EU development cooperation and ethical certification schemes: impact, transparency and traceability
STUDY
EU development cooperation and ethical certification schemes: impact, transparency and traceability

ABSTRACT
‘Transparency’, ‘Traceability’, ‘Sustainable standards’, ‘good agricultural practices’ and ‘zero-deforestation’ are all fine terms which [alongside many others] have emerged in connection with the cocoa sector’s certification process. But does the reality of this process justify using such terms?

Our initial conclusions in this study, based on an analysis of existing research over recent years, revealed that a considerable number of investigations had been commissioned by the certification schemes themselves. Key findings presented by the various studies all conveyed a positive tone. However, on closer inspection we felt that smallholders covered by the programmes were ‘following party lines’ rather than speaking freely. This suspicion was well-founded. Having built up trust in the villages during several years of field-work, we eventually gained access to exclusive data held by the cooperatives and certification programmes. We have used this evidence in order to draw a comparison between the virtual world portrayed by certification schemes’ narrative and the real world being faced by cocoa producers. Certification schemes claim that they give a sense of trust within the value chain, particularly in regard to produce traceability. They also claim to assist farmers, by way of training, various inputs (fertilisers etc.) and credit schemes. In reality, these ‘advantages’ are not visible at farm level. Budgets prepared by cooperatives to justify the use of premiums reflect structural flaws in certification and access to information. Serious questions arise surrounding deforestation, child labour and the payment of premiums. Social investment is minimal and consumers’ perception diverges from the reality. In conclusion, we make a number of key proposals and suggestions based on stakeholders’ complaints and recommendations.
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<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Full Form</th>
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</thead>
<tbody>
<tr>
<td>ADG</td>
<td>Administrateur du Groupe / Group Administrator</td>
</tr>
<tr>
<td>CB</td>
<td>Certification Body</td>
</tr>
<tr>
<td>CCC</td>
<td>Conseil Café Cacao</td>
</tr>
<tr>
<td>COCOBOD</td>
<td>Ghana Cocoa Board</td>
</tr>
<tr>
<td>CPB</td>
<td>Cocoa Pod Borer</td>
</tr>
<tr>
<td>CSR</td>
<td>Corporate Social Responsibility</td>
</tr>
<tr>
<td>DEG</td>
<td>German Investment Bank</td>
</tr>
<tr>
<td>EC</td>
<td>European Commision</td>
</tr>
<tr>
<td>EP</td>
<td>European Parliament</td>
</tr>
<tr>
<td>GAP</td>
<td>Good Agricultural Practices</td>
</tr>
<tr>
<td>GHS</td>
<td>Ghana Cedis</td>
</tr>
<tr>
<td>GIZ</td>
<td>German Corporation for International Cooperation</td>
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<tr>
<td>ICCO</td>
<td>International Cocoa Organization</td>
</tr>
<tr>
<td>ICI</td>
<td>International Cocoa Initiative</td>
</tr>
<tr>
<td>IDH</td>
<td>The Sustainable Trade Initiative</td>
</tr>
<tr>
<td>ISEAL</td>
<td>International Social and Environmental Accreditation Labelling</td>
</tr>
<tr>
<td>ISO</td>
<td>International Organisation for Standardisation</td>
</tr>
<tr>
<td>ITC</td>
<td>International Trade Center</td>
</tr>
<tr>
<td>LBC</td>
<td>Licensed Buying Company</td>
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<tr>
<td>NCP</td>
<td>National Contact Point</td>
</tr>
<tr>
<td>NGO</td>
<td>Non-gubernamental organization</td>
</tr>
<tr>
<td>PC</td>
<td>Purchasing clerk</td>
</tr>
<tr>
<td>PPP</td>
<td>Plant protection products</td>
</tr>
<tr>
<td>PS</td>
<td>Paysan Relais/ Lead Farmer</td>
</tr>
<tr>
<td>RA</td>
<td>Rainforest Alliance</td>
</tr>
<tr>
<td>SAN</td>
<td>Sustainable Agricultural Network</td>
</tr>
<tr>
<td>SPP</td>
<td>Símbolo de Pequeños Productores</td>
</tr>
<tr>
<td>TFA</td>
<td>Tropical Forest Alliance</td>
</tr>
<tr>
<td>TSR</td>
<td>Tripartite Standards Regime</td>
</tr>
<tr>
<td>USD</td>
<td>United States Dollars</td>
</tr>
<tr>
<td>UTZ</td>
<td>UTZ Certified, a certification scheme</td>
</tr>
<tr>
<td>WCF</td>
<td>World Cocoa Foundation</td>
</tr>
<tr>
<td>WWF</td>
<td>World Wildlife Fund</td>
</tr>
<tr>
<td>XOF</td>
<td>West African CFA francs</td>
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1 Introduction

Whilst the market share of certified cocoa products is undoubtedly increasing, there is a simultaneous debate about the impact of certification schemes along the supply chain, most notably at farm level. Among the various schemes currently active within the cocoa market, the European Parliament (EP) has paid special attention to Fairtrade by establishing an informal group. In this context, a 2018 joint hearing agreed that further research is needed on the effectiveness of Fairtrade in particular and certification schemes generally.

Accordingly, this study aims to shed some light on current discussion by analysing not only in farm-level input (Ivory Coast and Ghana), but also interviews with key spokespeople carefully selected from all groups of stakeholders along the cocoa value chain. In addressing this topic, we aim to fuel discussion about the ‘pros and cons’ of certification as well as possible ways forward.

Our study is structured as follows: Chapter 2 gives a short overview of the methodology used, Chapter 3 briefly covers the main actors in the cocoa sector, followed by Chapter 4, which presents the relevant standards in cocoa as well as some key factors relating to certification. Thereafter, Chapter 5 summarises current literature, Chapter 6 records the views of key spokespeople interviewed for this study and Chapter 7 reports on and discusses farm-level evidence regarding certification. Chapter 8 closes with some proposals about the topics covered throughout our report.

2 Methodology

This study followed a mixed-methods approach with two main pillars. The first involves on-farm data collection in the form of observations carried out during 2013-2019 in the preparation of multiple research assignments. Short verification surveys were conducted during the period of this study (February -March 2020) in Côte d’Ivoire consisting of non-structured discussions with producers, cooperative management/staff and farm-level service providers. Our aim in conducting these surveys was to validate and/or update the contents of existing datasets and on-farm observations. The second pillar comprises a series of expert interviews with actors from along the entire cocoa value chain. Interviews were performed mostly via Skype (or phone) during March 2020 with interviewees being carefully selected for their knowledge of the cocoa sector in relation to certification schemes. Availability of interviewees was a challenge; however, efforts were made to include representatives from all sectors of the cocoa industry. Similarly to previous on-farm data collection, these interviews aimed to validate and update our knowledge of the subject. Due to the wide range of actors interviewed (see Table 1 below), questions were specially tailored to match interviewees’ experience, but in general focused on two main topics: perceptions of certification impacts along the cocoa value chain and the role of or need for legislation, mainly by the European Parliament (EP), in order to achieve sustainability targets.

Table 1. List of people interviewed for this study.

<table>
<thead>
<tr>
<th>Name of interviewee</th>
<th>Position</th>
<th>Organisation</th>
</tr>
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<tbody>
<tr>
<td>Piera Waibel</td>
<td>Managing Director</td>
<td>Lindt Cocoa foundation</td>
</tr>
<tr>
<td>Peter van Grinsven</td>
<td>Owner/CEO</td>
<td>Bright Life Farming Pty. Ltd.</td>
</tr>
<tr>
<td>Edmond Konan</td>
<td>President and CEO</td>
<td>Global Business Group Ltd.</td>
</tr>
<tr>
<td>Antonie Fountain</td>
<td>Manager</td>
<td>VOICE Network</td>
</tr>
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</table>

