

Three characteristics of global cocoa governance: Diversification, flexibilization, and coordination

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Abstract

Most of the commodity crops are produced by low-income countries in the Global South and consumed in the Global North. Due to their vulnerability to price fluctuation, their prices have been regulated by commodity agreements between producing and consuming countries. However, after these prices were decided through the market, price regulation was no longer included in the negotiation agenda of commodity agreements. The cocoa sector has continued its collective global efforts to address various environmental and social issues even after the issue of price regulation was ceased to be addressed. This study investigated global cocoa governance by analyzing global cocoa actors, rules, and agendas through a content analysis of global documents related to the cocoa sector. The results indicated a transition in the three aforementioned aspects over time. First, the actors and agendas in the sector diversified. From the 2000s, private actors emerged and actively participated in forming global cocoa agendas and suggesting solutions to cocoa-related problems. Accordingly, more varied issues were included in the agendas. Second, the global cocoa rules were softened. Treaties among countries have controlled the global cocoa industry. Recently-introduced soft laws enabled diverse issues to be addressed and facilitated the participation of various actors. Third, coordination was emphasized at the international and state level. The inclusion of varied actors and agendas necessitated the alignment of efforts for improving global cocoa governance. Aiming to tackle issues through interaction among actors, rules, and agendas, global cocoa governance has been evolving in three distinct ways: diversification, flexibilization, and coordination.

Keywords: Cocoa; Global governance; Diversification; Flexibilization; Coordination

Introduction, scope and main objectives

A commodity crop is an agricultural product that is mainly produced for trade. Most of the commodity crops are produced in low-income countries in the Global South and consumed in the Global North. The export earnings of most low-income countries depend on commodity crops (United Nations Conference on Trade and Development 2020).

Cocoa is an agricultural product that is consumed globally, especially in Europe (46%), America (31%), and Asia and Oceania (18%) (Fountain and Huetz-Adams, 2018). About 98% of the world's cocoa is produced by 5-6 million smallholder farmers with an average of 2–3 hectares of land in developing countries (UNDP, 2017). However, farmers receive only 6.6% of the consumer price of cocoa due to the structure of the cocoa industry's supply chain (Fountain and Huetz-Adams, 2018). The cocoa sector is vulnerable to cocoa's fluctuating market price; between September 2016 and February 2017, the world cocoa price fall caused a 30-40% decline in the income of smallholders (Fountain and Huetz-Adams, 2018). In addition, cacao production has been drivers of deforestation (Gockowski and Sonwa, 2011)

Compare to other commodity crops of commodity crop agreements, the cocoa sector has showed a distinctive trajectory by continuing its global efforts in its attempt to address diverse issues through sector-wide arrangement. Thus, this study aims to analyze these distinctive global efforts of the cocoa sector. It can contribute to a better understanding of the global negotiating process of community crops.

Methodology/approach

This study is based on the meta-framework for conceptualizing governance modes by Lange et al. (2013) (figure 1). The meta-framework presents three interdependent dimensions in modes of governance. The three dimensions are politics, policy, and policy, which can be investigated by analyzing actors, norms, and policy objectives, respectively (Figure 1). Using this meta-framework, this paper presents three questions:

1. Who are the global actors in cocoa decision-making?
2. What are the global rules in the cocoa sector?
3. What are the global agendas on cocoa?

The application of this framework to analyze global cocoa actors, rules, and agendas can facilitate the identification of the relationship and coordination among actors (politics dimension) and the normative elements (polity dimension) and content (policy dimension) of the politics of global cocoa governance. These three dimensions are crucial elements of governance modes since they are all constitutive for realizing the governance -collective goals by means of collective action (Lange et al. 2013).

Content analysis was applied in this research to facilitate the identification of the actors, rules, and agendas involved in global cocoa governance. A qualitative text analysis was conducted, and the contents were ex-post categorized. The global treaties that were analyzed in this research are standardized in the international policy decision-making process. The mere frequency of certain words has its limitation to denote the significant implication of the agreed agendas in the decision-making process. Rather, a full text analysis and categorization can illustrate consistent, emerging, and former agendas. The agendas were classified as consistent, former or emerging. Unlike ICCAs, declarations are more descriptive and do not have fixed forms. Since agendas and issues are dispersed throughout the declarations' contents, the analysis focused on their key messages, which include their main principles, recommendations, and priority areas.

