

DECEMBER 2021

# Newsletter | 03

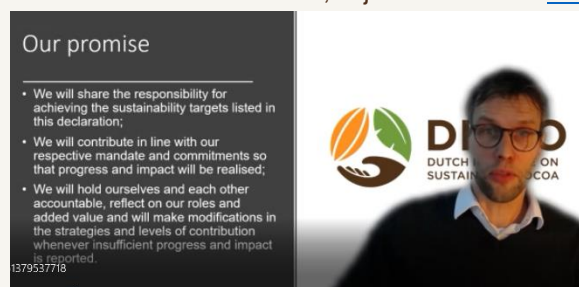


## Looking back on the 2<sup>nd</sup> annual General Assembly

On 30 November, the 2<sup>nd</sup> annual General Assembly for DISCO was held virtually. This meeting's purpose was to jointly address the key challenges identified from the individual action plans to enable DISCO signatories to successfully reach the DISCO ambitions and establish an organizational structure necessary for the DISCO partnership.

### Opening words by Arjen Boekhold, the (independent) chair of the DISCO Steering Committee

Arjen Boekhold opened the meeting by reflecting on the nature of the DISCO partnership and why this was started. DISCO is a multi-stakeholder initiative that started in 2020 with high ambitions and a large scope, aiming to reach impact on the areas of living income, deforestation and forest degradation and child labour. As a reminder, Arjen showed the [video](#) from the new year's resolutions by DISCO partners



on their ambitions for 2021, but also the joint commitment in which all DISCO signatories promise they will intensify their efforts and raise their contributions towards sustainability in the cocoa sector.

When looking back at the steps already taken by the partnership, important steps are taken. DISCO is over the past year constructed by the establishment

of a governance structure, the development of Roadmaps by the Working Groups and the signing of a MOU with other National Initiatives on Sustainable Cocoa in Europe (ISCOs). Based on the structure, the majority of DISCO signatories started to develop individual action plans, while the coming year should be around the implementation phase. In the implementation phase it is all around how to reach impact and create change, preventing that we celebrate impact that we haven't achieved ourselves.

Arjen continued by emphasizing we shouldn't be scared to mention the elephant in the room. For example, the majority of the plans submitted by DISCO are already existing plans. To make DISCO function and work there is a need for strong collaboration, which can be enabled by increased trust. This comes with proper communication and by defining how we can support each other. But also how we can hold each other accountable. As DISCO is not a covenant, but a sector initiative we are jointly responsible and can't look to another party. Every party needs to make additional efforts.

### Action plans received by DISCO signatories

Mark de Waard (IDH), responsible for the Secretariat of DISCO, continued and presented an overview of the action plans received by the DISCO signatories.

In each action plan, the individual actions in relation to the DISCO commitments and Roadmaps are described, but also what the challenges and needs for successful implementation are. Additionally, the quantitative contributions to 3 core Key Performance Indicators as defined per sub sectors were to be given. By gathering these insights, the support provided by the partnership will be further identified.

Mark continued explaining that a large majority of DISCO signatories submitted individual action plans, which is a positive signal on the general commitment to the initiative. Various actions were identified during the analysis of the individual action plans by the Secretariat, but some seem to come more forward to others (see size of the words in the WordCloud on the right). Although almost all submitted plans describe substantial contributions to the DISCO ambitions through existing programs and projects, there are very



limited additional actions and activities shown

beyond existing implementation efforts. Also, the lack of quantitative data on the KPIs prevented to gain increased understanding on the total contribution towards the DISCO ambitions. A very valuable outcome of the received action plans is a wide set of identified challenges as key success factors for reaching the DISCO ambitions. These could be grouped in seven key challenges: monitoring and data collection, engagement with cocoa producing countries, European alignment, strategies for specific subsectors, project and field level support, consumer demand and awareness, and indirect supply chains.

