



JOINT ISCO MONITORING BRIEF 2023

2nd joint monitoring brief of the National Initiatives on Sustainable Cocoa in Europe (ISCOs)

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NATIONAL INITIATIVES ON SUSTAINABLE COCOA IN EUROPE (ISCOS)

The ISCOs represent five National Initiatives on Sustainable Cocoa in Europe: Beyond Chocolate from Belgium, the Dutch Initiative on Sustainable Cocoa (DISCO), the French Initiative on Sustainable Cocoa (FRISCO), the German Initiative on Sustainable Cocoa (GISCO) and the Swiss Platform for Sustainable Cocoa (SWISSCO). Through their collaboration, the ISCOs bundle efforts to jointly address key issues in the cocoa sector. In a Memorandum of Understanding (MoU), the ISCOs have identified four common challenges of the sector and documented the objectives of their collaboration towards a more sustainable cocoa sector.

The 4 common challenges of the ISCOs:

- Enhance the transparency in the cocoa value chain;
- Contribute to a living income for cocoa farmers and their families;
- Halt cocoa-related deforestation and promote sustainable reforestation and biodiversity;
- End child labour and forced labour in the cocoa value chain.

1. Background and objectives

Despite significant progress, the sustainability challenges within the cocoa sector remain manifold and pressing. In response, the National Initiatives on Sustainable Cocoa in Europe (ISCOs) have identified common challenge areas to drive responsible production and foster sustainable supply chains.

This joint monitoring brief tracks the progress of ISCO members and signatories across Europe's largest cocoa markets. By actively monitoring these goals, we aim to enhance accountability and transparency, which are critical as the sustainability initiatives in the cocoa sector face increasing scrutiny. This report reflects our commitment to coordinated efforts and meaningful change throughout the cocoa supply chain.

The brief consolidates annual monitoring data from Beyond Chocolate (Belgium), DISCO (the Netherlands), GISCO (Germany), and SWISSCO (Switzerland) on the shared ISCO challenge areas: transparency and traceability, deforestation, living income, and child labour as identified in the [ISCO Memorandum of Understanding](#).

Selected data points from the participating ISCOs have been harmonised to provide a coherent overview of progress and gaps in addressing these issues.

Key goals of the 2023 monitoring brief include:

- Communicating the latest developments in the cocoa sustainability sector, not only from national perspectives but also through a broader European lens.
- Providing a basis for informed decision-making by outlining possible pathways forward, based on the latest trends and challenges.
- Offering a sector-wide overview of key trends of cocoa sustainability in Europe and serving as a valuable tool for policymakers and stakeholders.
- Delivering crucial updates on progress made in implementing agreed-upon sustainability practices.

This year marked an improvement in participation, with all SWISSCO members engaged in the reporting process, compared to last year's partial, trial-based involvement. FRISCO (France) also piloted the joint ISCO monitoring tool for the first time, although their data is not included in this report.

This joint brief complements national reports, which focus on country-specific developments, by providing an integrated overview for the markets covered by the ISCOs. It consolidates the progress of the various national platforms, offering both an update on current efforts and a foundation for future actions, ensuring that the European cocoa sector advances in a more unified and sustainable direction.

2. Methodology

This joint monitoring brief brings together data from Beyond Chocolate, DISCO, GISCO and SWISSCO for the calendar year 2023. The data collection period ran through March 2024, using the joint ISCO online monitoring tool.

Once submitted, the data underwent a cleaning process, with ISCO secretariats reaching out to members to clarify discrepancies and to increase completeness of the information provided.

After the data collection, the ISCO secretariats analysed the information, followed by a joint review with the ISCO Working Group on Monitoring. The final draft was then reviewed by the Boards and Steering Committees of the respective ISCOs.

The total number of reporting members increased from 72 in 2022 to 80 in 2023. Although 16 new participants joined – including 9 SMEs, 5 retailers, 1 large manufacturer, and 1 trader/processor – the overall increase was partially offset by mergers and some members leaving the platforms, resulting in a net gain of 8 members.

Throughout the document, despite efforts to mitigate the risk of double counting, it cannot be entirely avoided. Additionally, the analysis needed to take into consideration often incomplete data which restricts the conclusions that can be drawn.