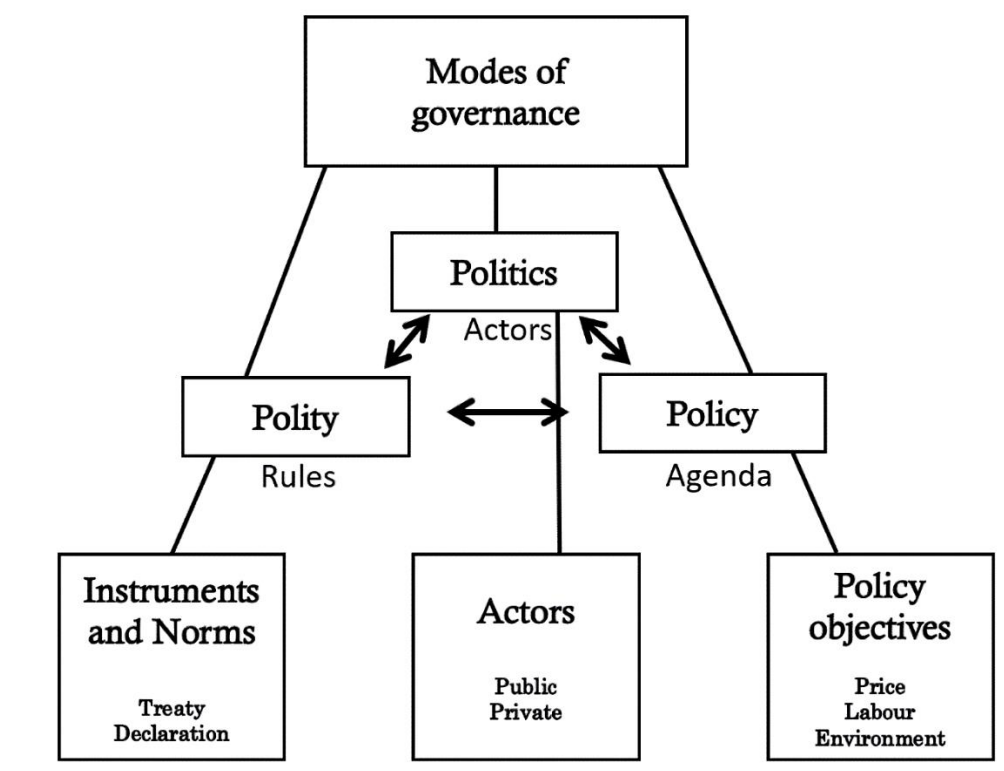


Fig. 1: Meta-framework conceptualizing governance modes, adapted from (Lange et al., 2013).

Results

1- Global Actors in the Cocoa Sector

Global actors in the cocoa sector are those who are involved with interests or concerns in the global cocoa industry. Certain notable organizations have been leading actors in cocoa sector (Table 1).

Table 1: Global Cocoa Organizations and their characteristics.

Name	Established year	Headquarter	Type	Members	Activities and output
The Cocoa Producers' Alliance (COPAL)	1962	Lagos Nigeria	Intergovernmental organization	10 cocoa-producing countries	-Member of the Consultative Board on the World Cocoa Economy -Observer of the United Nations Cocoa Conference
International Cocoa Organization (ICCO)	1973	Abidjan Côte d'Ivoire	Intergovernmental organization	47 cocoa-producing and cocoa-importing countries (2010 agreement)	-Organize the UN Cocoa Conference, Roundtable for Sustainable Cocoa Economy, World Cocoa Conference -Provide daily cocoa price and related statistics

					<ul style="list-style-type: none"> -Prepare cocoa development projects -Organize the International Symposium on Cocoa Research
World Cocoa Foundation (WCF)	2000	Washington, D.C USA	Non-profit organization	Over 100 member corporates	<ul style="list-style-type: none"> - Member of the Consultative Board on the World Cocoa Economy -Provide resources for cocoa projects and programs -Disseminate information on partnerships to the public
International Cocoa Initiative (ICI)	2002	Geneva Switzerland	Non-profit organization	14 cooperatives	<ul style="list-style-type: none"> -Organize annual stakeholder meetings -Design and participate in projects and programs focused on child labor
International Cocoa Farmers Organization (ICCFO)	2014	Abidjan Côte d'Ivoire	Cocoa farmers umbrella organization	12 cooperatives from cocoa-producing countries	<ul style="list-style-type: none"> -Organize the Global Cocoa Farmers Conference (GCFC1) -Produced the Cocoa Farmers Declaration

2- Global Rules in the Cocoa Sector

There are agreements and declarations in place that showcase global agendas in the cocoa sector. Seven ICCAs and five world declarations have been analyzed in this research.

