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Chocolate/Cocoa Industry Information on Financial Support for Responsible Cocoa Farming

Industry Monetary Contributions 2005 -2008

As work to help West African cocoa farmers, their families and their communities advances, the global chocolate and cocoa industry has compiled information on its combined financial contributions from 2005 through 2008.

In July, 2005, the industry joined with U.S. Senator Tom Harkin (D-IA) and U.S. Representative Eliot Engel (D-NY), to make two commitments. Senator Harkin and Representative Engel had previously led the establishment of the Protocol – an industry-wide agreement to address labor issues on cocoa farms.

First, industry pledged to have a system of certification for cocoa farming labor practices, covering 50 percent of the cocoa output of Ghana and the Cote d'Ivoire (Ivory Coast), by July, 2008. That commitment will be met.

In addition, the industry pledged to invest at least \$15 million to address the worst forms of child labor and forced adult labor, and to help cocoa farming families between July, 2005 and July, 2008. According to figures provided by individual chocolate and cocoa companies, and compiled by an independent economic analysis group, that commitment has been more than met – with total industry spending on West African cocoa farming programs exceeding \$38 million between 2005 and 2008.

The certification for cocoa farming model includes several different areas of activity, as part of an ongoing cycle that drives continual improvement in labor practices:



Industry-wide and individual company support for responsible cocoa farming has largely followed the above model, with financial contributions in each of the key areas: data collection; reporting; remediation/response, and independent verification.

Together, industry and individual company investments support more than 20 different programs. Among the efforts is the International Cocoa Initiative (ICI), the leading organization in efforts to tackle unacceptable child labor practices on cocoa farms. Individual companies support the ICI, which is led by a board composed equally of industry and civil society members and co-presidents representing both constituencies.

In addition, industry funding supports a range of programs managed by the World Cocoa Foundation (WCF), which works to support sustainable, responsible cocoa farming.

The following table details industry and individual company support in these areas, from January, 2005 through December, 2008 (to align with the financial reporting of the organizations involved).

Category	Activities	Amount (in US\$)
Data Collection/ Reporting	Work to develop, scale up the certification data collection and reporting efforts in Ghana, Cote d'Ivoire	\$6,418,242
Response/ Remediation	Support for the International Cocoa Initiative (ICI), the leading organization in addressing labor practices on cocoa farms	\$6,794,000
Response/ Remediation	Programs to help improve farmer incomes and educate farmers on safe, responsible labor practices, administered through the Sustainable Tree Crops Program (STCP) and the World Cocoa Foundation (WCF)	\$2,553,000
Response/ Remediation	Programs to address improve social conditions in cocoa farming communities, including access to quality, relevant education, funded through the Initiative for African Cocoa Communities (IACC) and managed by the WCF	\$1,365,000
Response/ Remediation	A partnership between the WCF and the United States Agency for International Development to improve education in West African cocoa farming communities (the "ECHOES" project)	\$674,000
Response/ Remediation	Individual company programs to improve conditions on cocoa farming communities; improve labor practices <ul style="list-style-type: none"> ▪ To learn more about what individual companies are doing to help West African cocoa farming communities, read the Industry Report to Tulane University 	\$19,121,300
Independent Verification	Support for development of a robust, credible independent verification component <ul style="list-style-type: none"> ▪ Includes development of Verification roadmap, in consultation with stakeholders; establishment and support for the International Cocoa Verification Board; hiring of on-the-ground verifiers; ongoing stakeholder engagement 	\$1,835,000
TOTAL		\$38,760,542
Notes:		
<ul style="list-style-type: none"> ▪ The number does <u>not</u> include costs for employees or staff time; in-country investment; corporate personnel costs; local infrastructure costs; costs related to cocoa purchasing. ▪ The period covered is from January, 2005 through December, 2008; it does not reflect the substantial investments made by industry from 2001 to 2005. 		

The information was compiled by the Georgetown Economics Unit, a part of Kelley, Drye, Collier, Shannon, a law firm based in New York, with offices worldwide. Kelley, Drye has worked with the chocolate and cocoa industry on a range of industry-wide, pre-competitive issues.

Industry foundations, associations and individual companies submitted their information on a confidential basis, directly to Kelley Drye, to avoid any competitive issues. After assembling the data, the analysts then carefully reviewed it to ensure that no funds were being “double counted,” or recorded inaccurately.

Organizations submitting information include Archer Daniels Midland; Barry Callebaut; Cargill; Cadbury; Ferrero; the Hershey Company; Kraft; Mars, Nestle and the National Confectioners Association.

For further information on programs supported by the chocolate and cocoa industry to help cocoa farming communities, visit www.worldcocoa.org or www.cocoainitiative.org

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