Table 1: **Reporting members, per actor-group, 2022 - 2023**

Member Type	2022	2023
Trader / processor	8	10
Large manufacturer	27	26
SME	24	26
Retail ¹	13	18
Total	72	80

¹ Retail only reports on their own brands.

3. Findings

3.1 Living Income

Achieving a living income (LI) for cocoa farmers remains a key priority for the ISCOs. The 2023 data shows significant progress in both measuring living income gaps and applying strategies to address them.

However, household income for farmers remains low and the payment of a Living Income Reference Price (LIRP) saw only a modest increase.²

Table 2: Reporting members for Living Income, per member group, 2022 - 2023

Living Income	N 2022	N 2023	Beyond Chocolate	DISCO	GISCO	SWISSCO
Trader / processor	6	8	X	X	X	X
Large manufacturer	10	9	X	X	X	X
SME						
Retail	3	3			X	
Total	19	20				

² There is some risk of double counting for the data presented. Only information from members who reported on living income indicators and the number of households in their direct supply chains. Other members either provided incomplete data or indicated that they did not have any living income data available for the supply chain. If data from members were included who did not report on the number of households covered by a living income strategy or where the number is zero, the overall share would drop significantly.



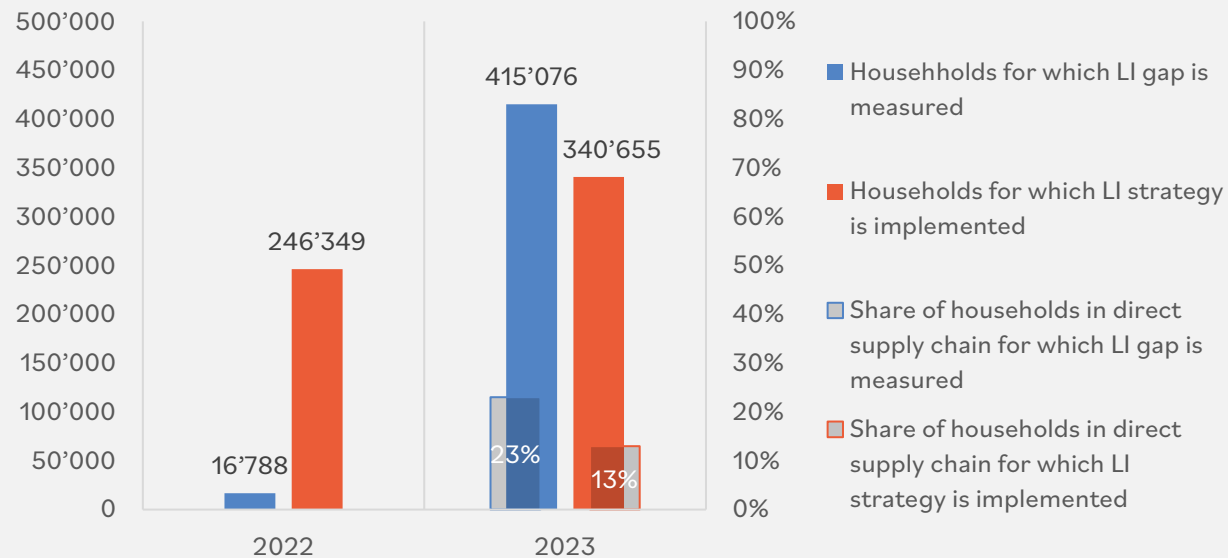
In 2023, the number of households for which a living income gap was measured saw a substantial rise (Figure 1), increasing from 16,798 households in 2022 to 415,076. This leap indicates a stronger commitment from ISCO members to assess the economic conditions of cocoa farmers in their supply chains. On average, reporting members have measured the living income gap for 23% of the households in their direct supply chain.

In addition to improved measurement, there has also been an almost 40% increase in the number of households covered by living income strategies, which “uses a combination, or “smart-

mix” of strategies that target multiple income drivers” (the full definition of ‘Living Income Strategies’ in the monitoring can be found [here](#)).

Despite this improvement in absolute terms, the weighted average on the share of households in the direct supply chain for which a living income strategy is implemented is comparatively low with less than 13%. The increased measurement could pave the way for expanded efforts to implement living income strategies, which are crucial for achieving the ambitious ISCO living income goals.

