has been a decrease of 11 percentage points to 66 % sustainably sourced cocoa paste/liquor in 2021.

For the first time since 2018, a decrease in the share of sustainably sourced cocoa butter was recorded. While there was a significant improvement in 2020 to 59% sustainably sourced cocoa butter, the amount decreased by three percentage points to 56% in 2021. It remains a key challenge to further increase this share in view of reaching the Platform’s intermediate and long-term sourcing goal.

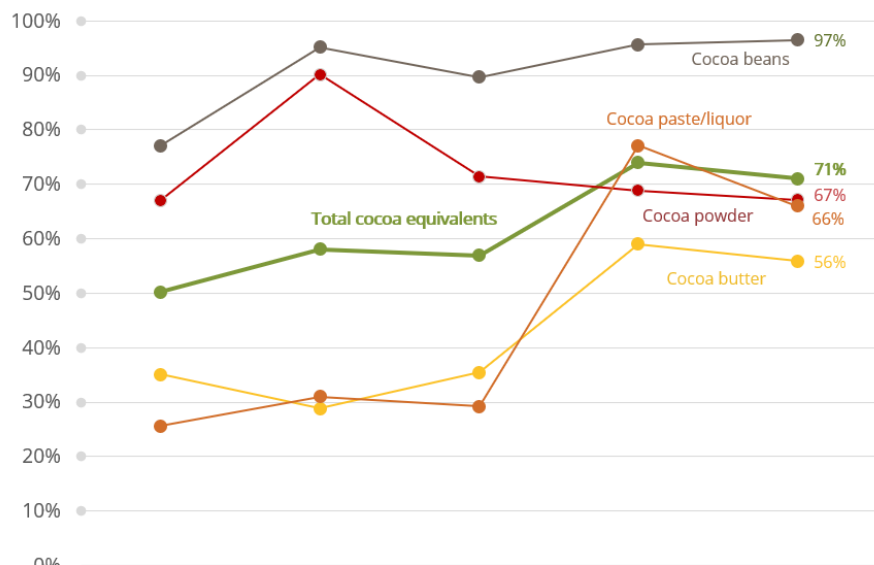


Figure 14: Share of main cocoa products and total cocoa equivalents sourced from sustainable production (certified and verified) on total imported bean equivalents for 2017 until 2021

Source: Cocoa sourcing statistics 2021

4 b) Enhanced traceability along the supply chain, involving first mile traceability and - where efficient and practical - segregation of physical flows

To track progress against its members' commitments and progress in improving the traceability of cocoa products, SWISSCO, along with the other ISCOs, has agreed on using four levels of traceability in its monitoring system. These traceability levels¹³ are:

Conventional: The cocoa does not meet any traceability requirements. During processing, beans from different production sites are mixed together and the information on the origin and method of production is not documented.

Mass balance: The cocoa meets the required production standards and the origin and quantity of the cocoa beans is documented at the time of purchase. In later production steps, however, the beans may be mixed with conventional cocoa. Mass balancing also allows cocoa to be sold as certified that technically contains portions of conventional cocoa, as long as the total amount of certified cocoa is not exceeded.

Segregated: In contrast to the mass balance system, the cocoa remains segregated from conventional cocoa during all production steps. However, it may be mixed with same-certified cocoa from other origins.

Identity preserved: Cocoa from a specific origin remains segregated during all production steps and is not mixed with any other cocoa. This means that the exact information about the origin of the cocoa is preserved until the final product.

While all reporting industry members were able to report on the levels of traceability for cocoa products, there is still a lot of room for improvement for increasing traceability in general as well as in increasing the traceability levels of the respective cocoa products (Figure 14).¹⁴

The reported traceability levels for cocoa beans are highest, with 20 members indicating to source cocoa beans with the traceability level of identity preserved. As this traceability category does not allow for mixing of conforming with non-conforming cocoa, it allows for the most precise/detailed traceability from bean to bar. Segregated and mass-balance are on second place for cocoa beans. 14 members indicated to source cocoa beans with a conventional level of traceability. While these indicated traceability levels for cocoa beans point to an increasing possibility to allow for first-mile traceability, the traceability levels for cocoa powder, paste and butter remain mostly within the categories of conventional and mass-balance. However, for cocoa butter, beans and powder, the most prominent traceability levels are conventional and mass-balance, therefore allowing for little traceability.

