



# Fairtrade Standard for Cocoa

## Main Changes

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### Fairtrade Standard for Cocoa

The revised Fairtrade Standard for Cocoa is the result of a review undertaken in 2016-2017.

The revised Fairtrade Standard for Cocoa was approved by the Standards Committee in February 2017, and additional clarification to existing pricing requirements was approved in March 2017.

This document identifies the key changes made to the standard and includes a table describing in more detail the extent of the changes made, following the structure of the new standard.

This document does not describe the content of the changes in full detail. This document shall not replace a detailed study of the new standard and it is not part of the standard.

#### Key changes:

- **In the Production section: new requirements to promote strengthening of SPOs' capacity to manage their cooperative and respond to the needs of their members.**
- **In the Trade section: new and revised requirements on mass balance, for greater simplicity and clarity and to ensure increased transparency and greater control over transactions.**
- **In the Business and Development section: new requirements on the provision of services to SPOs, and promotion of long-term partnerships between producers and buyers, change in the timing of the sourcing plan requirement and removal of the amount and timeline for pre-financing, to align with the reality of cocoa trade and the Trader Standard.**
- **Addition of definition section, simplification of wording, reorganization of requirements, deletion of redundancies, added or improved guidance, new standard design.**

- **In addition, the revised Fairtrade Standard for Cocoa includes a clarification on the implementation of the Fairtrade Minimum Price in countries where prices are regulated by the national government, such as in Cote d'Ivoire and Ghana. This is an interim measure until the Fairtrade cocoa pricing model review is completed (scheduled for 2017-18).**

## Overview of the 2017 revised Fairtrade Standard for Cocoa:

This table shows the most important changes, specifying if these are modifications, deletions or new additions.

New standard section	Type of change	New Standard 2017	Comments
Introduction	MODIFIED	Added clarity on how to use the standard. Inclusion of product description in this section and reference to price and Fairtrade Premium. Added description of chapters, structure, requirements and scope. Modification of application date according to the new changes. Added section on definitions. Inclusion of change history.	
<b>1. General Requirements</b>			
Intent and scope	DELETED	Content moved to the introduction section. Previous sub-sections on certification, labelling and packaging, product composition had no requirements and have been removed.  Product description has been moved to the introduction section.	
<b>2. Trade</b>			
Intent: To provide maximum benefits to producers, while remaining credible to consumers.			
2.1 Traceability	MODIFIED 2018	Mass balance conversion ratios (2.1.1, Core, Year 0): Slight modification of the conversion ratios, and removal of the combined conversion ratios	To simplify and to align with other standards.
	NEW 2018	Maximum period of validity for Fairtrade mass balance products (2.1.2, Core, Year 0)	To clarify until when traders can sell Fairtrade equivalent outputs after having bought the Fairtrade inputs.

New standard section	Type of change	New Standard 2017	Comments
	NEW 2018	Mass balance and the like for like rule in cocoa (2.1.3, Core, Year 0)	Clarification to ensure flexibility in the supply chain, but also transparency in the mass balance.
	NEW 2018	Origin claim in mass balance (2.1.4, Core, Year 0)	Clarification to ensure flexibility in the supply chain, but also transparency in the mass balance.
	NEW 2018	Transparency on traceability model (2.1.5, Core, Year 0)	To improve B2B transparency of transaction.
	NEW 2018	Sale of multi-certified cocoa (2.1.6, Core, Year 0)	To avoid double-selling of multi-certified cocoa volumes.
<b>3. Production</b>	<b>Intent: To promote additional practices that stimulate sustainable production and the well-being of workers</b>		
3.1 Management of Production Practices			New requirements 3.1.1. to 3.1.8 that formalize the set-up and implementation of SPO Internal Management Systems (IMS) in order to promote strengthening of producers' capacity to manage their cooperative and respond to the needs of their members.
	NEW OCT. 2017	Member Information (3.1.1, Core, Year 0)	Complements requirement 4.2.2. of the SPO Standard.
	NEW 2018	Additional member data (3.1.2, Core, Year 1)	Builds upon 3.1.1. above.
	NEW 2019	Compliance Management (3.1.3, Core, Year 3)	Replaces SPO requirement 3.1.5., applies to all SPOs (including 1 <sup>st</sup> grade) and becomes a Core requirement.
	NEW 2019	Allocation of tasks and responsibilities between 2nd or 3rd grade SPOs and their member SPOs (3.1.4. Core, Year 3)	Complements 3.1.3. above.

New standard section	Type of change	New Standard 2017	Comments
	NEW OCT. 2017	Membership agreement (3.1.5, Core, Year 0)	To promote transparency and accountability between SPOs and their members.
	NEW 2019	Farm assessment (3.1.6, Core, Year 3)	To enable SPOs to identify their member needs and design effective training and support measures, in order to ensure better compliance with Fairtrade Standards and to improve farm sustainability.
	NEW 2018	Plan of training and support activities (3.1.7, Core, Year 1)	To enable SPOs to better plan, coordinate, conduct and monitor their training and support activities.
	NEW 2020	Farm Improvement Plan (3.1.8, Dev, Year 3)	As a Development requirement to enable SPOs to develop farmer tailored support measures.
<b>4. Business and Development</b>	<b>Intent: To ensure that Fairtrade transactions are carried out under transparent and fair conditions, in a way that lays the foundations for producer empowerment and development.</b>		
4.1 Contracts	MODIFIED APR. 2017	Contracts (4.1.1., Core, Year 0)	Amendment of the market price reference, taking into account the change in name of the futures markets.
	NEW OCT. 2017	Service provision (4.1.2, Core, Year 0)	To ensure greater transparency in the provision of services to producers.
4.2. Pricing	NEW APR. 2017	Market price reference for cocoa beans (4.2.1, Core, Year 0)	Clarification of the market price reference taking into account government price regulations in Cote d'Ivoire and Ghana, in the interim of the price review.
	NEW APR. 2017	Payment of the FMP differential in Ghana and Cote d'Ivoire by payers (4.2.2, Core, Year 0)	Clarification on the implementation of the Fairtrade Minimum Price for Fairtrade payers, taking into account government price regulations in Cote d'Ivoire and Ghana, in the interim of the price review.

New standard section	Type of change	New Standard 2017	Comments
	NEW APR 2017	Payment of the FMP differential in Ghana and Cote d'Ivoire by conveyors (4.2.3, Core, Year 0)	Clarification on the implementation of the Fairtrade Minimum Price for Fairtrade conveyors, taking into account government price regulations in Cote d'Ivoire and Ghana, in the interim of the price review.
4.4 Pre-finance	DELETED	Pre-finance (4.2.1)	Deletion of the product-specific requirement on amount and timing of pre-finance. The generic requirement on pre-finance of the Trader Standard prevails.
4.5 Sourcing plans	NEW OCT. 2017	Sourcing plans (4.5.1, Core, Year 0)	Amendment of the timing to fit the reality of cocoa trading season.
	NEW OCT. 2017	Long-term partnerships based on mutual commitments (4.5.2, VPB, Year 0)	Promotion of win-win partnerships between producers and traders.
4.6. Premium planning and reporting	NEW 2018	Premium planning (4.6.1, Core, Year 1)	To encourage producers to discuss, in their premium planning, any offers of long-term partnerships with buyers based on mutual commitments.  To clarify what is meant by "productivity".
	NEW APR. 2017	Accounting systems for the price differential (4.6.3, Core, Year 1)	Guidance added to clarify that SPO requirement 4.1.4 also covers price differentials.