Figure 1: Number of households for which a living income (LI) gap is measured and number of households for which a living income strategy is implemented



Similarly, there is only a relatively small increase in the volume of cocoa for which a Living Income Reference Price (LIRP) was paid. Starting from a low base of 30,462 metric tons of cocoa bean equivalents (MT-BE) in 2022, the volume has grown by approximately 11%, reaching 33,770 MT-BE in 2023.

So while there is a positive development and an increase in the LIRP volume, there is an ongoing challenge to increase price premiums at scale.

Most critically, the living income gap remains large with ISCO members reporting that only around 13% of farming households for which they shared data earned at least a living income.

More than half of the households (ca. 56%) earned 40% or less of the LI benchmark. Since the data is expected to mostly come from households where organisations implement projects and LI interventions, the reality for most cocoa farmers is likely to be worse.

Finally, the graph also reflects that while measuring living income gaps is improving in terms of the number of households (see Figure 1 above), transparency and data sharing on the living income gap is still lacking with only 4 members reporting on income levels below the living income benchmark.

In the future, increasing data transparency, will be important to better track if the living income gap is closing.

Figure 2: MT-BE for which a LIRP has been paid

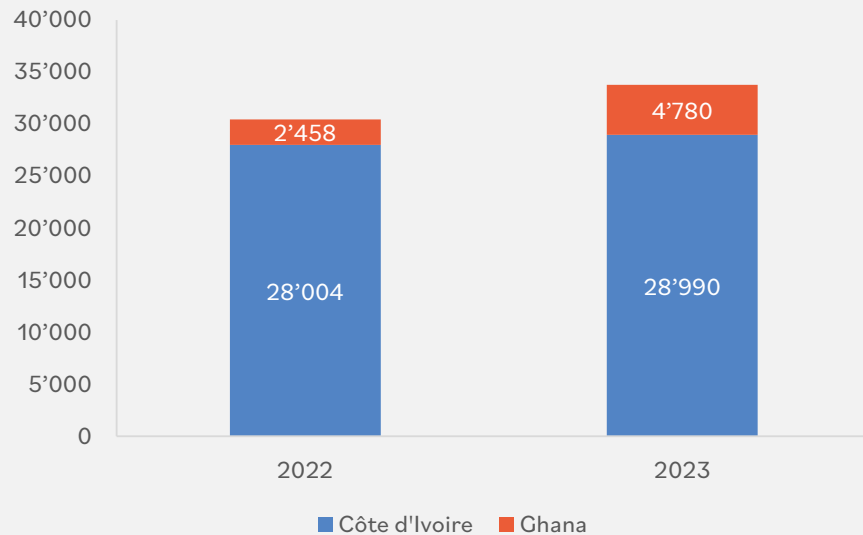
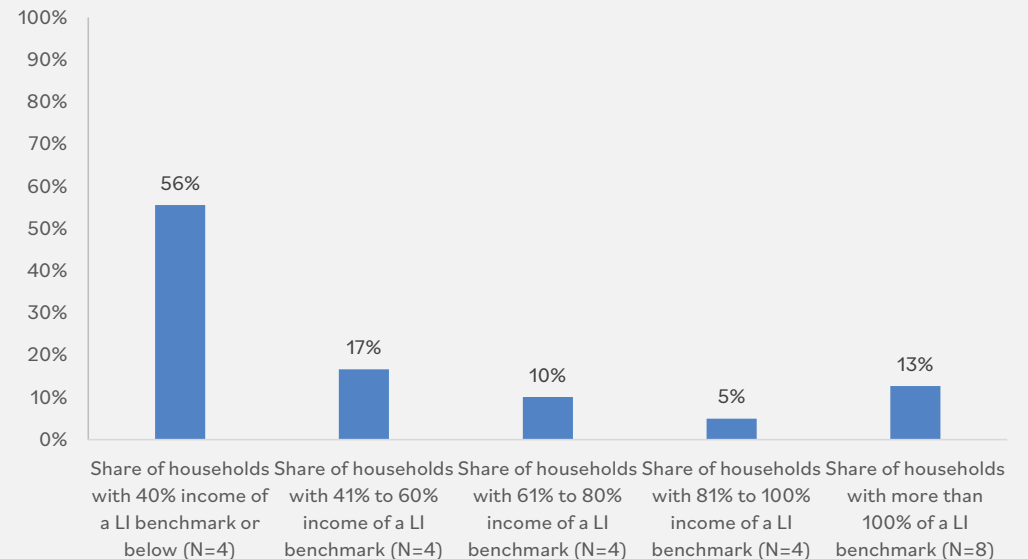