7
<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Organization/Institution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Warren Sako</td>
<td>Secretary General /CEO</td>
<td>World Cocoa Farmers Organization/Farmgate Cocoa Alliance</td>
</tr>
<tr>
<td>Jon Walker</td>
<td>Cocoa Senior Advisor</td>
<td>Fairtrade International</td>
</tr>
<tr>
<td>Stefan Silvestrini</td>
<td>CEO</td>
<td>CEvalGmbH</td>
</tr>
<tr>
<td>Vidya Rangan</td>
<td>Senior Manager, Impacts and Evidence</td>
<td>ISEAL Alliance</td>
</tr>
<tr>
<td>Iris Millenaar</td>
<td>Senior Advocacy Officer Europe</td>
<td>Rainforest Alliance</td>
</tr>
<tr>
<td>Albertine de Lange</td>
<td>Advocacy Lead</td>
<td>Rainforest Alliance</td>
</tr>
<tr>
<td>Friedel Hütz-Adams</td>
<td>Senior Researcher</td>
<td>Südwind Institute</td>
</tr>
<tr>
<td>Miguel Ángel Perez</td>
<td>Senior Expert</td>
<td>Swisscontact</td>
</tr>
<tr>
<td>Raymond Koffi</td>
<td>Président Directeur Général</td>
<td>NATEC Group</td>
</tr>
<tr>
<td>Ignacio Gavilan</td>
<td>Director of Environmental Sustainability</td>
<td>The Consumer Goods Forum</td>
</tr>
<tr>
<td>Jack Stejin</td>
<td>CO-Founder Equipoise/ISO 34101 chair</td>
<td>Equipoise</td>
</tr>
<tr>
<td>Marion Hammerl</td>
<td>Managing Director</td>
<td>Bodensee Stiftung</td>
</tr>
<tr>
<td>Fabio Segura</td>
<td>Co-CEO</td>
<td>Jacobs Foundation</td>
</tr>
<tr>
<td>Martin Schüller</td>
<td>Advisor Policy Development and Standards</td>
<td>Transfair e.V.</td>
</tr>
<tr>
<td>Claudia Brück</td>
<td>Director /Communications and Politics</td>
<td>Transfair e.V.</td>
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<tr>
<td>Hugo Chavez</td>
<td>Founder/CEO</td>
<td>Agrofloresta spr de rl</td>
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<tr>
<td>Jaime Freiere Gonzales</td>
<td>CEO/Owner</td>
<td>PAPACACAO</td>
</tr>
<tr>
<td>Laura Ann Sweitzer</td>
<td>Director Cocoa Sourcing</td>
<td>TCHO</td>
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</table>
3 Overview of the certified cocoa value chain

This chapter provides an overview of the cocoa value chain and its main actors, to set the scene for this study. Our intention here is not to give a full description of all the actors and different challenges faced by the certified cocoa value chain, but rather to show there are many actors involved and that various aspects of the operation run in parallel. These include, for example, the flow of cocoa beans which runs alongside the implementation of certification ‘programmes’ in order to achieve and maintain certification at farm level.
3.1 Cocoa farmers

‘Cocoa’ farmers are smallholders, who normally derive most of their income from selling cocoa. These farmers, though, cultivate a large proportion of the food consumed by their households (at least in West-African countries), with an average 5-6 other crops besides cocoa (Uribe Leitz, 2014b). As shown in the table below, cocoa farmers sell 2-3 additional crops besides cocoa.

Table 2. Number of crops sold by ‘cocoa’ farmers.

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Number of Crops</td>
<td></td>
<td></td>
</tr>
<tr>
<td>min</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>max</td>
<td>14</td>
<td>11</td>
</tr>
<tr>
<td>median (IQR)</td>
<td>3.00 (2.00, 4.00)</td>
<td>2.00 (2.00, 4.00)</td>
</tr>
<tr>
<td>mean (95% CI)</td>
<td>3.42 (3.32, 3.51)</td>
<td>2.87 (2.75, 2.99)</td>
</tr>
</tbody>
</table>

Source: [https://cocoalivelihoods-cocoa.kit.nl](https://cocoalivelihoods-cocoa.kit.nl)

Depending on the country, region and ethnic group, households’ diets will vary accordingly. This has a direct impact on the crops produced by smallholders and hence the products that they sell on the local markets. Likewise, the proportion of income generated by those additional crops is subject to regional variation. Moreover, smallholders react to international trends and environmental changes. For example, from our data collection (Uribe Leitz, 2014b) it was clear that rubber was the main crop ‘on the rise’ in the Ivory Coast (Côte d’Ivoire). This was partly to do with the relatively high prices for rubber at that time, or more precisely the monthly revenue that rubber generated for the farmers (Losch 1983, Yao and Fiko 2015). Environmental changes also played a major role, for example in the widespread failures of cocoa replanting after large-scale deforestation (Ruf 2013). According to Bymolt, cocoa farms in West-Africa are generally under 4 hectares in size (Bymolt et al., 2018b). More specifically in Côte d’Ivoire, the average is approximately 6.2 hectares of land including 4.6 hectares of cocoa (Ruf et al, 2020).
Box 1. Testimony of an old Malian farmer in Côte d’Ivoire

In an Ivorian village close to San Pedro, a 75 years old Malian farmer owns two hectares of cocoa and two hectares of rubber. He arrived during the 1990s after several years in the region of Agnibilkro (close to the Ghanaian border), where he used to work as an ‘abusa’ sharecropper, before gaining access to land through an ‘abunu’ contract. He left part of his family (wife and children) in Agnibilikrou to take care of this first cocoa farm, while he created this second cocoa/rubber farm close to San Pedro. He is one of the many ‘accumulators’ who own two cocoa farms in two different regions of the country.

He explained why he and his parents are no longer willing to participate in any certification schemes for their farms.

- They participated in multiple ‘field schools’ without ever learning anything new. He took part simply in the hope of being awarded some monetary premiums.
- In five years, they did not receive a single premium. The only gift they got was two fertiliser bags to be shared amongst fifty farmers. That quantity of fertiliser is only enough for five cocoa trees.
- However, he participated in ‘a few’ cooperatives. He has received a number of visits from technicians who take his name and a photograph of his identity card plus some information about his cocoa farm.

Certification has no influence on cocoa farms, whether in terms of yields or the quality of beans. He can ferment the cocoa more quickly by himself, placing it in plastic fertiliser bags for two to three days and then rapidly drying it. He sells it to ‘pisteurs’ who then sell/bring it to ‘cooperatives’ (which can easily convert them into ‘certified’ beans).

The old Malian speaks relatively openly, because he will soon quit this second farm. As the village is close to San Pedro, the hectares are gradually being converted into blocks of land for housing programmes, hence he is in the ‘lucky’ position of being able to sell his land for a good price.

Box 2. Suspension of certificates based on child-labour issues – a case from the central-west region

Cooperative X is a typical small/medium cocoa business. In 2017/18, it declared 550 members (535 men and 15 women) for certification who together supposedly own 550 cocoa farm plots (only one member per farm, which is unlikely). The co-op bought and sold 771 tons of cocoa beans. It also declared having received 42 million West African CFA francs (XOF) in premiums, which is due to have been shared 50-50 between the cooperative and its members. Despite our request, the list of farmers and premium distribution to each member was not made available, which we interpret as a sign of there being a ‘discrepancy’ between the list and reality (in general there is a lack of transparency in this sector, which occurs at all levels).

However, such commonplace, likely discrepancies (doubts about the number of farms and distribution of premiums) were not what led to the co-op’s suspension from the UTZ certification system. That was because an audit team uncovered the following two situations:

- Visiting a member’s farm, the team met two adolescents aged 16 and 17, the farmer’s sons, who were taking a rest in their father’s farm plot, which they had just cleaned. They acknowledged to the audit team that they did the weeding for their father.

1 Abusa/Abunu sharecropper systems are widely used in West-Africa. In the abusa arrangement, the sharecropper takes one third of the cocoa harvest and the landowner the other two thirds. In abunu a 50/50 split is common, whereby the ‘ubunu’ arrangement, normally leads to the sharecropper acquiring the property rights of the land (and its cocoa trees) after a certain amount of time. For more information see (Asamoah & Frank, 2017).
Walking back to the village, the audit team then came across a 9-year old girl carrying a tree branch on her head (considered to be heavy child labour.) She was the daughter of the local pastor, who does not have a cocoa farm.

According to the cooperative staff, UTZ suspended the cooperative even though the exporter advised them not to. This ‘punishment’ is severe for the cooperative. Their tonnage of cocoa more than halved in 2018/19 and fell to 20% in 2019/20. The president of the cooperative desperately looked for another exporter, and they are now working hard to regain certification in 2020. They consider this path to be their only chance of survival.

**Comments on the ‘de-certification’**

The first case highlighted by the audit staff showcases the ambiguity in the ‘child labour’ debate. Two adolescents may help their father from time to time without being considered as over-exploited.

The second reason appears more serious. Many cooperatives permit unacceptable abuse of young children (particularly girls) by making them carry timber. This situation is not directly connected to cocoa farming, but it is nevertheless part of the cocoa village life. Suspension of certification may send a signal to villages, but in this case the cooperative did not necessarily deserve the punishment. The link to the pastor meant that the church could have been investigated.