The draft was prepared by the UNCTAD in 1968 as a result of the UN Cocoa Conference in 1967 (Kofi 1972). The first ICCA was concluded in 1972, taking into account the final act of the first session of the UNCTAD. It is the only agreement concluded among the governments of cocoa exporting and importing countries under the auspices of the UN.

There have been seven ICCAs since then, the latest of which was reached in 2010. The agreements are subjected to be signed by member countries. The 2010 ICCA, twenty-two countries that signed the 2010 ICCA are exporting countries that account for about 95% of global cocoa exports, and 30 countries account for approximately 72% of global cocoa imports (Anga 2014). Recently the ICCO council announced a plan to extend the agreement until 2026 which was initially planned in 2022.

World Cocoa Declarations resulted from the four ICCO-organized WCCs—a world-scale bi-annual conference with nearly 1,500 participants from over 55 countries. The first WCC (WCC1) was held in Abidjan, and was followed by WCC2 in Amsterdam, WCC3 in Bavaro, and WCC4 in Berlin. WCCs involve the participation of several relevant stakeholder groups, which include the governments of producing and consuming countries, farmers, processors, traders, civil society, research institutions, and many others. The declarations serve as non-binding statements that are agreed upon by various private and public actors in the cocoa chain. The last

is the first Cocoa Farmer’s Declaration which concluded in the 1st Global Cocoa Farmers Conference (GCFC1). The timeline of each agreement, WCC, and declaration are illustrated in Figure 2.



Fig. 2: Timeline of the actors and rules of global cocoa governance.

3- Global Agendas in the Cocoa Sector

The chapters and articles of each ICCAs were compared by their names and categorized according to relevant agendas. By merging some sub-category and re-organizing sub-categories, Table 2 was created to present the result more suitable for interpretation. Table 2 shows consistent, former and emerging agendas in the ICCAs.

Table 1. Consistent and emerging agendas of International Cocoa Agreement.

Category	Session Year	1st 1972	2nd 1975	3rd 1980	4th 1986	5th 1993	6th 2001	7th 2010
Objectives and definitions	Objectives and definitions	√	√	√	√	√	√	√
Administration	Organization	√	√	√	√	√	√	√
	Administration	√	√	√	√	√	√	√
	Finance	√	√	√	√	√	√	√
	Final provisions	√	√	√	√	√	√	√
Prices and market	Buffer stock/ Reporting and control measures	√	√	√	√			
	Daily and/or indicator price	√	√	√	√	√	√	√
	Consumption promotion	√	√	√	√	√	√	√

	Cocoa substitutes and Fine cocoa/ Conversion factor	√	√	√	√	√	√	√
	Commercial transaction with non-members	√	√	√	√	√		
Information and scientific research	Information and studies	√	√	√	√	√	√	√
	Annual review (and report)	√	√	√	√	√	√	√
	Scientific research and development			√	√	√	√	√
Participation and cooperation	Relationship with the Common Fund for Commodities			√	√	√	√	√
	Relationship with multilateral and bilateral donors						√	√
	Cooperation with other organizations and within members					√	√	√
	Consultative Board on the World cocoa Economy						√	√
Projects	Role of the organization in projects						√	
	Projects							√
Sustainability	Fair labour standards		√	√	√	√		
	Standard of living and working conditions						√	√
	Environmental aspects					√		
	Sustainable cocoa economy						√	√
	Market Transparency						√	√

The key messages of each declaration are in appendix 1. In summary, world cocoa declarations contain more diverse issues as time pass. The GCFC1 declaration mostly encouraged farmers' participation and coordination in the global efforts for sustainable cocoa production.

Discussion

Three characteristics—diversification, flexibilization, and coordination—were identified through the analysis of the actors, rules, and agendas in global cocoa governance.

1-Diversification

Global cocoa actors have diversified since the 2000s. The partnerships between public and private actors also increased during that time (Bitzer et al. 2012), as stakeholders began to realize the importance of the engagement of public actors and their collaboration within the partnership in realizing a sustainable cocoa supply chain (Shapiro and Rosenquist, 2004). The ICCAs were concluded at UN Cocoa Conferences, where only member country delegates and few intergovernmental and international organizations could participate. In preparation for the WCC, four Working Groups that consisted of key cocoa sector stakeholders prepared the Global Cocoa Agenda (ICCO, 2012b). The WCCs were participated in by over 1,400 stakeholders in the cocoa sector, including cocoa farmers representatives (ICCO, 2014b).