Two of these challenges are central to a joint brainstorm during the meeting and were introduced by signatories as they described these challenges in their action plans. Anne van der Veen (ETG/Beyond Beans) introduced the challenge *“How can we reach more impact for cocoa farming households that are part of our indirect supply chains on which we have limited influence?”* and Boukje Theeuwes (Solidaridad) introduced the other challenge *“In which ways can we as DISCO collaborate with cocoa producing countries to create an enabling environment for impactful interventions?”*.

After the participants went into breakout groups they discussed and defined how these challenges can be addressed in the best way by the partnership. Based on these discussions, a top 6 of ideas per challenge were developed on which the audience in plenary voted. For the challenge on indirect supply chains, the ideas that were voted as most successful were that the traceability in company supply chains need to be improved and that farmers (organizations) need to have a seat on the table. The other challenge on how to engage with cocoa producing countries received most votes on meeting with locals to match with local policies and programs on European level and with other ISCOs.

### Looking forward

The next agenda item of the meeting was structured around the activities for the next year and the operational implications around it. Mark de Waard introduced both the annual plan and budget 2022 and a joint financing structure. After the introduction, the partnership discussed these proposals and voted for approval.

### **Annual plan and budget 2022**

Mark explained that the annual plan for 2022 is based on a number of key priorities that is needed to support the partnership in taking the necessary steps. These priorities are:

- Monitoring of baseline and progress
- Engage with cocoa producing countries
- Increase and improve European alignment
- Address technical issues and subsector strategies to support successful implementation of action plans
- Facilitate learning
- Internal and external communication
- Guidance and facilitation of partnership

Based on these priorities, the following activities for 2022 were proposed.

The **Steering Committee** will meet four times to give strategic guidance to the Secretariat and the initiative.

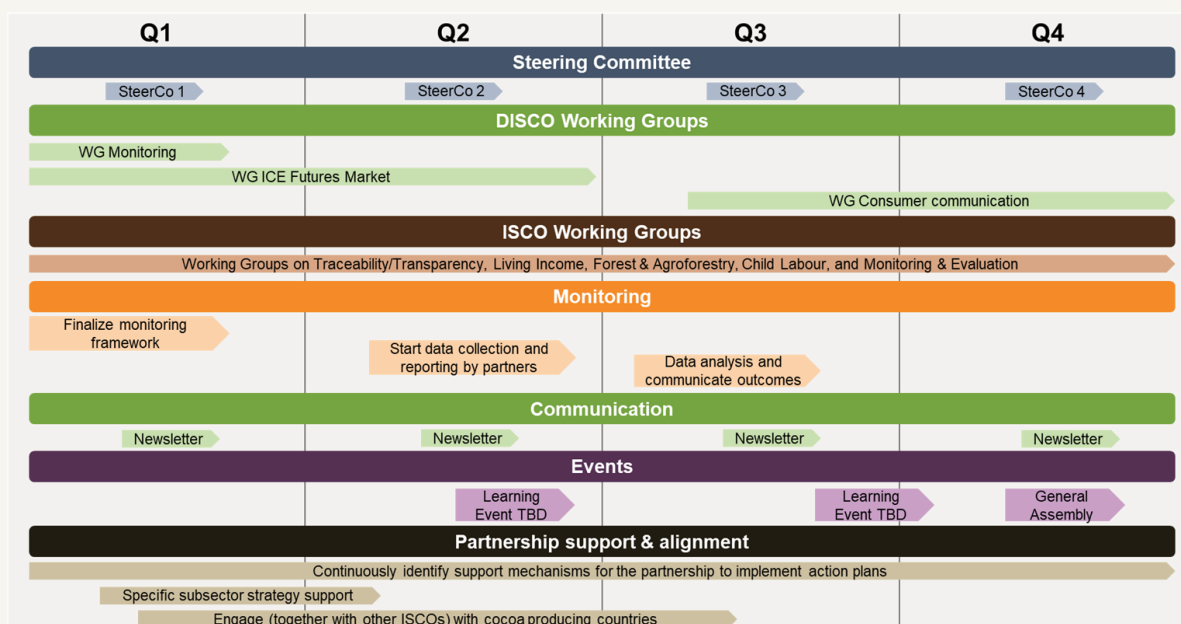
A number of **Working Groups** will be organized. At national level for DISCO on (1) monitoring to guide the process towards finalizing the monitoring framework for reporting in 2022, on (2) the ICE futures market to address sustainability requirements on the cocoa sourced through it, and on (3) consumer communication to inform consumers on the sustainability challenges and ongoing initiatives in the cocoa sector. In collaboration with the other ISCOs, Working Groups will be organized on Traceability/Transparency, Living Income, Forests & Agroforestry, Child Labour, and Monitoring & Evaluation (see also section ‘Latest developments in Europe’ in this newsletter).