Figure 3: Average income distribution as percentage of living income benchmark



3.2 Traceability & transparency

Traceability and transparency are crucial for achieving sustainability in the cocoa sector, as they allow stakeholders to monitor the source of the cocoa they procure and process.

Knowing where cocoa comes from is essential to tackle sustainability challenges, especially with stricter regulations such as the European Union Deforestation Regulation (EUDR) set to take effect in the near future.

The 2023 data show an overall improvement in traceability, although with notable differences between member groups. On average members report a higher share of cocoa for which the farm is known, indicating overall better traceability.

However, a large portion of cocoa is still labeled as having an “unknown origin” or as only traced back to a specific “country or cooperative”, which indicates that transparency remains a challenge (see Figure 4).



Table 3: Reporting members for Traceability, per member group, 2022 - 2023

Traceability levels	N 2022	N 2023	Beyond Chocolate	DISCO	GISCO	SWISSCO
Trader / processor	8	10	X	X	X	X
Large manufacturer	26	24	X	X	X	X
SME	24	26	X		X	X
Retail	10	14	X		X	X
Total	68	74				

Several factors have contributed to the persistence and the increasing average share of “origin unknown” cocoa, including changes in the composition of reporting members. More specifically, there is an increase in the number of reporting retailers who tend to record higher levels of “origin unknown” (18% of members in 2022; 22.5% in 2023).

In comparison to retailers and similarly to the previous year, traders have an overall higher share of “farm known” and a lower share of “origin unknown”. Additionally, it is important to note that the data reflects members’ global sourcing rather than sourcing specific to the European market, where the upcoming EUDR is expected to have a stronger impact on traceability.