¹³ For more information on the definitions of these traceability levels, please see the [Technical Brief on Cocoa Traceability in West and Central Africa](#) (page 10).

¹⁴ It must be noted that this figure does not allow for linking the indicated levels of traceability to any volumes of cocoa sourced.

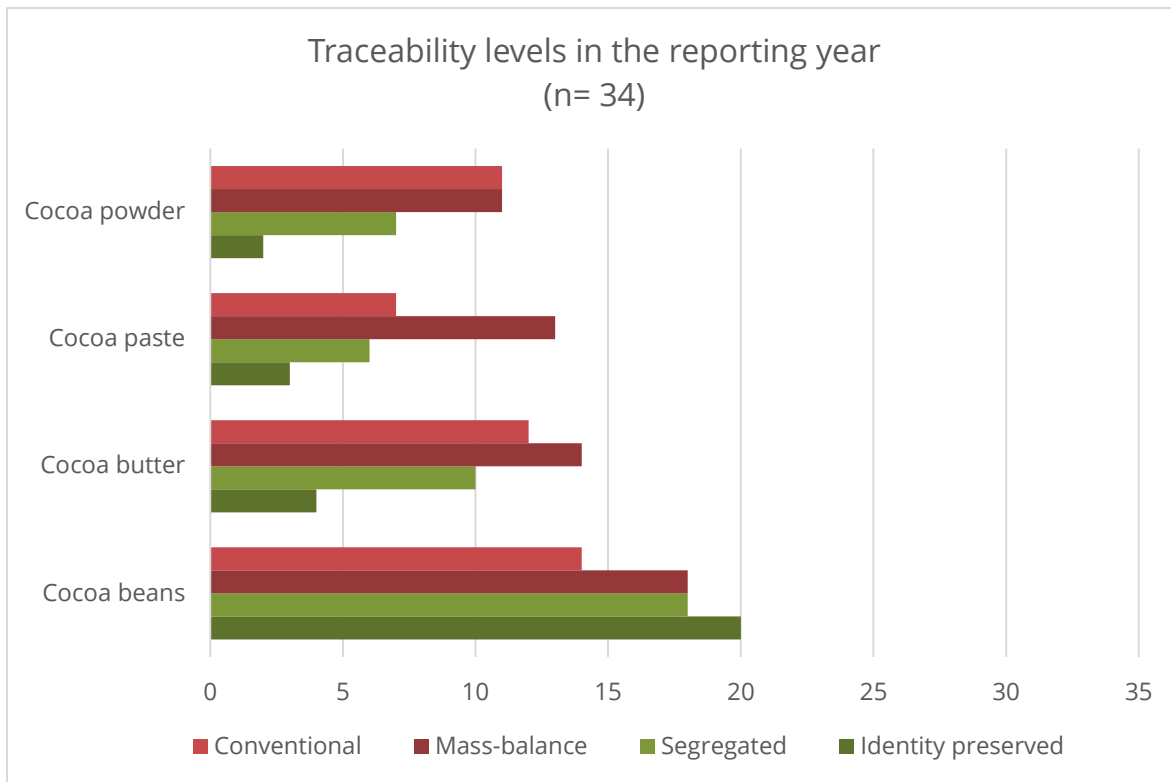


Figure 15: Traceability levels of cocoa beans, butter, paste and powder for 2021

Source: SWISSCO Baseline Survey 2022

Further, 30 SWISSCO members reported on estimates of their cocoa bean origins (Figure 15)¹⁵. Countries from which members reported to be sourcing over 50% of their cocoa beans are Ghana, Côte d'Ivoire, Dominican Republic, Peru and Indonesia. Almost 20 members indicated to source from Ghana and Côte d'Ivoire, thus reflecting the importance of these two countries for the Swiss cocoa sector. More than 10 members indicated to be sourcing cocoa beans from Peru, the Dominican Republic, Ecuador and Madagascar. Regarding Peru and Madagascar, the majority of the members who indicated to be sourcing from these countries indicated that they source less than 5% of their total share of cocoa beans from there.