This case illustrates the contextual and structural difficulties being encountered with certification schemes. To address the former, certification schemes and bodies do need to display some rigour which has been sadly lacking in recent years. For the latter, it remains difficult to identify and assess many certification conditions. Such challenges during an audit show how hard it is to demonstrate so-called ‘sustainable standards’.

*Picture 1. School children carrying wood.*
3.2 Production vs. consumption

The cocoa sector is special due to its concentrated nature. Production is particularly heavy in a few West-African countries whilst consumption is spread throughout the northern hemisphere. Only a handful of companies are responsible for processing the gross amount of cocoa beans worldwide.

Figure 1. Cocoa production vs. consumption.

Cocoa sector concentration also brings enormous reform potential, since ‘only a handful’ of companies (actors in general) need to be aligned in order to bring about major changes. Especially in the last decade, the cocoa sector has brought about some sectorial alignment with a reasonable standard of pre-competitive cooperation. This is reflected in the quick uptake of certification by the cocoa sector. As we can see in the flowing table/figure, the volumes of certified cocoa have increased rapidly in the last decade.

Source: Cocoa Barometer 2018
Figure 3. Development of certified cocoa (in total and by country).

Source: https://www.sustainabilitymap.org/trends
### 3.3 Companies involved in cocoa trade/processing and manufacturing

As mentioned above, very few companies are responsible for the worldwide trading and processing of cocoa. These companies make use of certification schemes (and their own sustainability programmes, as detailed in 4.4. below) to meet their sourcing and trading commitments sustainably.

*Figure 4. Source: Cocoa Barometer 2018 (Fountain & Hütz-Adams, 2018)*

<table>
<thead>
<tr>
<th>Companies: Certified cocoa* / used cocoa 2017¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>* certified or own project verified cocoa</td>
</tr>
</tbody>
</table>

**Trader/Grinders**

<table>
<thead>
<tr>
<th>Company</th>
<th>Percentage</th>
<th>Quantity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Barry Callebaut ³</td>
<td>36%</td>
<td>1,020</td>
</tr>
<tr>
<td>Olam</td>
<td>26%</td>
<td>950</td>
</tr>
<tr>
<td>Cargill ²</td>
<td>42%</td>
<td>750</td>
</tr>
<tr>
<td>Ecom</td>
<td>38%</td>
<td>593</td>
</tr>
<tr>
<td>Sucden</td>
<td>19%</td>
<td>500</td>
</tr>
<tr>
<td>Touton ⁴</td>
<td>22%</td>
<td>400</td>
</tr>
<tr>
<td>Cemoi ⁴</td>
<td>102%</td>
<td>31%</td>
</tr>
<tr>
<td>Cocoanect</td>
<td>100%</td>
<td>25%</td>
</tr>
<tr>
<td>Blommer</td>
<td>N.A.</td>
<td></td>
</tr>
</tbody>
</table>

**Chocolate Producers**

<table>
<thead>
<tr>
<th>Company</th>
<th>Percentage</th>
<th>Quantity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mondelēz International ²</td>
<td>35%</td>
<td>450</td>
</tr>
<tr>
<td>Nestlé</td>
<td>43%</td>
<td>434</td>
</tr>
<tr>
<td>Mars ²⁴</td>
<td>&gt; 50%</td>
<td>410</td>
</tr>
<tr>
<td>Hersheys ²</td>
<td>75%</td>
<td>200</td>
</tr>
<tr>
<td>Ferrero ³</td>
<td>70%</td>
<td>135</td>
</tr>
<tr>
<td>Lindt und Sprüngli ⁶</td>
<td>45%</td>
<td>128</td>
</tr>
</tbody>
</table>

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(¹) most companies referred to ICCO conversion rates: Cocoa butter 1.33, Cocoa paste/liquor 1.25, Cocoa Powder and cocoa cake 1.18  
(²) cocoa demand estimated  
(³) 19.16-31.8.17  
(⁴) 2016  
(⁵) 01.06.2016 - 31.05.2017  
(⁶) traceable and verified
3.4 Cooperatives (farmer groups)

As we can see from Figure 5 below, cocoa farmers are so poorly organised that some are not even aware they are part of a cooperative. (Bymolt et al., 2018a; Ruf et al 2018, Uribe Leitz & Ruf, 2015). This is especially true in the West-African context. Here many ‘cooperatives’ are de facto cocoa collection centres. One of the key reasons for poor implementation of the ‘cooperative’ (or producer group) concept is distrust of the cooperative’s management, lack of service provision to members and the absence of investment support for these organisations (Ruf et al., 2019). Historical experience is also relevant, as countries of origin (e.g. Ivory Coast) tried unsuccessfully to implement the ‘cooperative’ concept as a rural development strategy during the 70s (Yapo, 1989). This left a feeling of mistrust among today’s elderly and decision-makers within the cocoa communities. The situation is similar in certain Latin-American countries, for example Ecuador2.

Figure 5. Awareness of cooperative participation in Ghana and Ivory Coast.

Is anyone in your HH member of a producer group?

<table>
<thead>
<tr>
<th>Group</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ghana</td>
<td>10%</td>
</tr>
<tr>
<td>Côte d’Ivoire</td>
<td>40%</td>
</tr>
</tbody>
</table>

Source: https://cocoa-livelihoods-cocoa.kit.nl
(note to figure 5: ‘HH’ means Household)

However, today’s certification schemes require the creation of groups to represent and manage large numbers of farmers efficiently. Hence many ‘farmer groups/cooperatives’ now exist in the cocoa sector. As an example, we see below the increase in Fairtrade certified producer organisations in Côte d’Ivoire (light green), with the number increasing from 77 to 180 in just one year (2014 to 2015). Bearing in mind that Fairtrade is not the most commonly used certification scheme (that being UTZ), this gives a good indication of the ‘boom’ in cooperatives in Côte d’Ivoire as a means of accessing certification systems. This is relevant for this study, since it points towards a credibility issue behind the explosion of cooperatives, especially in Côte d’Ivoire. We interpret the creation of cooperatives as a means to achieving certification. However, if a cooperative stops receiving ‘certification rent’, its survival is immediately threatened, because the resultant premiums are essential for the survival of cooperatives. Cooperative dependency on certification funds calls into question certification schemes’ claims to provide a ‘sustainable standard’.

2 Jaime Freier Gonzales, expert in Ecuador pointed towards the same problems during the interview. However, in Latin America, some countries are known for big producer groups in the cocoa sector e.g. Perú.
Cooperatives in Côte d’Ivoire

The concept of ‘farmers groups’ or cooperatives can have very different meanings. In Côte d’Ivoire, ‘Cooperatives’ differ greatly in levels of professionalism and service provision for their members. In general, we can see some similarities that need to be highlighted:

- Service provision to the members is very low.
- Members do not pay or invest regularly (e.g. yearly) to maintain the group.
  - In many cases an admission fee is taken. However, the amount ranges between XOF 10 000 and 20 000 (19-38 USD). This is a very modest one-time contribution that does not allow the groups to accumulate enough capital to operate properly.
- Group management does not change over time.
- Communication channels between group management and members are through the so-called ‘paysan relais’ (PR), similar to a ‘lead farmer’. They communicate with the cooperative staff member in charge of the certification, who in turn communicates with the cooperative’s top-management. To close the communication loop, the top-management of the cooperative organises annual assemblies to report back to its members about developments in the cooperative.
- Member participation primarily takes place, if at all, through the Assemblée Generale (General Assembly - GA).

This Annual General Assembly is prepared by each group’s management and follows a strict agenda. During this event, the group management explains what has been achieved over the past year, how the finances have been organised, other group issues, and what steps will be taken in the year(s) to come.
Officially, there is an opportunity for any farmer member to stand up and express concerns or to raise any questions during such an event. However, even if a farmer raises a question or demands any service provision, it does not mean that this will be considered (implemented). Accordingly, the General Assembly does not seem to be very effective in truly giving farmers a ‘voice’ within their organisations which can genuinely lead to the implementation of their views or wishes. Consequently, the General Assembly is seen by many farmers as a formality as well as an opportunity to enjoy a free meal and a pleasant afternoon with other farmers.

3.6 NGOs and their business case

There are quite a few NGOs involved in the cocoa sector. Most are based in the global north, such as: VOICE Network, Solidaridad, Oxfam, World Vision, Lutheran World Relief, World Wildlife Fund (WWF), Rikolto and so on. These organisations are crucial in the sector since they play (at the very least) a dual role: they serve as watch-dogs for the entire industry while also providing sustainability certification. Without many of these NGOs, farmers would not be able to achieve (and/or maintain) their certification status. Hence, these organisations are necessary for the system to function efficiently. This implies that these NGOs’ business models are adjusted to this (and similar) sectors and therefore the interests of these organisations need to be considered when approaching the ‘certified cocoa’ sector.