These diverse actors enabled the inclusion of varied agendas in the global cocoa value chain. Diversified agendas necessitate the participation of varied actors in decision-making, and vice versa. As is shown in the result, the ICCAs presented a more diverse agenda over time. Agendas focused on price stabilizing schemes transformed to other issues starting from 1993 ICCA. Issues related to the environment, social-aspects, and a sustainable cocoa economy were addressed more intensively as the result shows.

2- Flexibilization

An ICCA plays the role of a hard law as a legally binding agreement. As a UN treaty, an ICCA is an international agreement between cocoa-producing and cocoa-consuming countries. The agreement specifies the process of a contract between countries and the exclusion of members in case of a breach. On the contrary, a World Cocoa Declaration is a “non-legally binding expression of support” (ICCO, 2012a). The declarations provide principles to guide the realization of a sustainable cocoa sector.

Hard and soft laws have been actively discussed in law and social science literature. Generally speaking, hard laws refer to “legally binding obligations that are precise and that delegate authority for interpreting and implementing the law” (Abbott and Snidal, 2000), whereas a soft law is a non-binding arrangement. In international arrangements, actors deliberately choose softer forms of legalization owing to its specific advantages. First, soft laws can avoid the costs incurred to enforce hard laws (Abbott and Snidal, 2000; Lipson, 1991). Second, soft laws provide a path to deal with uncertainty regarding new and complex issues that actors are unwilling to legally bind themselves to.

In this context, the declaration provides more flexibility to facilitate the participation of various actors. Although the ICCAs have a “soft” side in terms of precision and delegation, their legally binding characteristic restricts certain parties from signing them. The softer forms of declarations made it possible for them to espouse more agendas as international guidelines that aim for the realization of sustainable cocoa value chains. In the global cocoa governance, the declarations serve as a soft norm adding more issues that are not included in ICCAs.

3- Coordination

As more actors participate in global cocoa governance to tackle the problems in the cocoa sector, the alignment of their efforts was emphasized. The ICCO specified that declarations were designed to avoid the proliferation of uncoordinated efforts (ICCO, 2018). The first Abidjan Declaration highlighted the global framework. The Amsterdam and Bavaro declarations underlined the importance of coordination between global private sustainability initiatives and national plans. Coordination between national and regional policy was emphasized in the Berlin Declaration. In all four declarations, the development and implementation of National Cocoa (Development) Plans were highlighted. The National Cocoa Plans are also an output of the coordination of national plan with global efforts. The Farmer’s Declaration shares common agendas with the declarations, which include establishing effective monitoring to ensure transparency and accountability. The signatories of the declaration also agreed to participate in sustainability and environmental initiatives in the cocoa value chain. The consistent efforts for alignment through global strategies reflect the importance of coordination in the global cocoa sector.

Conclusions/ wider implications of findings

This study examined the transformation of global cocoa governance through the diversification of actors and agendas. The cocoa sector shows distinctive transitions that result from its varying actors, rules, and agendas. By analyzing the aforementioned three aspects, this study found that the transitions of three governance elements were interconnected and organic (Figure 3). More diverse actors have begun to participate in global cocoa governance over time. These actors have promoted the inclusion of diverse agendas, and vice versa. Flexibility in rules has enabled the inclusion of diverse actors by lowering the barriers to inclusion. In addition, diverse actors have made rules more flexible by facilitating the inclusion of even more actors and agendas. As participants became varied and diverse agendas emerged, coordination became an important factor for improving global cocoa governance. Moreover, the flexibilization of laws enabled the inclusion of coordination strategies as a policy agenda. Since the first declaration was made in 2012 and the projected eighth agreement appears to be postponed to 2026, it is too early to evaluate the effectiveness of contemporary global cocoa governance. However, global cocoa governance has distinct characteristics, the most notable of which is its transformation to facilitate the inclusion of more stakeholders and cooperation structures than other commodity crop industries.