¹⁵ While this figure gives a rough indication of the main sourcing countries for cocoa imported into Switzerland it does not display precise volumes of imported cocoa from each of the countries.

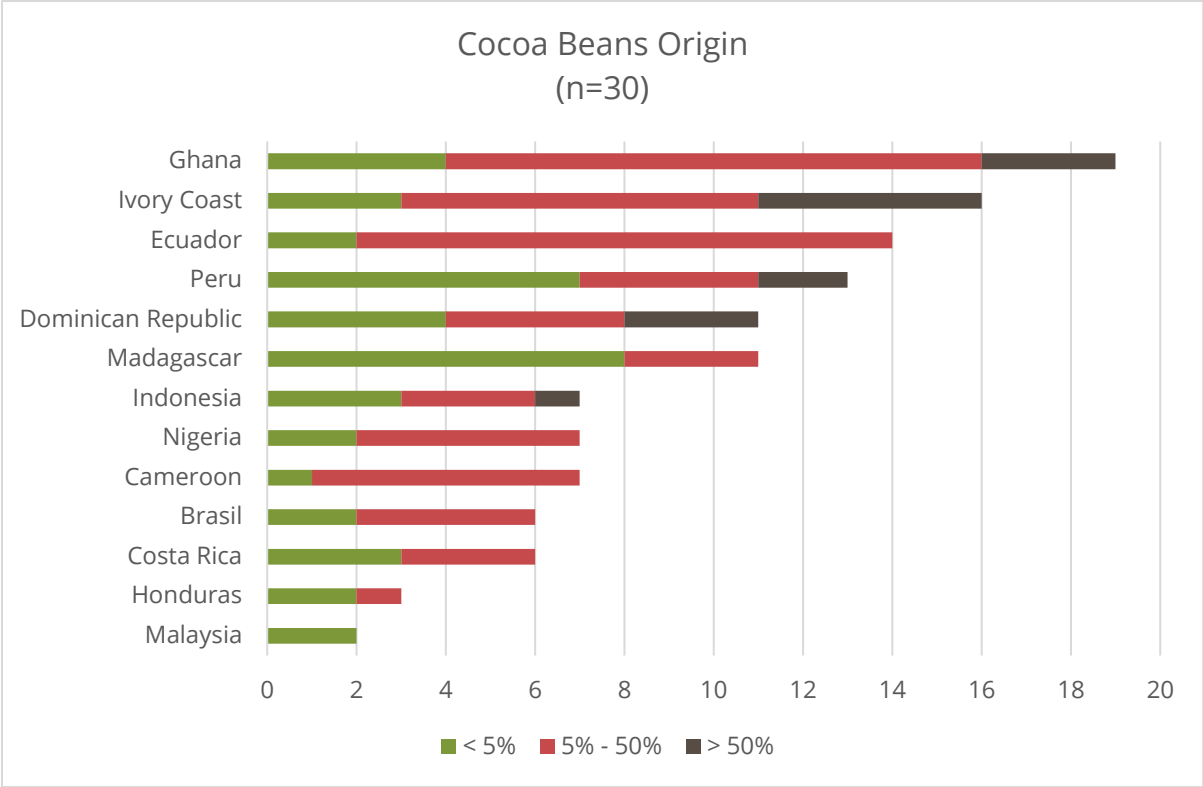


Figure 16: Estimates of SWISSCO industry members' cocoa bean origins per country (in %)

Source: SWISSCO Baseline Survey 2022

5. Conclusions & Outlook

This Baseline Report is an important piece of the puzzle for the implementation of our SWISSCO Roadmap 2030. Important in terms of what the report says, but also highlighting the knowledge gaps and thus the statements that cannot be made. With all the openness and transparency, it is clear from reading this Baseline Report that we need more clarity in most target areas to be able to make reliable statements about our actions.