The **monitoring** round will start by finalizing the monitoring framework early 2022, start collecting the data through reporting by partners in May 2022, and analyse and communicate the results afterwards.

The **communication** within and outside the partnership will happen through four quarterly newsletters.

At least two **learning events** to build the capacity of the signatories will be organized in collaboration with the other ISCOs. Additionally, the DISCO General Assembly will be organized at the end of 2022.

At last, **support and alignment for the partnership** will be organized throughout the year. Based on the challenges and needs for implementation, the Secretariat will continuously identify support mechanisms to the partnership. Some specific support mechanisms are to discuss with some subsectors on how they can successfully contribute to the DISCO ambitions and to engage with the other ISCOs with all stakeholders in the cocoa producing countries.



Based on the activities, the budget for 2022 was presented which is annexed to this newsletter.

Questions and discussions followed afterwards on the following items:

- The Terms of Reference for the Working Group on Monitoring is already shared by e-mail. Those for the Working Group on the ICE Futures Market will be shared early 2022 and for consumer communication later in 2022.
- The idea behind the organization of ISCO Working Groups in relation with those of DISCO is that most topics are relevant to address at an European level. To avoid duplication of efforts and strengthen each other, the thematic Working Groups can be organized together with other ISCOs. This means that the existing DISCO Working Groups on living income, deforestation and forest degradation, and child labour will become passive and will only be activated when topics need to be addressed but can't be addressed in the ISCO Working Groups.
- The benchmarking of cocoa programs or list of criteria which is requested by the retailers for purchasing practices is part of the activity on specific subsector strategy support.
- It is difficult to relate the DISCO budget with those of the other ISCOs as each ISCO has a very different nature and dynamic. However, when zooming in at the other ISCO budgets, the one for DISCO is relatively low compared to the others.

After the question and discussions, the partnership approved both the annual and budget 2022.

### Joint financing structure

Mark continued explaining the proposed joint financing structure of the DISCO partnership. This proposal is developed because no clear decision was taken when DISCO was signed on how to finance the necessary operational costs. With the increase of the operational costs, the DISCO Steering Committee discussed earlier this year how to finance these costs. The operational costs are until now

covered by only one party (IDH through its institutional funding from the Dutch Ministry of Foreign Affairs), but it is proposed that the costs should be carried by all parties involved in the partnership.

Mark explained that the costs that would be covered by the partnership would include those related to meetings and events, communication, monitoring and evaluation, the chair of the Steering Committee and other costs if defined by the partnership. The costs for the Secretariat will still be covered by IDH.

In the proposed structure, all organization that are a signatory on 1 January of the year will pay a fee for the entire calendar year. The fees are set for a period of 3 years (2021-2023), while the division of the fees depend on the type of organization and turnover for profit organizations. As part of the joint financing structure, the Secretariat will present an annual budget including the expenditures and budget for the upcoming year for approval by the General Assembly. IDH will collect the fees in the first quarter of each year, which will be accompanied by a 3-year contract. As the 2021 costs will also be covered by the partnership, both the costs for 2021 and 2022 will be collected in Q1 2022. It was mentioned that if signatories want to pay fees already in 2021, they can reach out to the Secretariat. Mark concluded that 2 amendments were proposed by some signatories. The first amendment is to split the category 'turnover € 5-100mln' in more categories. The proposed amendment by the Secretariat is to split the category in the categories 'turnover € 50-100mln' and 'turnover € 5-50mln' with respective fees of € 3,000 and € 2,000. The other proposed amendment was to remove article 5. that gives the Steering Committee the mandate to exempt signatories to pay fees. It was proposed by the Secretariat to remove this article.