Figure 4: Traceability levels average across member groups

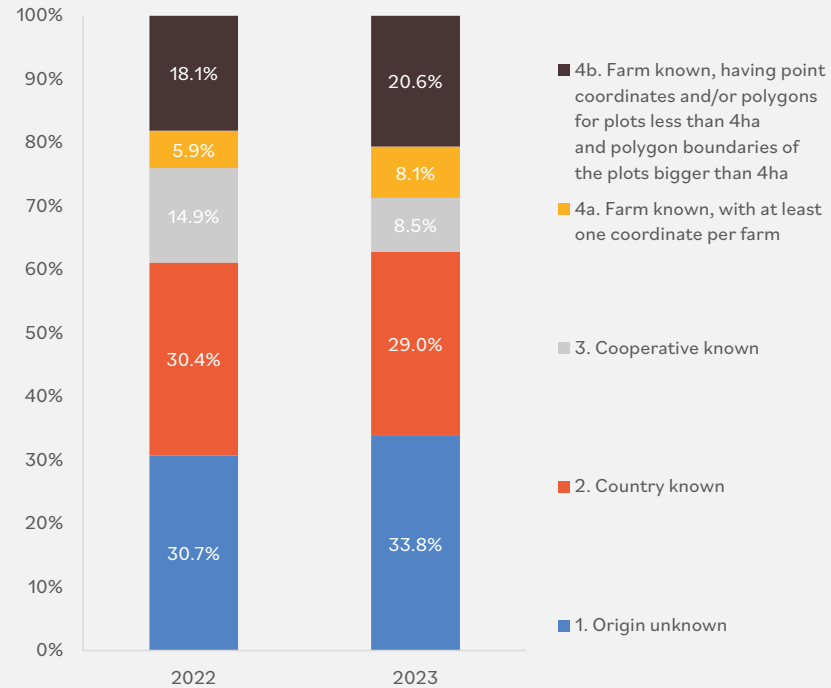
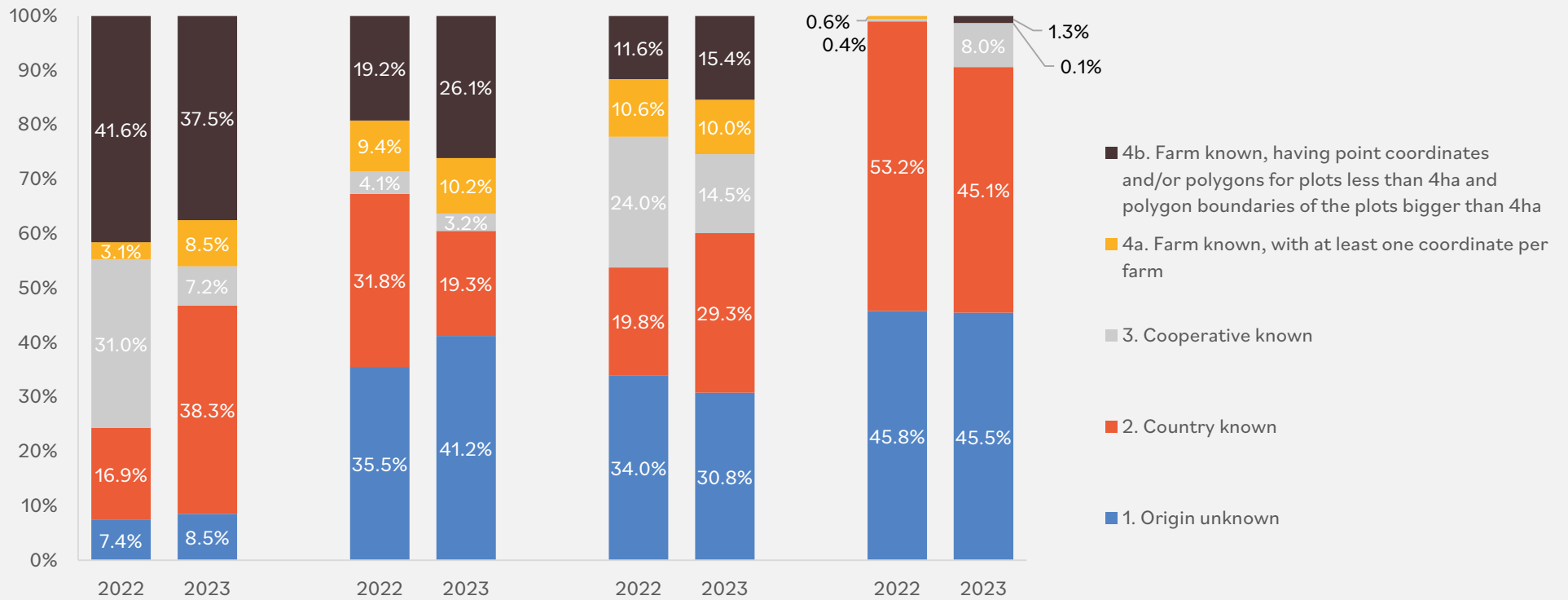


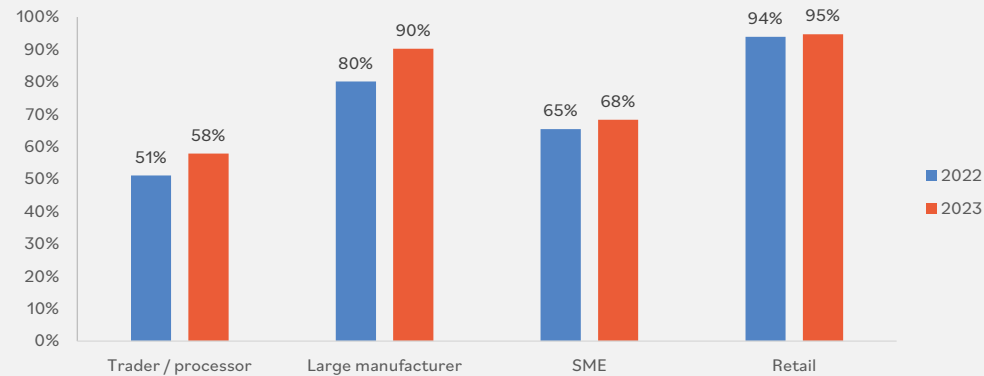
Figure 5: Traceability levels average per member group (2022-2023)



The 2023 data also reveal an increase in the share of cocoa covered through certification and company sustainability programmes across all member groups. Retailers reported the highest levels of coverage, while traders had the lowest.

