

Report

DISCO General Assembly 9 November 2023

Summary of the meeting

Welcome and opening notes.

The 2022 DISCO General Assembly took place at the Social Impact Factory in Utrecht. After an information session on the European Union Deforestation Regulation (EUDR) in the morning, and a networking lunch, the General Assembly started with opening words from Arjen Boekhold, the independent chair of the DISCO Steering Committee. During his opening, Arjen elaborated on the state of the cocoa sector, for example mentioning the upcoming legislation, but also the current high farmgate prices in some cocoa origins.

The DISCO General Assembly was also the opportunity for Arjen to welcome new DISCO signatories to the partnership:

- **C. Steinweg Handelsveem B.V.**, a globally operating service provider, important in the storage of cocoa in the Netherlands. From their role as a logistics service provider, C. Steinweg Handelsveem would like to contribute to the sustainability of their customers' cocoa.
- **International Justice Mission**, a global nonprofit organisation working with local authorities to strengthen justice systems in order to protect human rights. International Justice Mission is looking forward to contributing to the agenda on child and forced labour at DISCO and ISCO level.



C. Steinweg - Handelsveem B.V.



Arjen was also able to share that Jumbo, has committed to source cocoa through Tony's Open Chain for their private label chocolate. Arjen congratulated Jumbo on this milestone towards reaching the DISCO commitments.

Arjen concluded his opening remarks by thanking the different chocolate sponsors for the day, who generously provided chocolates to be enjoyed by the participants. Special thanks to Albert Heijn, Nestlé, Mars, Mondelez and Tony's Chocolonely.

Looking back: key developments in the cocoa sector and DISCO



Before looking towards 2024, Arjen gave the word to Mark de Waard and Marlene Hoekstra (both IDH) from the DISCO Secretariat to present the key messages from the Annual Report 2022. During this year's reporting round, the DISCO signatories reported on their progress towards reaching the DISCO commitments. The following conclusions were presented:

- Living income: although an increase in reporting partners being able to report can be seen, the number of households for which a living income gap is measured, or a living income strategy is implemented is far behind the 2021 goals for the partnership. The living income gap closure for the volume equivalent for the Dutch consumer market is however on track.

- **Deforestation:** With the upcoming EU regulation, it is expected to push signatories in advancing towards deforestation-free supply chains and farm level traceability. However, a lot of progress need to be made to comply with upcoming EU regulation, namely in terms of increasing the traceability up to farm level. Moreover, although many companies have already signed national initiatives aiming to end cocoa-related deforestation, there also seems to be a stagnation with a missing few.
- **Child labour:** the interim checkpoint for 2023 has been reached in terms of Child Labour Monitoring and Remediation Systems (CLMRS) coverage. However, it will be worth monitoring the maturity of the systems and improving the effectiveness of those to make sure they effectively respond to all child labour cases identified. A point was also raised by a participant that one should look beyond CLMRS coverage to include other community approaches in the ISCO monitoring.

After a round of Q&As, Arjen then introduced the next agenda item, namely the new multiyear budget 2023 – 2024 and the amended financing structure. Marlene mentioned that the budget and new finance structure would cover 2024 and 2025 and presents some minimal changes such as the inclusion of a variable/unforeseen budget line, to cover for unexpected costs relating to the DISCO partnership. After the presentation, Arjen formally requested the partnership for its approval of the new multiyear budget and finance structure. Without objections, both were approved.

After the approval of the budget, Mark shared the strategic priorities for 2024, in line with the 3 pillars defined for 2023: procurement practices, international collaboration and partners' accountability. The priorities for 2024 were previously discussed with the Steering Committee and approved.

Lastly, Mark shared the upcoming changes in the Steering Committee, as the term of several members of the Steering Committee is coming to an end. More details on changes will be shared later on. As announced earlier this year, Arjen will also be stepping down as DISCO Steering Committee Chair at the end of the year. The new DISCO Steering Committee chair will be announced in due course.

Procurement practices as part of the Living Income Roadmap

The section on procurement practices started with a refresher by Mark de Waard on the Living Income Roadmap, developed under DISCO. Mirte Ruesen, representative of the Ministry of Foreign Affairs, then updated the partnership on the procurement practices position paper, which was developed over the summer with the participation of different DISCO signatories. The position paper is meant to consider the sphere of influence of different actors, and fit into the DISCO Living Income roadmap, complementing service delivery and the enabling environment. The different principles were described, as well as the preconditions. The paper is currently in its final stages; with the DISCO Steering Committee reconvening soon to work towards finalising the document.