NGOs from origin countries are not as present in the service provision of certification-related activities; one reason might be that origin NGOs are not as well connected with donors from the global north or that they are seen as less competent or credible than their northern counterparts.

3.7 All other actors

There is a wide range of organisations working in the cocoa sector. Many such initiatives have been a by-product of the crisis and the problems facing the sector. By creating diverse initiatives and by piloting different approaches, the sector has tried to address the sustainability challenges it faces. Many of these organisations have only recently come into existence. Rather than an exhaustive list, the names below provide just a brief overview of the actors and initiatives involved in today’s cocoa sector. However, this should be sufficient to demonstrate the amount of effort (and business opportunities) being expended around the cocoa-sustainability-complex.

- World Cocoa Foundation (WCF) - industry led initiative
  - Cocoa and Forest Initiative (Led by WCF, but in partnership with many actors)
- The Sustainable Trade Initiative (IDH)
- International Cocoa Initiative (ICI)
- International Cocoa Organization (government led initiative)
- Tropical Forest Alliance (TFA)
- Cocoa Forest
- National cocoa sustainability initiatives in Germany, Belgium, Netherlands and Switzerland
- Other national development agencies, which have programmes in the cocoa sector: GIZ, AFD, USAID, UKAID, SECO, etc.

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3 Some groups pay transport for PRs and délégés to attend the AG; however, this is not possible for all the ‘ordinary farmers’, who are informed about the assembly. All farmers attending receive a free meal.
Certification bodies (providing audit services), accreditation bodies (attesting the credibility of the certification bodies), capacity building providers (for both, farmers and the service providers), etc.

4 Certification schemes

4.1 Certification in general

Nowadays, most certification systems operating in the agri-food industry rely on the so called ‘third party’ certification system (Hatanaka & Busch, 2008). This means that there are at least three different actors involved, namely the standard setting organisation (also referred to as a certification scheme), the actor implementing the standard (normally suppliers and (in the cocoa sector) mostly smallholders) and a third-party, independent from the other actors, whose task it is to gauge whether or not the standard in question is being adhered to. Such actors are called certification bodies (CBs). Hence, this ‘Tripartite Standards Regime’ (TSR), as the chosen form of oversight, gives assurances in regard to a system’s independence and credibility (Hatanaka et al., 2012).

However, certification as a system has its flaws. The auditors, normally free-lancers hired by the CBs, are being paid for on-farm auditing of different groups, usually in remote locations. These producers’ groups are in desperate need of positive results from the audits, since this governs their continuing participation in the certified market. Hence, the auditor is exposed to a good deal of pressure. This implies that auditors need to be strong personalities with a very specific set of skills (agricultural knowledge, management systems, social auditing, etc.) and must be willing to travel long distances for extended periods of time on a continual basis. Additionally, in many cases the producer group hires the CB to undertake the audit and hence to provide them with a certificate. This scenario potentially calls into question the audit’s independence and credibility. At the same time, CBs should be accredited, which means that the CBs as controllers are also audited to demonstrate compliance with a range of competences.

The above mentioned flaws are applicable for any type of certification scheme in the agri-food sector (e.g: management systems, food safety certificates, good manufacturing practices, etc.), and hence these apply to the Fairtrade, ethical and sustainable certification systems too. Although these certification systems are intended to deliver improvements for smallholders, their livelihoods or to mitigate climate change or conserve biodiversity and the rainforest, the architecture of the 3rd party certification systems remains the same. The only difference is what the independent third party’s audit focuses on. For instance, during a food safety audit the focus is on the mechanisms in place to avoid food contamination (e.g.: bacteria or chemical pollutants), while during a Fairtrade audit, the focus is on the producer organisation structure to ensure democratic participation via a general assembly or equal distribution of the premium received by the group.

Hence, while talking about private certification schemes in general, it is important to acknowledge their limitations. In the context of the European Parliament, there must be a careful balance between the level of industry ‘self-regulation’ and the level of governmental oversight. In other words, considering whether the current setting provides the right incentives for all the stakeholders involved. For example, the main private certification schemes present in the forestry sector\(^4\) are not recognized as compliant with the EU timber regulation. Moreover, the private entities recognised by the European Commission as ‘monitoring organisations’ to oversee the EU timber regulation undergo a completely different evaluation than that for private schemes.

To conclude, while there is a certain connection between state regulation and private certification schemes, coordination between the two must improve, particularly to create a framework securing the

\(^{4}\) These being Forest Stewardship Council (FSC) and Program for the Endorsement of Forest Certification (PEFC)
intended results. This can only be achieved once we understand the current system’s limitations. Hence, in
the following sections we dive into the details of cocoa certification.

4.2 Certification in the cocoa sector

Like any other agri-food sector, the cocoa sector is confronted with the problems mentioned above. A particular issue with the certification schemes active in cocoa is the issue of accreditation, in particular when looking at the Rainforest Alliance’s history. However, the whole issue of accreditation bodies in the cocoa sector could very easily become a subject for future research and as such clearly lies outside the scope of this study. Suffice to say that in the cocoa sector, all certification schemes require their CBs to be accredited. Notwithstanding the general assurances that certification as a system can provide, in the cocoa sector wholesale improvements are certainly required. For example, at international level there are always cases of large, well-known CBs drawing negative press comments due to a certificate having been unjustifiably issued with important consequences for the safety of humans (sometimes resulting in death) and the environment.  

Within the cocoa sector and especially in West Africa, certification has been introduced and/or embedded within programmes over time. It may include various different components, but normally covers the creation (and/or support) of farmer groups, training of farmers and input provision (mainly fertilisers). Hence, within the specific context of these ‘certification programmes’, there are other ways of overseeing the farmers besides the TSR mentioned above: namely, project implementation. Moreover, all certification schemes, as discussed below, manage monitoring and evaluation of programmes to measure the impact their systems have on the sector. Finally, there is a loss of understanding (or a change in perception) alongside the cocoa value chain actors of what certification schemes are and how these bring an added value to producers when moving from Europe to countries of cocoa origin. The following box further elaborates on only one point, namely audits.

Box 3. Correlated myths of ‘audit’ and ‘sustainable cocoa standards’

Adherence to certification requirements is supposed to be verified through independent technical audits. Auditors are tasked with visiting cooperatives to check on the implementation of criteria in situ and through paper trails. A number of structural flaws emerge from the testimonies provided by a few ex-auditors in Côte d’Ivoire.

1. In most cases, a CB is chosen by the exporter. This puts an unavoidable implicit pressure on the auditor, as it is in their interest to be ‘less than severe’ in order to qualify for (lucrative) contract renewal the following year.

2. Another pitfall arises in the selection of farmers to be visited during an audit. Theoretically, the auditor randomly picks certain farmers’ names from the list of members supplied by the cooperative. In practice, if they try to do so, they are inevitably told by the cooperative management that these farmers are too far away and/or difficult to reach (e.g. ‘behind the river’). It may sometimes be true. However, in most cases, lack of time obliges auditors to visit farmers close to the cooperative. Such farmers align with the cooperative’s operation style and it prepares them for the audit in advance. The ‘selected’ farmer will have benefitted from some advantages which were not declared to the auditor (for instance a free weeding round before the visit or a preferential delivery of free or subsidised fertiliser).

[^5]: For an example on Brazilian mining sector involving the TÜV Süd certification body, please see: https://www.sueddeutsche.de/wirtschaft/tuev-sued-brasilien-drammbruch-ermittlung-1.4798212?referrer=push
3. Those CBs that wish to remain strictly neutral struggle to do so. The number and the type of criteria, their inappropriate or costly implementation (and its verification) make the job structurally almost impossible. For instance, theoretically, farmers should dig large holes in the cocoa farms every year and undertake some composting with pod husk mixed with other organic matter. However, it is so time-consuming that less than 1% of farmers implement this practice. Hence auditors (CBs) are obliged to ‘forget’ many other criteria by strategically arranging the audit at times when particular practices - such as the ban on insecticide spraying without masks and equipment - are not visible at farm level.

4. The three ‘misdeeds’ mentioned above have no direct short-term consequences and hence may not become evident for some time. For instance, in contrast to the claim by the Rainforest Alliance that certification can achieve reduced and reasonable use of pesticides, the system may actually lead to even more intensive use of pesticides and fungicides. Unfortunately, there is no independent manner of evaluating such impacts. Besides its short-term economic impact, the long-term impact on farmers’ health is not necessarily a concern for certification agencies and the chocolate industry supporting certification. Nobody is in imminent danger of death (unlike a certified dam which collapses and causes hundreds of people to die - as referred to in footnote nr.5 in the previous page).