Questions and discussions followed afterwards on the following items:

- In Q1 2022, the fees for both 2021 and 2022 will be collected. However, if this leads to difficulties, the 2021 fee can also be split over 2 years (2022 and 2023).

After the question and discussions, the partnership approved the joint financing structure.

### Closure of the meeting

Arjen concluded the meeting with his closing remarks. Arjen thanked everyone for their contributions and emphasized the importance of being in touch with each other, communicate with each other and work towards more trust. Arjen showed a video of Simon Sinek who talks about the ones that are being recruited in the navy seals. The ones that make it through aren't the muscled or bold ones, but the ones who are able to find the energy to help the person next to them and be there for each other. Arjen continued by saying that he hopes that we're steering in the right direction and not trying to steer a little bit while going in the wrong direction. He hopes that we get with DISCO into true impact in the coming year and he will together with the Secretariat do everything to make it happen together. Arjen concluded by thanking Mark and the rest from the team at IDH in his preparations for the meeting. Then he thanked the Steering Committee for their important role in the Steering Committee, especially to Taco who is now leaving as he found another job at Cargill.

### Launch of DISCO during Orange Cocoa Days in Côte d'Ivoire and Ghana

The Dutch Embassies in Accra, Ghana and Abidjan, Côte d'Ivoire organized respectively on 11 November and 8 December the Dutch Orange Cocoa Days.



These events bring together all Dutch organizations active in the cocoa sector in these countries. Also, national cocoa stakeholders such as the national cocoa authorities COCOBOD and Conseil du Cafe-Cacao were present.

The Orange Cocoa Days in Ghana was organized in the backyard of the Dutch Ambassador with exhibition stands by Dutch organizations, including a DISCO stand that was presented by the IDH team in Ghana.

In Côte d'Ivoire, an event around partnership and sustainability in the cocoa supply chain was organized as part of the Orange Cocoa Days. During this



event, DISCO was launched after the initiative was presented. The days were concluded by a fair and networking event for all participants.

## Call for candidates DISCO Working Groups 'Monitoring' and 'ICE Futures Market'

Working Groups on Monitoring and the ICE Futures Market will be established in 2022. The Working Group on Monitoring aims to have representatives from each subsector. As not all subsectors are represented yet, please indicate your interest as soon as possible. To indicate your interest to participate in the Working Groups, you can reach out to the DISCO Secretariat (Mark de Waard, [dewaard@idhtrade.org](mailto:dewaard@idhtrade.org)).

### Working Group Monitoring

The DISCO Working Group on Monitoring will be active in Q1 of 2022, especially in the month of January. The Working Group aims to support the Secretariat in collaboration with external consultancy C-lever.org to finalize the DISCO reporting framework, based on the recommendations by the DISCO Working Groups on living income, deforestation and forest degradation, and child labour. Subsequently, it will oversee the process of integrating and harmonizing the framework with those of the other ISCOs. The Terms of Reference of the Working Group is attached as an annex to this newsletter.

### Working Group ICE Futures Market

The Working Group on ICE Futures market will start at the end of Q1 or early Q2 2022. The aim of this Working Group is to investigate what support can be offered to DISCO signatories in reaching the ambitions of DISCO on the cocoa that is sourced through the ICE Futures Market. The Terms of Reference is still in development and will be validated during the next Steering Committee meeting in February. But in case you're interest to be involved in this process, you can reach out to the Secretariat.

## DISCO welcomes new signatories and says goodbye to some others

### New signatories

We are welcoming two new organizations to the partnership: **Care Nederland** and **Meridia**. Both organizations are committed to contribute to the DISCO ambitions and we are therefore welcoming them to strengthen our joint efforts in reaching these ambitions.