To take concrete examples: **Thanks to the Baseline Survey we now know that many members want to learn more about the impact of their activities on the household income of farming families.** We also know that today only a few members can make reliable statements about impacts. SWISSCO is challenged to develop solutions that are accessible to as many members as possible, involve a manageable effort and at the same time can be considered credible. In addition, we should also coordinate further actions with international partner initiatives and local partners.

In the area of living income, we now have a good overview of which incentives or reward schemes are used and to what extent. Besides the traditional premiums, other more specific reward schemes related to quality, climate, biodiversity, education or income diversification are increasingly applied. However, we still know relatively little about how the reward schemes work exactly, or when and in what form the cocoa farming households benefit from them. In the coming years, we would, therefore, like to create more transparency. There is often a will to support farmers as directly and comprehensively as possible, but there is a lack of concrete know-how about the best way to do so for a particular case.

Climate-smart, regenerative and agroforestry practices are currently gaining increasing attention. Many members are currently piloting and testing them. According to the Baseline Report, over 500'000 farmers were supported with Climate Smart Agriculture and Agroforestry measures in 2021. However, in order to reliably report on having enabled farmers to effectively adopt those measures (70'000 by 2025 and 150'000 by 2030), we need to investigate more how to make qualitative claims. The experience with our guidance document on climate-friendly and regenerative cocoa systems, which is to be published in the first quarter of 2023, clearly shows that most efforts are still at an early stage and the data situation is rather thin.

We are also still at an early stage regarding landscape approaches. We have already been able to identify that 20 of our members are active in landscape initiatives in overall seven cocoa-growing countries. But how mature are these initiatives? Important progress has already been made in terms of stakeholder collaboration and alignment, but there is not yet a clear good-practice example of such a landscape approach that be scaled up and serve as model for other interested members. However, given the big interest of SWISSCO members in joining landscape approaches, we are convinced that once all members and partners have found their roles, we can make a real difference in at least five such sourcing landscapes in the next few years.

Closely intertwined with the landscape discussion are the questions of more systemic approaches to tackling child labour and improving the perspectives of young people.

Looking at the Baseline Report, it is fair to say that virtually all members are proactively addressing the issue. Some supply chains are already well advanced in reaching out to almost all

families within the supply chain with comprehensive CLRMS models or similar approaches to prevent, monitor and remediate child labour. However, the time now seems ripe to adopt more collaborative approaches. On the part of SWISSCO, we will intensify discussions in 2023 to pursue systemic approaches with Ghanaian partners, building on national systems and including other sectors of the economy, through a bilateral agreement and concrete landscape projects.

For further monitoring, the Member Surveys planned in 2025 and 2030 will provide important indications of how we are progressing with the implementation of our Roadmap. But in between, we will need more refined measurement tools to adequately identify progress and lessons learned. This is where the further development of our sourcing statistics and the annual project monitoring play a crucial role. The MEL Community of Practice will therefore be reactivated next year, 2023, to continuously improve our MEL and shared learning.

Finally, our transversal themes of gender and innovation still need to be operationalized. The platform will develop a gender strategy by 2023. The aim is to ensure that gender aspects are comprehensively considered when programmes and projects are planned, implemented and monitored. In the projects supported by SWISSCO, special attention will be given to social norms, legal requirements and gender specific-opportunities and risks. Specifically, SWISSCO seeks to promote women’s access to better training, jobs, land markets, high education, and financial services. Regarding innovation, much shall be developed and learned with the SWISSCO innovation Call aimed at fostering innovative approaches within our membership to be launched in 2023.