These structural flaws within the certification/audit system make it impossible to assess particular certification requirements and open the door to structural falsification. This includes statistics and the presentation of ideological ‘sustainable cocoa’ standards which are not actually sustainable. However, there is very little evidence demonstrating their negative impacts and more importantly, no independent instance evaluating certification schemes.

It will take years, if not decades, of work on the part of independent researchers — publishing details of the system’s limitations and shortcomings — before the chocolate industry and certification agencies begin to acknowledge that the system is not working.

The following sections aim not only to provide some further insight into the implementation of certification in Côte d’Ivoire and Ghana, but also to highlight some of the peculiarities observed in these countries.

4.2.1 Certification in Ghana

Ghana’s traditional cocoa value chain starts with individual farmers who sell to local purchasing clerks (PC). Farmers normally have a sense of being ‘loyal’ to a particular PC, but they are free to sell to anybody they like (whoever has cash and/or offers the best price). The reasons for this ‘loyalty’ might be related to the good level of service that farmers receive from their PC, who (more accurately) is the representative of a ‘Licensed Buying Company’ (LBC). Consequently, a PC has a pool of farmers, from whom they usually source cocoa. Interestingly, when asked about the person (organisation) to whom they sell their cocoa, farmers refer to their group or trader, despite wide-spread ‘side-selling’.

Once a considerable amount of cocoa has been gathered by the PC, he will make a delivery to the LBC he works for. In turn, they pay the PC a commission per bag for their services and provide incentives for the individual farmers from whom the PC collects. Normally, the LBCs also pre-finance their PCs’ purchases.

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6 ‘Side-selling’ refers to selling cocoa ‘outside the group’ (although in theory, this should not be done due to the traceability and mass-balancing within a certified cooperative).

7 The amount of cocoa depends on the PC. Some PCs have their own warehouses, where they can bulk larger quantities (e.g.: 5-10 tons) whilst other PCs have very limited space >1 ton.
Further along the chain, the LBC is accredited by COCOBOD (Ghana Cocoa Board) for cocoa purchase at field level. Thereafter, cocoa supplies are taken to the ports for export.

It is within this context that certification projects have to be implemented. Hence, it is evident that the PCs have important roles to play in providing vital links between individual farmers and the LBCs.

\[\text{[\ldots] we mostly rely on the PC to get the lead farmers}\]^{8}\[\ldots]\]

\[\text{[\ldots] the PC (and 5 members: lead farmers and extension officers) decide who joins the project; they know these farmers and their farms}\]^{9}\[\ldots]\]

In order to comply with certification, farmers need to be trained and supported. This is undertaken by the PCs, who are supported by a ‘lead farmer’, the latter taking responsibility for training farmers and providing assurances that certification requirements are being followed at farm level. However, in reality the lead farmer can be the same person as the community’s PC.

Another basic component of certification is the grouping of farmers. This task has to be done through the PCs (supported by the lead farmers) who have direct contact with individual farmers. Thus, PCs and lead farmers normally have to convince individual farmers to join the certification projects. This leads to the creation of ‘farmer groups’ for the LBCs (or any organisation behind the certification projects). Managing the ‘farmer groups’ and complying with certification requirements at all other levels is the responsibility of the LBC (or the organisation behind the certification projects). In many cases, the LBC works with a partner for implementation of the certification project.

Having in mind the number of cocoa farmers who are active in Ghana, for the sake of effectiveness it is important that the process described above should be relatively simple. However, some of the projects visited did experience certain problems:

\[\text{[\ldots] during implementation the hardest challenges was to find the farmers themselves}\]^{10}\]

As well as the difficulty some projects have in locating their target farmers, the farmers themselves are then found not to have implemented what was expected of them. Some certification managers and service providers believe that the root cause of low implementation is not the farmers’ lack of knowledge, but the availability of inputs and PPP’s (Plant Protection Products) or even the social context, within which the practices should take place:

\[\text{[\ldots] normally the farmers know more than the people giving the training [...] the fermentation reduction is because of lack of financial means, not because they don’t want or (know how) to produce good quality cocoa}\]^{11}\[\ldots]\]

\[\text{[\ldots] chemical storage, for example, it is difficult for the farmers to make it or buy it. They cannot afford it and if done on a group basis, they do not trust each other, so they never achieve it}\]^{12}\.

\[\text{[\ldots] disposal of PPP containers; there is no garbage disposal in the entire country! How do you demand that in the field}\]^{13}?
4.2.2 Purchasing clerk

Purchasing Clerks (PCs) have a special position within the cocoa value chain in Ghana, so much so that they warrant analysis within a separate study in order to better understand the role they play. However, for the purposes of our investigation, this next chapter will be limited to outlining PCs’ responsibilities as key actors in the chain and their impact on certification.

In simple terms, the PCs are ‘field agents’ for the LBCs within each community. Each PC is ‘affiliated to one LBC’, on whose behalf he buys, bulks and sorts cocoa. They then deliver the product to the LBC’s designated central warehouse for storage, for later collection and onward transmission by the LBC. PCs are employed on a commission basis per bag delivered to the LBC. This commission is normally paid to the PCs after the main crop. In addition, each LBC provides certain incentive measures to ensure that PCs delivers cocoa to the organisation. These incentives can be tools, transport facilities for cocoa and, most importantly, timely cash availability (pre-financing) for the PCs’ cocoa purchases. Within this general setting, certain minor variations do of course exist.

Why are PCs so important when a certification project is being put in place? Primarily this is because the PCs are the first contact for farmers who are being certified and frequently ‘help’ in choosing the lead farmer, who then has later responsibility over certification issues. At the same time, a PC can be in charge of key traceability tasks such as printing the ‘drop mark’ and the certification logo on the final bags, since they know which cocoa is certified. Additionally, PCs have control over the master-books, which are the basis for calculation of the premium due to each farmer. Accordingly, they have powerful positions. Additionally, PCs may provide credit (to be paid later in the form of cocoa). If there is a need for fast ready cash, therefore, a PC is often the farmers’ first point of contact. It should be stressed here that because PCs are recognised as having cash, they also hold a special position within communities, with many others depending on them to a greater or lesser extent.

Regional ICS-manager: […] the PC has always more power since he is buying the cocoa, he has the money!

PC at Goaso: […] [certification] programme helps me to get more farmers […] that is why I got 85 farmers[…]’

The premium, has been promised but it has not yet been paid […] farmers are getting impatient. But farmers cannot go to another PC, because of the training, they have told them how to grow more cocoa and they have to stay.

This last quote suggests a very important aspect, namely ‘PC-loyalty’. This means delivering cocoa to the same PC and hence to the same LBC. PC-loyalty has been reinforced because of the premium, since this is the main incentive to sell only to one specific PC. In theory, if a farmer sells to a PC from another LBC, they cannot claim their end of season certification premium, because they have strayed outside of their own certification project. Accordingly, they maintain links with his own PC and hence LBC. Naturally, this situation is very hard to monitor.

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14 The drop-mark together with the certification logo on the bag - in the case of certified cocoa - are the basis for the traceability system. Based on this, cocoa is paid and recognised as certified (premium). Normally, each PC has their own drop-mark (with a number/reference), which they needs to ‘stamp’ onto each bag they deliver to the LBC.

15 Master-books contain all the cocoa deliveries by farmers (date, quantity of product, amounts paid and certification status!).
Box 4. Meeting a Purchasing Clerk

**In Ghana, Purchasing Clerks (PC) play an important role. Here we present one:**

Mr. Danso from Adankragya (near Bekwai) is a married father of four. He farms five acres of cocoa, from which he produces 20-25 bags (1280-1600 KG) per season.

Furthermore, as a PC working from home, he buys from 59 farmers who live in different villages (all approx. 1 mile away). He receives quality specifications from his LBC.

[… the quality is not difficult to reach, but they don’t have the means to produce it […]

Farmers bring the cocoa to his shed where the scale is located for weighing and evaluating. This is a ‘platform scale’, which he received as new from his LBC two years ago. He reports any problems with the scale to head-office, in which case staff come out to make a repair or maintenance visit. The government also periodically checks the scale and gives him a sticker to certify that it is working properly.

*Me* as a PC, I need to bulk. I combine it and sieve it and re-bag it. Around 5 bags are the normal amount for re-bagging. I register weight and volumes in the farmers’ passbooks and in my master-book. The farmers are selling cocoa all the time!

My top 59 farmers are the ones that attend the meetings; they take our advice and respect how I want the cocoa. I visit their farms and for them to join the society, I need to convince them. Farmers ‘go little to others’ (side-selling to other PCs), but only a little, very little. They always get fast cash.