**Care Nederland** is a major international non-profit organization, delivering emergency relief and long-term international development projects. It aims to save lives worldwide, eradicate poverty and achieve social justice.

**Meridia** is a land rights documentation company working with industry leaders, NGOs and government to secure land for farmers within (cocoa) supply chains.



### Leaving signatories

Some signatories have decided to leave IDH. The first one leaving is **Centraal Bureau Levensmiddelenhandel (CBL)**. CBL has played an important role by convening the retailers towards the current phase of DISCO. But as the next phase will focus much more on implementation of the commitments, CBL will step back and leave that up to the individual retailers. They will however support the retailers and the initiative when needed. This is in line with their role in other partnerships.

**Chocoladeverkopers, Crafting Markets, Delicia** and **Tradin Organic** have indicated that they don't have the internal capacity and resources to contribute to DISCO and will therefore leave the partnership.

## Latest developments in Europe: updates from other ISCOs

### Five Working Groups will start together with the other National Initiatives on Sustainable Cocoa in Europe (ISCOs) in 2022

As a result of the annual plan for 2022 and the areas of collaboration as defined in the MOU between the different National Initiatives on Sustainable Cocoa in Europe (ISCOs), an [overview of 2022 activities](#) in collaboration with the other ISCOs is developed. This includes Working Groups on Traceability/Transparency, Living Income, Forests & Agroforestry, Child Labour, and Monitoring & Evaluation. In case you're interested, you can [register here](#) to participate in one or more Working Groups.

#### Update on Beyond Chocolate

On November 16<sup>th</sup>, Beyond Chocolate organized a learning event on living income featuring the 8 sustainability projects that are co-financed under the partnership. Through a series of panels several living income experts shared approaches, challenges and best practices from their projects in order to inspire the audience to adopt impactful living income interventions and models. The following subjects were discussed:

- How to adopt price mechanisms within holistic living income approaches?
- How to create an enabling environment to reaching a living income?
- How to build the case for living income brands?

The recordings of the events are available [online](#).

#### Update on the German Initiative on Sustainable Cocoa (GISCO)

The German Initiative on Sustainable Cocoa has set its annual topic for 2022: It will be "Enabling Environment" and will shape GISCO's focus in the coming year. Based on this, the event on the occasion of the ISM fair will be entitled "Enabling Environment: Incentives and Framework Conditions for Forest Conservation and Climate Protection in the Cocoa Sector". Unfortunately, the event once again has to be held exclusively virtually due to the pandemic and will take place on 1 February from 1:30 to 4:00 pm. Please mark this virtual event already in your calendar.

More information will follow shortly [on our website](#).

#### Update on the Swiss Platform for Sustainable Cocoa (SWISSCO)

Following the leitmotif «Tackling Challenges Together», the Swiss Platform for Sustainable Cocoa has endorsed at the 3rd General Assembly in Zurich on September 21, 2021, its Roadmap 2030 with targets regarding living incomes for cocoa farmer families, deforestation and climate-friendly cocoa production, prevention of child labour and increasing transparency and traceability. In this way, the Swiss alliance of chocolate manufacturers and suppliers, retailers, science, civil society, and the federal government is strengthening its sustainability efforts in the most important raw material supply chain for chocolate production in Switzerland. Click [here](#) to access the Roadmap 2030 document, [here](#) for the news release on SWISSCO's website or [here](#) to read the press release.

## DISCO timeline

For the upcoming period, the following meetings, events and milestones within DISCO are scheduled. Additional meetings will be planned and therefore this overview will be updated within each newsletter.

<b>8 February 2022</b>	Steering Committee meeting – Monitoring framework, rest of the agenda TBD
<b>28 April 2022</b>	Launch monitoring and reporting round
<b>May 2022</b>	Data collection by <b>all DISCO signatories</b> for baseline reporting on 2020 data and annual progress reporting on 2021 data



**DISCO**

DUTCH INITIATIVE ON  
SUSTAINABLE COCOA