As a reflection on the position paper, two sector experts, Antonie Fountain (VOICE), and Nicko Debenham (Sustainability Solutions LTD) joined a panel discussion moderated by Arjen. During this discussion it was emphasized that 'how you buy the cocoa' is at the centre of sphere of influence of DISCO signatories. For example, it was mentioned that there seems to be a disconnect between the contracts used by or between the buying organisations, and the contracting with farmers, which may be detrimental to farmer (organisations). Ultimately, it was stated that procurement practices should be addressed in regulation. The experts also provided background on the high prices currently seen in the cocoa sector, and whether this translated to higher prices to the farmer. Sadly, in some cocoa producing countries, the current high prices are not translating to higher farmgate prices. Nicko Debenham mentioned the work of the Côte d'Ivoire – Ghana Cocoa

Initiative (CIGCI) to ensure higher farmgate prices for farmers and voiced that the industry needs to embrace the developed recommendations and protocols by CIGCI.

To increase the understanding between subsectors of the barriers and opportunities on sustainable procurement, the partnership then broke-out in their subsectors to formulate two questions and a recommendation for other subsectors. An overview of the different questions and recommendations can be found on slide 30 of the [General Assembly slide deck](#). The different subsectors then discussed the questions to formulate a reaction during the plenary and reflect on the recommendation. The following was discussed during the plenary:

- **Manufacturers and brands:** although sadly no procurement representatives were present, the subsector mentioned that longer-term contracts are currently a discussion point within companies, while others are now also working towards developing proof of concepts of reaching a living income through specific company programs.
- **Government:** the subsector responded that including living income and procurement practices into legislation is on their radar. The subsector is currently picking-up this discussion at a European level; this then requires discussions with other EU states. In the implementation of legislation, the subsector acknowledges that the smallholders must remain central.
- **Certification, service providers & knowledge institutes:** the subsector welcomes legislation, although it is important to make sure that this legislation is producer inclusive. The subsector sees a big role for them to support farmer organisation in complying with upcoming legislation.
- **Retailers:** the subsector discussed long term contracts, and payments of the Living Income Reference Price (LIRP). The retailers highlighted the difficulties around long terms contracts and the need to a sector commitment (on payment of LIRP) to create a level playing field.
- **Civil society:** the subsector discussed their role in procurement practices, mentioning that the subsector has an important role to play in terms of advocacy (recommending and showing best practices), representing the interest of farmers, and more practically for example supporting data collection.
- **Traders and processors:** the subsector discussed their position in the supply chain, sitting between the cocoa origin countries and manufacturers / retailers. The subsector also brought up the role of governments in origin countries, to make living income or LIRP payments possible.



Partnership moving forward.

Moving to 2024, Arjen introduced the new accountability mechanism developed to hold each other accountable, individually but also as a partnership. The accountability mechanism rests on the idea that all signatories have core (individual) responsibilities in terms of payments of the fees, annual reporting and the submission of actions plans. It also includes partnership responsibilities, pertaining to being open and transparent, and communicate about your progress or lack thereof.

As part of the accountability mechanism, the Steering Committee has agreed that the partnership will be developing new action plans covering 2024 – 2026. Although the format of the action plans will be determined later on, the action plans will focus on more concrete actions and will need to answer the question how the individual actions will move the partnership towards the DISCO goals.

Closure of the meeting

Arjen then addressed the partnership in his closing remarks. He mentioned that the DISCO partnership will need to continue to work on the 3 pillars (accountability, international collaboration, and procurement practices). He however urged signatories to move past what others could do, and instead focus on what each signatory's contribution will be in reaching the DISCO goals. To reach these goals, Arjen suggested that more seniority will need to be involved in the partnership when discussing key topics. He concluded with the quote from John F. Kennedy: *“There are risks and costs to action. But they are far less than the long-range risks of comfortable inaction.”*

As Arjen will be stepping down as DISCO Chair by the end of the year, Frank Joosten (IDH), stepped in at the end of the meeting to thank Arjen for his efforts for the DISCO partnership. Arjen has contributed significantly to the partnership, served as a listening ear, connected with signatories in the partnership, and reminded us of the North star.



The slide deck of the DISCO General Assembly can be found [here](#).