Despite these differences, the gap between actor groups is narrowing, driven by the growing adoption of certification and company programmes by traders and large manufacturers, with increases of 6.8% and 10.1% respectively.³

Figure 6: Average share of cocoa in supply chain that is certified and / or covered through a company programmes



³Please note the following:

- The data is based on global data.
- The reporting responsibilities of members on certification / company programmes differs between the different ISCOs. Hence, although the data includes the results from 14 joint ISCO members, the data on certification/ company programmes is not easily comparable with the results in other sections of this report.
- SMEs and retail report on the share of certified cocoa or cocoa covered through a company programme which was manufactured and or sold on the national market. For SMEs the reporting changed between last year and this year – for the reporting period 2022, they reported on cocoa “supplied to the national market”, while for the reporting period 2023, they reported on “manufactured” and “sold”. However, it is unlikely that this will make a significant difference in the results.

Table 4: Reporting members for certified and company programmes, per member group, 2022 - 2023

Certified and company programmes	N 2022	N 2023	Beyond Chocolate	DISCO	GISCO	SWISSCO
Trader / processor	8	7	X		X	
Large manufacturer	25	23	X		X	
SME	17	15	X	X	X	
Retail	11	13	X	X	X	
Total	61	58				

3.3 Deforestation

All ISCO members have committed to halting cocoa-related deforestation⁴. By 2023, ISCO members can claim 26% of their volumes as deforestation free compared to 23% in 2022.

A rise in deforestation-free cocoa can be observed for traders and processors who can now claim 45% of their cocoa as deforestation-free.

This increase is likely due to a higher number of trading companies reporting in 2023, as well as improved confidence in identifying volumes that can be claimed to be deforestation-free.

Table 5: Reporting members for Deforestation, per member group, 2022 - 2023

Deforestation	N 2022	N 2023	Beyond Chocolate	DISCO	GISCO	SWISSCO
Trader / processor	8	10	X	X	X	X
Large manufacturer	24	23	X	X	X	X
SME	13	15			X	X
Retail	7	10			X	X
Total	52	58				

⁴ Deforestation-free cocoa must originate from areas which are not in a protected forest and are not comprising land that was deforested or degraded since 31/12/2018 for GISCO and 31/12/2020 for the other ISCOs. That these areas are deforestation-free must be verified using maps with polygons for plots bigger than 4ha and point coordinates for plots smaller than 4ha.



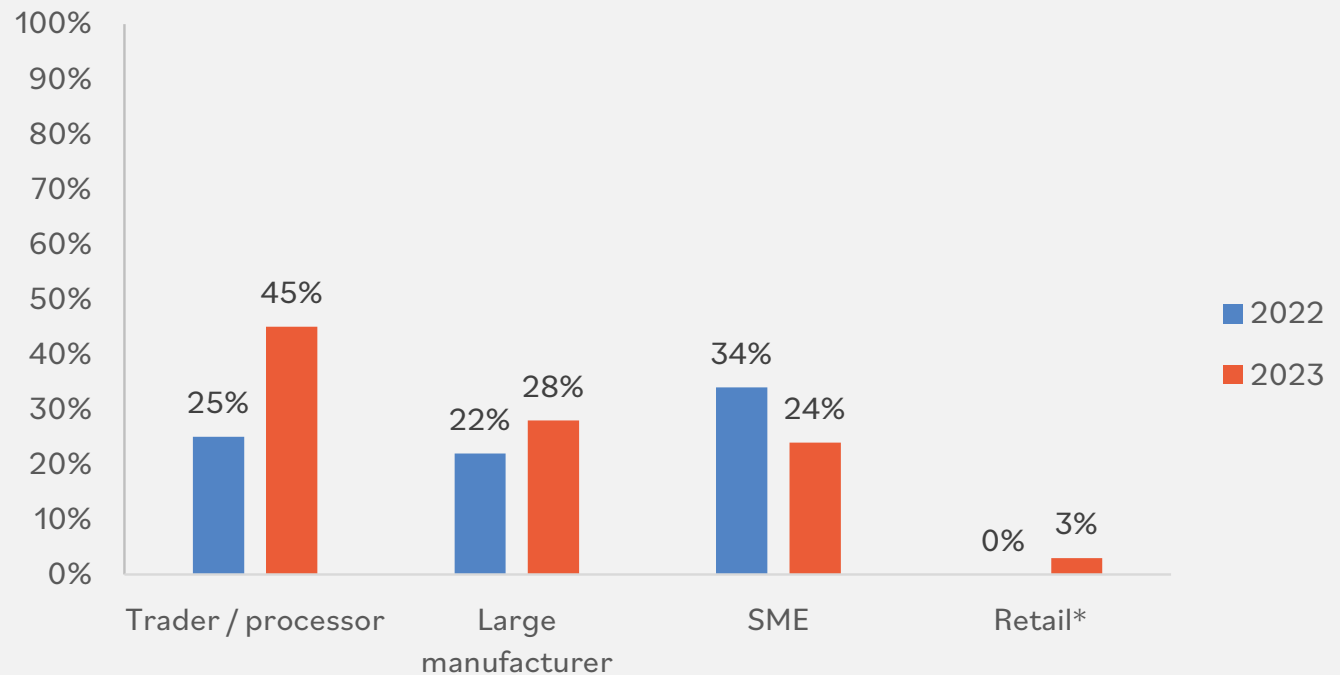
On the other hand, SMEs' share of deforestation-free cocoa has declined by 10% in 2023 compared to 2022. Possible reasons for this decline could be a shift in the member composition, as new SMEs have joined the ISCO monitoring round in 2023.