With certification we need to teach the farmers and advise them. I need to make sure that what is being taught is being done. This helps to get better quality and higher yields […] October to December payment of premium because the beans are of good quality. I go to one village per day to deliver the premium. Some (farmers) take 10-16 bags it depends on what the passbook says, I calculate up-front how many each farmer should receive on premiums before they (Head-office, Certification manager and lead farmer) split the premium. July the (PC) commission is paid[…].

Mr Danso bought 502 bags during the season 2013/14, but this can be as low as 100 bags during a light season. He states that he is not obliged to sell to his particular LBC, but he wants to because his LBC’s collectors visit him at least every two weeks to pick up the cocoa. They also give him money every week to search for cocoa, together with empty bags. He has been with this particular LBC for 3 years and at the start received a package (tools, boots, etc.). He receives a commission of Ghana-Cedis (GHS) 3.9 per-bag (approx. GHS 2 347 for 2013/14) he bulks for the company.

As PCs we need a higher commission and better tools, for example: tarpaulines. One tarpauline cost GHS 800-900 --too expensive! But these are tools for trade, so company should buy.

Additionally, Mr Danso complains that for the farmers it is hard to buy fertiliser, especially around July, when they need to fertilise, but that at this time there is no money available. He thinks that the company (LBC) should help to provide financial inputs at the appropriate time. He would like to acquire 20 additional farmers on top of the 59 he has at present, and states that the premium helps stimulate more farmers’ interest.
4.2.3 Certification in Côte d’Ivoire (Ivory Coast)

One distinctive aspect in Côte d’Ivoire is the high number of farmer groups (cooperatives or associations) present throughout the cocoa producing regions. The size of the groups can vary tremendously, but generally they are considerably smaller than those in Ghana.

Organisations introducing certification in the Ivorian context have established their projects to reach out to certain farmers, based on their likelihood of putting in place the necessary arrangements to address the same concerns. Hence, all certification projects have the same components of capacity building (training farmers, of Group Administrators or Administrateurs de Groupe (ADGs) and some even train the groups’ management), incentive provision (provision of motorcycles, PPP, fertilisers, shadow trees, tools, etc.) and recovery of the certified product ‘versus a price premium’, all of this being subject to documentation through an official monitoring system:

- The traders (or organisations) behind the projects have established a contact among each group’s staff who reports directly to them, as ADG:
  - The ADG has all the information regarding the group’s daily operations, since he manages all certification-related issues.
  - The ADG can be paid directly by the traders, in which case there is no cost to the group, but under this arrangement group management has little influence or control over the ADG’s work. Conversely, if ADGs report directly to the group’s management, their costs have to be borne by the group.

- Traders manage (and/or hold) the groups’ certificates and:
  - Decide which certification system to choose, which certification body is responsible for auditing, etc.
  - Train staff or partners etc.
  - Provide additional materials such as shade trees, etc.

- Groups are bound to one trader for accessing the certified beans market; in other words, there is no free trade of certified beans at group level. Groups can sell their certified beans only to the project partner (trader). Other issues include:
  - Each trader has exclusivity clauses in contracts to ensure that ‘their’ certified beans are being sold to their operations.
  - The premium initially reflected only the product’s quality, there being no limit to the amount of cocoa that one group could deliver (within the requirements!).
  - However, a quota has now been introduced and hence there is a maximum amount of certified cocoa that can be delivered by each group, which is very easily reached.
  - Additionally, the amount paid as a premium may change after each season.
  - Group managers have no idea what will happen next year concerning the certification premium, the amounts of certified beans the traders will accept, etc. However, they are well aware that certification costs must be borne by the group, if this is not already the case (staff salary, audit cost, paperwork demanded, etc.).

There is general uncertainty surrounding the premium and consequently a lack of long-term stability.
The introduction of certification in the Ivorian context has also led to an employee increase at group level. This has led to the creation of ADGs in all cooperatives. Each ADG needs to have: basic computer knowledge, administrative skills, an agricultural/agronomic background, etc. At the same time, the role of Paysan Relais (PR), Farmer Intermediary, has been ‘created’, with those appointed having been trained to communicate with and instruct all project farmers on certification-related issues.

In Côte d’Ivoire, farmer groups normally have a delegate or ‘délégué’ who has a similar position to that of the PC in Ghana. The délégue is trusted by the cooperative to direct cocoa from the group’s farmers into the group’s warehouse. Additionally, they are the first contact point for all farmers within the group. In contrast to the PC in Ghana, the délégue is not given any cash to pay the farmers for their cocoa. This is the cooperative’s responsibility. The payment method varies considerably among the cooperatives and can range from bank cheques to cash at the farmer’s house.

Another interesting phenomenon in Côte d’Ivoire, which is hard to demonstrate due to the lack of baseline data, is a ‘shortening’ of the value chain since the introduction of certification. In basic terms, as documented within the certification system, beans are produced by a ‘farmers’ group’. However, such a group might comprise a number of cocoa merchants – formerly referred to as pisteurs (fixers) – who buy the cocoa at the farm gate and deliver it to the ‘group warehouse’ – whose owner was previously known as ‘traitant’ or ‘libanese’. These are the common names for the village level aggregators of cocoa. Hence, the traceability of cocoa is managed by the traitant, who (nowadays) holds the certificate for the farmers’ group. This re-organisation of the value chain has had the effect of eliminating many pisteurs, but it has also established many ‘farmer-groups’, which more accurately should be described as buying-groups.

4.2.4 Training of farmers

At each point within the certification knowledge transmission, it is necessary to find out who is doing the training. Furthermore, what skills are required to pass on such knowledge? Ultimately, it is important to consider the incentives for doing such work as well as the relevant contexts. This is necessary since all certification schemes (or certification programmes) rely on the training of farmers. If this first and very fundamental task is not being carried out, then we cannot expect to measure any ‘impact’ at farm level.

As another dimension to this training function, all trainers are allegedly being paid for their work ‘in the field’ and the tool for checking if any training takes place is an ‘assistance list’. This suggests that trainers themselves are not being directly assessed on the work that they do in passing on the knowledge in such a way that the farmers can apply it. From another perspective, the farmers are indeed being trained and a small percentage of those who were trained becomesubject to audit of their plots as proof of the knowledge gained. Of course, farmers’ failure to implement the knowledge required for certification is also a way of quality checking the trainer himself. However, since the gulf between training and implementation is so wide, it is not easy to link a bad trainer to poor implementation. Additionally, the incentives and monitoring for tasks are different. Training takes only a few minutes and farmers, as trainees, are then expected to react by working differently all year round on their plots for uncertain/unknown recompense.

In sum, the most important part of certification knowledge transmission - teaching farmers -, is being left to an actor (normally a lead farmer) who has many other things to do (he is a cocoa farmer himself) and little incentive to excel in this training role.
4.3 Certification as a source of employment

Certification produces an obvious impact along the entire value chain, namely the creation of employment opportunities. At each level enough staff must be taken on to satisfy all the tasks that certification requires (traceability, ICS/IMS, training, marketing, etc.). These work opportunities call for different skills, not least of which is the position of ‘certification manager’\(^{16}\).

At the same time, in Côte d’Ivoire most cooperatives also receive an ADG, who is responsible for managing all certification-related issues. This person needs a certain level of computer skills, as is the case with the documentation officer in Ghana.

Another sizeable, albeit seasonal, source of work is the execution of internal audits. To cover this high level of work, a number of arrangements exist which vary from national service workers (e.g.: recently agriculture graduates), lead farmers, trained farmers and full-time employees.

Finally, all service providers conducting certification-related activities have seen an increase in the number of employees. Regardless of the arrangements in place, certification has brought many new employees into the farmer groups or has at least introduced new positions that interact with the farmers.

So far, this phenomenon has been welcomed by most farmers groups since the funds to cover all the newly created salaries have been made available together with the working materials (computers, motorcyles) that these new positions demanded. The necessary funds were provided up-front as part of the introduction package for the certification project or were pre-financed and afterwards deducted from premiums upon sale of the cocoa. However, as time goes by farmer groups are starting to experience increased costs, especially since the certification premium (or external aid) has not increased but rather decreased in recent years. Many farmer groups are now being forced to bear the cost of new employees out of their ‘regular business’, which is in turn having an adverse effect on their financial situations. The following quote presents this position, as expressed by one of our interviewees:

**District manager (Ghana):** [...] we need money to do the project, we need to write and print a lot of things and without resources it is very hard to do, it hamstrung us!