Christian Robin
Executive Director
SWISSCO



Filippo Veglio
President SWISSCO

Based on the key findings of the Baseline Report and in line with the Roadmap 2030, the following activities will be conducted in the coming months and years:

SWSSCO Roadmap 2030 relevance

Activities planned to achieve the Roadmap 2030 targets

Living Income

Target Area 1

- Household Income Study (Stakeholder engagement to develop methodology in 2023)
- Conduct mapping study on rewarding and incentive schemes
- Promote active participation in the ISCO WG Living Income

Deforestation

Target Area 2

- Guidance document on climate-friendly and regenerative cocoa systems (1st Quarter 2023)
- Foster peer learning and identify common actions in the SWISSCO-level Task Group Climate
- Promote active participation in the ISCO WG Forests & Deforestation

Child Labour & Youth

Target Area 3

- Promote closer collaboration between public and private sector stakeholders to strengthen systemic approaches to child labour (e.g. through landscape projects in Ghana and Ivory Coast)
- Promote active participation in the ISCO WG Child Labour meetings; envisioned in-person learning event in 2023

Traceability

Target Area 4

- Expand SWISSCO membership to cover 100% of cocoa (containing products) imported into Switzerland
- Encourage members to source from sustainable agricultural production
- Promote active participation in the ISCO WG Traceability & Transparency

Gender

Key Transversal Theme 1

- Develop and operationalize a Gender Strategy in 2023

Innovation

Key Transversal Theme 2

- Launch of Innovation Call in 2022

Overarching Themes

High Relevance for all
Targets

- Foster exchange and dialogue among SWISSCO members through several events on different topics
- Operationalization of at least five sustainable cocoa-sourcing landscapes through the SECO-funded SWISSCO Landscape Call (from 2023 onwards)
- Launch of Collaboration & Peer-Learning Call in 2022
- Further development of MEL Framework to be fit for purpose
- Reactivation of the MEL Community of Practice in 2023
- Closer dialogue with government partners with focus Ghana (MoU)

6. Annex

Concise overview of SWISSCO Roadmap 2030 Targets

Targets for living income		2025	2030
1a)	All members are active in at least two areas critical to achieve a living income: (1) price, (2) yield increase, (3) reduction of production costs, (4) income diversification and (5) improvement of enabling conditions and governance.	Reporting progress since 2021	Reporting progress since 2025
1b)	Supply chain partners contribute jointly to a living income by rewarding sustainability and quality aspects	Reporting progress since 2021	Reporting progress since 2025
1c)	SWISSCO, members and partners conduct global impact assessment to measure household income	Joint assessment conducted	Repeated assessment conducted
Targets for forests and climate friendly cocoa		2025	2030
2a)	SWISSCO members actively engage directly or through supply chain partners in international efforts to halt deforestation, forest degradation caused by cocoa production area expansion (e.g. CFI in Ghana and Ivory Coast) and logging inside cocoa plantations.	Reporting progress since 2021	Reporting progress since 2025
2b)	SWISSCO engages in cocoa sourcing landscapes aimed at forest protection and restoration	Sourcing landscapes (at least 5) are operational	Reporting on progress
2c)	SWISSCO members enable farmers to adopt effective climate smart agriculture or agroforestry practices	At least 70'000 farmers enabled	At least 150'000 farmers enabled
2d)	Swiss cocoa supply chain partners are on the pathway towards net zero emissions focusing on reductions in the supply chain	Member companies report on their pathway since 2021	Member companies report on their pathway since 2025
Targets for child labour		2025	2030
3a)	All members active in producer countries with incidence of child labour in cocoa production are contributing to eliminate the root causes of child labour and therefore child labour and to improve the perspective of youth	Report on progress since 2021	Report on progress since 2025
3b)	SWISSCO engages in sustainable cocoa sourcing landscape involving efforts to tackle child labour effectively	Report on progress since 2021	Report on progress since 2025
3c)	SWISSCO signs and operationalizes MoU with local authorities aimed at child labour prevention	MoU with Alliance 8.7 pathfinder country	Report on progress
Targets for transparency and traceability		2025	2030
4a)	The entire physical flow of products containing cocoa into Switzerland should be traceably based on sustainable agricultural production	80%	100%
4b)	Enhanced traceability along the supply chain, involving first mile traceability and, where efficient and practical, segregation of physical flows.	Report on progress	Report on progress



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