However, this does not mean that all volumes are necessarily linked to deforestation, but that members currently do not have the guarantees in place to make deforestation-free claims.

The data supports this idea: member groups further downstream in the value chain are less likely to report on deforestation-free cocoa. Accessibility of deforestation information along the supply chain should therefore be enhanced.

However, it is important to note that the indicator on deforestation-free cocoa might become obsolete once the EUDR has been put in place.

Figure 7: Share of deforestation-free cocoa volumes per member group



* Corrected for Retail 2022: in 2022 the share of deforestation-free cocoa for retailers has been incorrectly declared as 21.4% as RA certification was equaled to deforestation-free.

3.4 Child labour

All ISCO members have committed to ending the worst forms of child labour in their cocoa supply chains. Nevertheless, child labour remains a persistent challenge, requiring sustained efforts and collaboration to ensure a brighter future for the children in cocoa-growing regions.

Thanks to the intensified commitment by reporting members⁵, both the number of households covered by a child protection / Human Rights Due Diligence (HRDD) system as well as that of children covered by a CLMRS⁶, have increased substantially compared to 2022 (17% and 33% respectively).

While the number of cases of child labour identified has increased accordingly, the detection rate, i.e. the share of child labour cases identified out of the total share of children covered by CLMRS, has decreased very slightly to 15%.

This low rate, considerably lower than the generally observed prevalence rate of child labour in Cameroon, Côte d'Ivoire, Ghana and Nigeria⁷, suggests that many cases are still being missed and increased efforts are required to improve the efficacy of the

measures that have been put in place.

Nonetheless, the ISCOs welcome the reporting members' efforts that have resulted in a 28% increase of children identified in child labour that have received some form of support (89% in 2023)⁸. Moreover, the number of children identified in child labour who received at least two follow-up visits has almost doubled. Follow-up visits are essential to understand how a child's situation is evolving over time and to identify if further support is needed. It is also an important indicator of a system's impact on reducing child labour.

There are several notable limitations to the data that warrant careful consideration. Although 55 members were asked to report on the child labour indicators, only 26 submitted data. Out of these 26, just 16 members provided data on the number of children identified in child labour and only 16 members reported on all the CLMRS indicators that cover all four core functions of a CLMRS and hence provide a more complete picture of their efforts to prevent and address child labour.

⁵ ISCO members who are affiliated to the International Cocoa Initiative (ICI) can profit from automatic data transfers, being able to report only once on a set of indicators, which are fully aligned with the ICI's members' reporting protocol. For 2023, the set consisted of 9 core indicators.

⁶ More information on the overview and definition of Child Labour Monitoring and Remediation Systems can be found [here](#).