As with other major issues previously referred to, the ‘labour dynamics/situation’ (human resources, skills, monetary compensation, incentives, etc.) related to the introduction of certification at farmer group level and other stages in the chain are beyond the scope of this study. However, this is certainly an aspect of the industry which urgently needs attention, since human resources are the backbone of any organisation and little is known about this topic within the cocoa sector.

4.4 ISEAL, the meta-standard

The ISEAL\(^ {17}\) Alliance is an umbrella organisation for sustainability standards. Although the ISEAL alliance was initiated on the basis of commodity-led standards, today its members are found within widely diversified sectors such as jewellery and golf-related activities. ISEAL’s core undertaking is to create a series of standards for ‘credible sustainability standards’: the impacts code, the assurance code and the standard setting code. Hence ISEAL can be regarded as a ‘meta-standard’ setting organisation. Furthermore, ISEAL provides a series of services for its members with the aim of ‘creating consensus’ about what is ‘good’ and ‘not good’ in sustainability standards. Moreover, ISEAL sets a political agenda, which is executed throughout the sector by bringing different institutions together. Thus the organisation can be seen as an institutional entrepreneur (Loconto & Fouilleux, 2013) through its coordination of various standards to provide specific benefits. This ‘resource orchestration’ creates a competitive advantage for the

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\(^{16}\) Referred to as ICS/ISM manager in Ghana or Administrateur de Groupe (ADG) in Côte d’Ivoire

\(^{17}\) Formerly named ‘International Social and Environmental Accreditation and Labelling (ISEAL) Alliance’, today only named ‘ISEAL Alliance’
organisations involved (Sirmon et al., 2011). For instance, ISEAL helps in creating and sharing knowledge among standard owners (Loconto & Fouilleux, 2013). Additionally, it codifies a standard model for transnational rule-making among various organisations (Dingwerth & Pattberg, 2009) and plays the role of ‘a market watchdog protecting the legitimacy of the sustainability standards movement’ (Reinecke et al., 2012).

In the cocoa sector, Fairtrade and Rainforest are market leaders and hence are further discussed in the following chapters. Both have ISEAL membership, communicated to end consumers via product labels. Although there might be further standards which could certify cocoa, those standards are not considered relevant in the cocoa sector.

4.5 Relevant standards in the cocoa sector

The certification business is flourishing and hence there are many standards available worldwide, which may be applied to diverse products. For example, when filtering the ITC standards map by ‘cocoa’, you will generate a list of 64 possible ‘standards’. However, this ‘list of standards’ needs to be handled with care, since the mere fact that a standard is listed does not automatically mean that it is being used by the industry. For example, the GLOBALG.A.P. integrated farm assurance standard lists T. cacao as a product that could be certified. However, GLOBALG.A.P. standard’s definition of their certification scope can be applied only until the cocoa pod is harvested. Since most cocoa farmers ferment and dry the cocoa beans (considered ‘processing’ steps under the GLOBALG.A.P. Standards), the GLOBALG.A.P. standard is, therefore, not relevant for the cocoa sector. Moreover, the ITC database has some double counting, in that it lists GLOBALG.A.P. ‘crops module’ but then separately refers to the GLOBALG.A.P. GRASP module as an additional standard. However, the latter module can only be combined with the crops module within the GLOBALG.A.P. certification system.

Furthermore, the International Trade Center (ITC) standards list includes most of the individual standards embraced within the ‘organic movement’. As we can see from table 3 below, the organic movement represents 3.1% of the total harvested area in the cocoa sector. At the same time, it is important to mention that the organic standards are very fragmented. There are many different consumer-facing labels, even though they are very similar in terms of content. We do not elaborate here on the different organic standards, but list below some organic standards merely for illustrative purposes:

- Pacific Organic Standard
- Naturland Fair
- USDA Organic Programme (NOP)
- East African Organic Products standards
- Bio Suisse Standards
- OFDC Organic production standards
- IFOAM Standards
- Soil Association organic standards

Conversely, company-owned sustainability programmes are relevant in the cocoa sector but are not included in the ITC standards list. Many of these programmes include external verification: an assessment using third party-audits. However, the companies performing those assurance services (and their exact

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18 The ITC standards map list 64 standards when filtering by ‘cocoa’ (as of 08.04.2020).
19 GRASP stands for GLOBALG.A.P. Risk Assessment on Social Practice and it is an additional module to understand (assess the risk) related to social components at the farm level.
scope) vary considerably. Since the nature of that approach differs from independent certification standards, it will not be further discussed in this report. However, for sake of completeness we mention here just some examples of company-owned programmes:

- **Cocoa horizons**, Barry Callebaut
- **Cocoa compass**, OLAM (based on AtSource\(^\text{20}\), OLAMs sustainability sourcing solution for raw products)
- **Cocoa Promise** - Cargill
- **Sustainable Management Services (SMS)**, ECOM group
- **Cocoa Life**, Mondelez
- Cocoa Plan, Nestlé
- **Cocoa for generations**, MARS
- **Cocoa for good**, Hershey’s
- **Farming programme**, Lindt & Sprüngli

The main three standards in the certified cocoa market are UTZ, Fairtrade and Rainforest Alliance. Additionally, as mentioned above, the ‘organic movement’ now constitutes 3.1% of the harvested area.

Table 3. Standards and their market shares.

<table>
<thead>
<tr>
<th>Label</th>
<th>Commodity</th>
<th>Area harvested in hectares</th>
<th>Change 2015-2017</th>
<th>Change 2018/2017</th>
<th>Share of total area harvested</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fairtrade</td>
<td>Cocoa</td>
<td>1,170,612</td>
<td>173.8%</td>
<td>62.1%</td>
<td>10.0%</td>
</tr>
<tr>
<td>Organic</td>
<td>Cocoa</td>
<td>362,800</td>
<td>74.1%</td>
<td>13.3%</td>
<td>3.1%</td>
</tr>
<tr>
<td>Rainforest</td>
<td>Cocoa</td>
<td>740,822</td>
<td>-11.6%</td>
<td>7.0%</td>
<td>6.3%</td>
</tr>
<tr>
<td>UTZ</td>
<td>Cocoa</td>
<td>2,706,596</td>
<td>125.7%</td>
<td>29.1%</td>
<td>23.0%</td>
</tr>
</tbody>
</table>

*Source: https://www.sustainabilitymap.org/trends*

These key standards have shown a fast evolution over time (Kuit et al., 2014). This is evident not only from the increase in their certified farmers (surface under certification), but also from the constant change in the content of their standards (requirements), their communication methods and their general operation. As an example, Rainforest Alliance and UTZ announced a merger process at the end of 2018 (UTZ, 2018), following which the new Rainforest Alliance standard is expected to be issued in mid-2020. This merger means the new Rainforest Alliance will govern approximately 30% of the total harvested area under its certification scheme.

When looking into the current version of standards displayed on the ITC maps, one can see that they all cover more or less the same topics, as shown in the following figure. However, in regard to the rather balanced number of requirements per sustainability area, a word of caution is needed. The way criteria are counted does not convey anything about their content. For example, the UTZ standard includes more ‘social’ requirements than Fairtrade does. Regardless of the technicalities covering each standard’s requirements, it is important to see how standards are presented to consumers (and users).

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20 Further information about AtSource is available here.
Below we present a short introduction to the different standards.

### 4.5.1 Rainforest Alliance - Brief history

This movement can trace its origins as far back as 1984, when a group of NGOs started cooperating. Originally, their certifications carried the seal ‘ECO-OK’. The group continued to grow, so much so that by 1997 the NGOs decided to create a more formal ‘network’. This gave birth to the current ‘Sustainable Agriculture Network’ (SAN) and the establishment of the label ‘Rainforest Alliance Certified™’ which was launched in 2001 and remains in use today. The growth of Rainforest Alliance (RA) has accelerated since its creation, with international retailers or processors such as Chiquita bananas and Kraft foods (supplying McDonalds UK) having sourced SAN/RA certified products from the outset. Many other retailers and brands followed suit, which has led to the wide range of products on retailers’ shelves worldwide which carry the RA certification ((SAN), 2015). SAN/RA’s growth has been considerable, particularly over the last few years. In 2006 total revenues amounted to USD 15 million, but by 2018 the figure had surpassed USD 58 million\(^2\).

Since its creation, SAN/RA has carried different versions of its standard(s). In 2008 mainly because of their commitment to implement and comply with the ISEAL’s Codes of Good Practice, they carried out a major revision of all their standards. As a result, updated versions were published in 2009, which included cocoa-specific local indicators for Côte d’Ivoire and Ghana for the first time ((SAN), 2010).