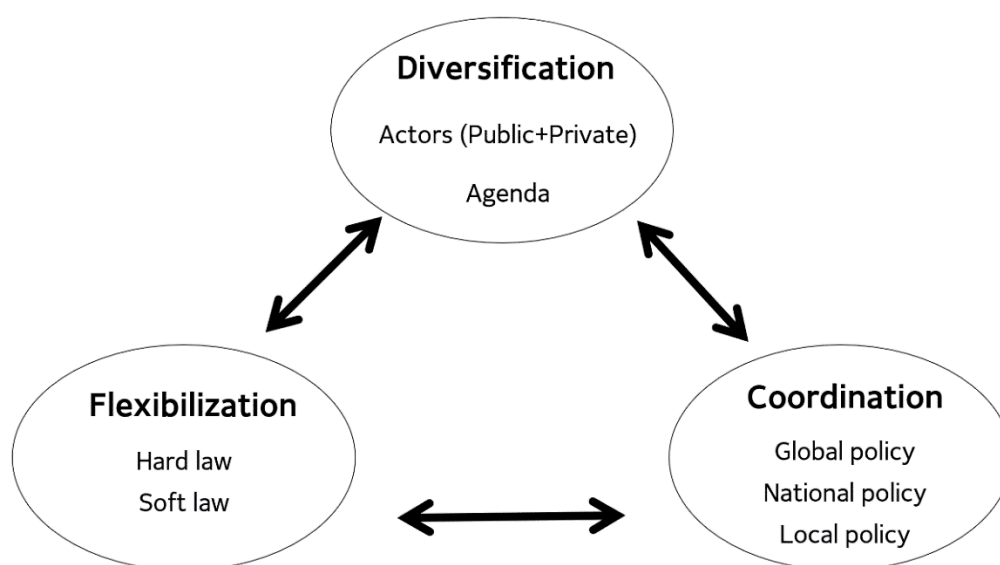


Fig. 3: Interconnection of three governance elements’ transition of the global cocoa governance.

Acknowledgements

This work was supported by the Creative-Pioneering Researchers Program through Seoul National University (SNU).

The views expressed in this information product are those of the author(s) and do not necessarily reflect the views or policies of FAO.

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Appendix

Appendix 1. Key Messages of Each World Cocoa Declaration.

Abidjan	Amsterdam	Bavaro	Berlin	Farmer's declaration
<ul style="list-style-type: none"> • Design and implement National Cocoa Development Plans • Provide framework for the coordination of initiatives • Apply international regulation and agreement • Improve living standards of those involved in the cocoa sector, especially children and women • Participate in a consensual process • Technology improvement to increase productivity and quality of cocoa • Promote and support farmers through education and training • Efficient and traceable sustainable value chain • Promote consumption 	<ul style="list-style-type: none"> • Design and implement National Cocoa Plans (empower farmers) • Coordination between sustainability initiative and national plans • National Cocoa Plan: undertake cocoa inventory and conduct planning and evaluation of policies • Approach that focuses on country-specific issues and the local context • Coordination between private cocoa initiatives and the framework of national plans • International coordination to foster cocoa sustainability • Adoption of Key Performance Indicators (KPIs) • Establish Global Cocoa Sustainability Fund 	<ul style="list-style-type: none"> • Innovation in cocoa farming (farmer-based organization) • Increase living incomes for smallholders • Amplify women's voices and attract young farmers • Marketing cocoa quality, sustainability, and origin • Measure the progress of the Global Cocoa Agenda through KPIs • Sustainable funding of the cocoa sector 	<ul style="list-style-type: none"> • Strengthen National Cocoa Development Plans (inclusive and transparent, include tenure security, infrastructure, extension services, farm diversification, and inventory) • Coordination between national and regional policies • Re-evaluation of the effectiveness and transparency of investment by governments • Implement policies to improve farmers living income, consolidate women's rights • Empower small scale farmers • Policies and practices for environmental protection • Eradicate child labor • Adopt appropriate evaluation and monitoring framework for sustainability efforts • Supply chain traceability for sustainable value chain • Promote consumption Comply 	<ul style="list-style-type: none"> • Define and clarify roles and responsibilities of all stakeholders in the cocoa sector • Establish effective monitoring of sector activities for transparency and accountability • Participate in climate change and deforestation initiatives • Participate in sustainability initiatives in the cocoa value chain • Play role at sector platforms on market, contract bodies, cocoa trade • Signatory to all existing and future cocoa sector agreements and sustainability agreements • Signatory to the international sustainability and environmental platforms (CFI, CocoaAction)

			<p>with SPS requirements</p> <ul style="list-style-type: none">• Stimulate scientific research and R&D for sustainable production and consumption• Strengthen human rights (potential regulatory measures by governments)	
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