⁷ <https://www.cocoainitiative.org/knowledge-hub/resources/ici-technical-summary-norc-report-assessing-progress-reducing-child-labour>

⁸ Support can be provided at the child, household, or community levels and can include awareness-raising, education-related support, income support, vocational training and support to parents.

Table 6: **Reporting members for Child Labour, per member group, 2022 - 2023**

Child Labour	N 2022	N 2023	Beyond Chocolate	DISCO	GISCO	SWISSCO
Trader / processor	7	8	X	X	X	X
Large manufacturer	12	12	X	X	X	X
SME	3	3			X	X
Retail	4	3			X	X
Total	26	26				

⁹ Please note that although the number of reporting members is the same for 2022 and 2023, there is some variability in which members reported.

¹⁰ Please note that although the number of reporting members is the same for 2022 and 2023, there is some variability in which members reported.

Given the rapid scale-up of systems, some CLMRS have only recently been set up and are not yet mature enough to have provided support to all those who require it, or to have started conducting follow-up visits to children identified in child labour. CLMRS also requires careful data management, and some members may still be struggling to develop adequate capacity and tools to manage and report reliable data.

Finally, some ISCO members may need more clarification and guidance on indicator definitions and concepts. These limitations highlight the need for enhanced engagement with ISCO members to better understand the reasons for missing data points in their reports, and to guide them through the reporting framework if needed.

Table 7: **Child Labour Indicators, 2022 - 2023**

Indicator	2022		2023	
	Result	No. of member reporting	Child Result	No. of member reporting
Number of farming households in company’s supply chains that were covered by child protection/Human Rights Due Diligence (HRDD) systems that prevent and address child labour	751,794	26	906,823	26 ⁹
Number of children covered by a CLMRS	837,018	20	1,116,845	22
Number of cases of child labour identified	111,825	19	171,340	16
Share of child labour cases identified out of the total share of children covered by CLMRS	16%	13	15%	16
Number of children among those identified as being in child labour that received support	66,231	18	151,931	16
Share of children among those identified as being in child labour that received support	61%	13	89%	16
Number of children identified as being in child labour who received at least two follow-up visits	25,260	14	46,601	13 ¹⁰
Number of children among those identified as being in child labour who stopped working	15,232	15	20,593	13
Number of households covered by another type of Child Labour Due Diligence system	4,810	3	14,741	5

Conclusion

The second joint monitoring brief consolidates efforts in streamlining the annual reporting round by the ISCOs. Indicators have been adapted and further harmonised. SWISSCO has now fully joined the ISCO reporting, and FRISCO has piloted the monitoring tool.

These developments will advance the ISCOs' efforts to enhance sector-wide tracking of the progress made toward tackling the most relevant issues in today's cocoa supply chain.

Some of the key conclusions which can be drawn from this year's reporting cycle include

- The measurement of living income gaps and the implementation of strategies aimed at reducing these gaps has increased substantially. This shows an intensified commitment of ISCO members to assess and reduce living income gaps. While modest, there is also an increase in the payment of a Living Income Reference Price (LIRP). However, there is still a long way to go in achieving living incomes for cocoa farmers. Additionally, only a limited number of ISCO members were able to provide data on living income. In future reporting cycles, improving data coverage will be key to assess the overall progress.
- Traceability has improved across all member groups. However, cocoa of unknown origin persists especially among the member group of Retailers. It is therefore critical to improve the availability of origin information, particularly downstream of the supply chain.
- Almost half of the cocoa stems from deforestation-free areas as claimed by traders and processors. However, in the downstream supply chain only one quarter of cocoa can be declared as deforestation-free. This does not imply that all other volumes are linked to deforestation, but it suggests that the transfer of information between different supply chain actors needs to be enhanced.
- The number of households covered by child protection/Human Rights Due Diligence and children covered by CLMRS has increased substantially in 2023, illustrating a higher commitment of member companies to put in place effective approaches to tackle child labour. However, the share of child labour cases identified out of the total share of children covered by CLMRS still remains low, suggesting that the quality of the implemented systems needs to be improved to detect all cases of child labour. Furthermore, the number of companies that were able to report on identified cases on child labour was much lower than for the implementation of child protection systems at a household level. Therefore, efforts should be increased to collect more detailed data on child labour.

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