Information session: EU Deforestation regulation (EUDR) implementation

In the morning, an information session was held on the expected implementation of the EU Deforestation Regulation for the cocoa sector in the European Union. The session, moderated by Renske Aarnoudse (IDH), brought together different speakers ranging from private sector, civil society, and governments to provide their perspective on the preparation of the sector and expected implementation of the EUDR. The slides of the information session on the EUDR implementation can be found [here](#).

After opening words from Renske, LNV representative, Julius Seinen presented the background of this regulation, as well as timelines and implementing organisations. Julius then gave the word to Jessica van Zetten, representative of the NVWA, the expected competent authority for The Netherlands in the implementation of the regulation. After providing a short presentation of the anticipated role of the NVWA, Jessica compared the upcoming regulation, and its implementation with the similar regulation around timber, the EUTR. Jessica provided more insights on the expected next steps and responded to questions raised by participants.



Susanne Folkerts (Ofi) brought the perspective of the Dutch industry actors on the developments within the cocoa sector, mentioning for example the creation of taskforces through the European Cocoa Association, but also more practically, the farm mapping by the different suppliers in their supply chains to comply with the upcoming regulation. During a discussion, the importance of collaboration was highlighted, both with origin countries governments, as well as sector collaboration to avoid the duplication of efforts.

Michael Ekow Amoah, director of research and development from COCOBOD Ghana, shared his views through an online recorded message to the participants. In his message, Michael Ekow Amoah elaborated on the national cocoa traceability system and the role COCOBOD intends to take on for Ghanaian cocoa to comply the EUDR and other upcoming legislation.

The discussions during the session centred around a few topics. On the EUDR requirement on legality it became evident that sector wide collaboration is needed to clarify what this entails across different producing countries. The European Commission is not expected to provide additional support on this, reference was made to examples such as the Timber Trade Portal. It also became evident that on a wide range of aspects further clarification is needed with the EC and other EU member states and their competent authorities, examples include topics such as onward trade throughout the EU or the level of checks to be expected.

Lastly, Gert van der Bijl from Solidaridad zoomed out, to provide some reflections on the EUDR's impact on smallholders and emphasize the need for alignment. Indeed, Gert mentioned the expected costs of implementing the legislation, and the potential (detrimental) effect on smallholders, in terms of bearing the costs and potential exclusion of the EU market in case of not meeting the regulation's requirements. A follow-up session will be organized by Solidaridad and IDH to dive deeper into this topic together with the DISCO members. The slides of the information session on the EUDR implementation can be found [here](#).



Participants

Ane	de Vos	International Justice Mission
Angelika	Kessler	CARE Nederland
Annalisa	Iovieno	Rainforest Alliance
Anouk	Franck	Oxfam Novib
Anouk	Mulder	Beyond Beans
Arjen	Boekhold	Game Changer Unltd.
Boukje	Theeuwes	Solidaridad
Cedric	Steijn	KIT
Daniek	Ehrismann	Jumbo
Dennis	van der Meulen	FrieslandCampina
Derek	Hardwick	Fairfood
Frank	Joosten	IDH
Gert	van der Bijl	Solidaridad
Isa	Miralles	Fairfood
Jack	Steijn	Equipoise
Jaïr	de Paauw	Port of Amsterdam
Joke	Aerts	Tony's Chocolonely
Joost	Geuke	JS Cocoa
Julius	Seinen	Ministry of Agriculture, Nature and Food Quality
Kim	Fraser-Bell	IDH
Maartje	de Graaf	Tropenbos International
Mariana	Broitman	Fairfood
Mark	de Waard	IDH
Marlene	Hoekstra	IDH
Marloes	Bruin	Albert Heijn
Marloes	Philippo	RVO
Maurice	van Dort	Rainforest Alliance
Milan	Slikker	Nestlé Nederland
Mirte	Ruesen	Ministry of Foreign Affairs
Nicoletta	Lumaldo	SWISSCO
Peter	Hofland	Cargill BV
Pieter	Schulding	JS Cocoa
Renske	Aarnoudse	IDH
Richard	Kooge	CARE Nederland
Roel	Govers	Mars Nederland
Siegfried	Moeyersoons	Barry Callebaut
Sophia	Bout	VBZ
Susanne	Folkerts	Ofi
Susanne	Boetekees	Fairtrade
Valentijn	van der Weide	C. Steinweg Handelsveem