The RA label has differentiated itself from other standards – such as UTZ and Fairtrade – in the sector by stating that their standard protects or promotes a better environment (forest, soils, rivers and wildlife). Following the merger with UTZ, referred to above, four strategic pillars are being adopted within an overall restructuring of the organisation, which (for now) will still be known as the Rainforest Alliance:

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\(^2\) SAN(RA) Annual reports
1. Certification and Standards
2. Advocacy
3. Tailored programmes
4. Landscape and community

This indicates that even the standard setting organisations are diversifying their range of operation so that certification is not the only key activity. This is important, as we will see below.

4.5.2 UTZ-Brief history

UTZ Certified, the original title, has origins going back to the 1990s. Back then, its sole focus was coffee and it aimed to implementing ‘sustainable quality’. This concept proved to be very successful, and over time UTZ developed additional standards for tea, cocoa and later on, hazelnuts. Additionally, the organisation also provided traceability services to other SDOs such as the Roundtable on Sustainable Palm Oil (RSPO) (UTZ, 2015).

This multi-stakeholder initiative has been managed through a Supervisory Board and a Standards Committee. The positions within these bodies changed and/or increased in size over time, which helped to maintain UTZ’s independence up to the point of merger. Growth has been continual and accelerated, with income of around EUR 1 million in 2004 increasing to over EUR 24 million by 2017. Finally, UTZ distinguished itself from other SDOs by claiming that its farmers produced more responsibly and professionally over time, while intermediary actors in the supply chain have been able to demonstrate a tangible commitment towards sustainable production by sourcing UTZ Certified products. As mentioned above, UTZ and Rainforest Alliance are currently merging their operations.

4.5.3 Fairtrade Brief history

In 1988 Max Havelaar launched the first Fairtrade label. This initiative began with coffee from Mexico being sold at fair prices in Dutch supermarkets. The idea was so successful that it was replicated in many other countries while at the same time a huge diversity of business models arose around the Fairtrade concept. This inevitably led to a boom in the range of certified products and (most importantly) in certified volumes. In sum an entire ‘movement’ was created under the ‘Fairtrade’ banner.

Today this movement is so extensive that it is simply not feasible to mention all the organisations and labels it encompasses. For illustrative purposes we mention just a few examples here:

- Fairtrade-based chocolate brands, e.g.: Tony’s chocolonely or GEPA.
- The ‘Fairglobe’ label from Lidl (One of Germany’s major retail chains).
- The ‘Forum Fair Handel’ a German association, which brings together businesses in the Fairtrade movement in order to improve their market acceptance, for example by means of national Fairtrade-weeks (campaigns).
- The Fairtrade Advocacy Office, based in Brussels and with a mandate to advocate for Fairtrade-favourable EU policies.
- The World Fairtrade Organization, which created a guarantee system to verify members as genuine Fairtrade enterprises (which is demonstrated via yet another label).

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22 Original name was UTZ Kapeh, which means ‘good coffee’ in a Mayan language.
23 Source: UTZ Certified annual reports
24 More information on Tony’s chocolonely can be found here on their website.
25 More information about GEPA can be found here on their website.
26 More information on Lidl’s fairtrade efforts can be found here on their website.
Further ‘Fairtrade standards’ have emerged:

- Fairtrade USA, a Fairtrade certification scheme which was created as an independent entity out of Fairtrade International.
- Símbolo de Pequeños Productores (SPP27), a spin-off label by the Fairtrade coordination in Latin America.

Each of the organisations mentioned above has its own long history, hence we will not elaborate any further on their development. Likewise, each organisation has a different business model: some of which are based on label-based revenue generation and membership, or niche market recognition because of the ‘Fairtrade promise’ to the consumer. Paradoxically, the Fairtrade movement originated as a ‘niche’ market which aimed to create alternative trade organisations that provide high quality products to consumers in the global north, while ensuring high prices and better trade conditions for producers in the global south. However, the movement became so successful that today many Fairtrade products have entered mainstream markets and thus face price-driven competition.

The Fairtrade International standard evolved from the original ‘Max Havelaar’ standard into its current name in 2011 (Fairtrade_International, 2016a). This is the Fairtrade movement’s main active cocoa standard and hence forms the focus of our report at this point.

The latest development within Fairtrade International was the creation of commodity based ‘sourcing programmes’ that allow companies to commit to higher purchases of Fairtrade products. The sourcing programmes are then labelled with a Fairtrade mark (slightly different from Fairtrade certified products) (Fairtrade_International, 2016b). Moreover, Fairtrade International has become the first standard to offer a ‘Carbon credits’ standard and in so doing address climate change. This is being undertaken in collaboration with the Gold Standard28.

Fairtrade International’s main focus is on the producer groups and the assurance of ‘fair’ trading practices by means of fixed prices and premiums, hence development of the so-called Fairtrade minimum price and a Fairtrade premium29. Additionally, Fairtrade distinguishes itself from Rainforest (UTZ), organic and International Organisation for Standardisation (ISO) standards by means of its ‘trader’ standard, which sets out requirements for all actors in the value chain.

Assessing growth of the Fairtrade movement as a whole together with its revenue streams and donor support is quite complex, due to the various decentralised organisations. However, it is clear that the movement has seen considerable growth over the years.

For example, when looking at Fairtrade International, its income grew from around EUR 2 million in 2002 to EUR 21 million by 201830. At that point the German Investment Bank (DEG), the German Corporation for International Cooperation (GIZ), the European Union programmes (Switch Asia and DEAR) and ISEAL Innovation funds were all funding partners, a mark of the movement’s success in securing (mainly) governmental support. When looking into the National Labelling Organisations, the German TransFair e.V. is one of the most firmly established branches, with over EUR 22 million being registered as income in 2018. When looking at producer networks, for example the CLAC bundling Latin American producers, income declaration falls to around USD 3.5 million and lacks the direct support of governmental actors. At the same...
time, it is significant to note that only Brazil, India, South Africa, Japan and Kenya act as both producing and consumer countries in regard to Fairtrade certified products.

When looking into the latest cocoa numbers of Fairtrade International\(^{31}\), it is clear that West Africa is the major origin region, constituting 86\% of Fairtrade International total cocoa volume (260 thousand metric tons). The following increases have been registered since 2016: certified cocoa is up by 47\%, producer organisations is up by 39\% and the surface in hectares of cocoa is up by 62\% (hectares of cocoa). In total, Fairtrade International reports certified cocoa in 22 countries, which are located not only in Africa, but also in Latin America and Asia.

The resources available in support of the Fairtrade movement are diverse. For example, since its creation in 2012, the Fairtrade Access Fund\(^{32}\) has mobilised considerable support for consolidation. Despite this, the complexity of a decentralised movement continues and hence it is extremely difficult to track which actor receives what amount of donor support. Moreover, in attempting to understand how donor funds are distributed, it is hard to disentangle the exact expenditure within the Fairtrade movement that can be applied to staff costs, advocacy, smallholder support by means of training, various inputs and so on.

### 4.5.4 ISO 34101 series

Initial work on the ISO 34101 series started in 2011. However, development of the CEN/ISO (European) standard started only in 2013 with formal acceptance. Afterwards, the official processes ran until 2018. Following some further extensions, the standard was finally launched in May 2019 (ISO, 2019).

The series comprises four parts, namely:

- ISO 34101-1, Sustainable and traceable cocoa: Requirements for a sustainability management system.
- ISO 34101-2, Sustainable and traceable cocoa: Requirements for performance (Profit, People and Planet related).
- ISO 34101-3, Sustainable and traceable cocoa: Requirements for traceability.
- ISO 34101-4, Sustainable and traceable cocoa: Requirements for Scheme Owners.

This ISO is unique amongst current certification schemes in that it could be taken forward into legislation. At the same time, the new standard has been created with considerable input from existing standards so that many elements from private (ISEAL) standards have been introduced into the ISO system. An important difference between the ISO and label-standards is that the ISO allows for first, second and third-party audits with no necessity for any label to be presented to end-consumers.

That being said, it remains to be seen how industry actors and/or different countries implement and extend the standard. Currently, whilst West African countries are working on the first draft of a regional standard based on the ISO 34101 series, whether or not this will be linked with legislation is as yet unknown.

### 5 What do we know so far?

#### 5.1 Overview of the relevant literature and its main message

We reviewed the literature regarding cocoa certification via the Web of Science and Google Scholar and also included all reports found in the ‘grey literature’ that were available from companies and/or organisations active in the cocoa sector. We then made a chronological listing of publications to aid

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\(^{32}\) More information on the Fairtrade Access Fund [here](#).
understanding, which led to Figure 8 below. There were a low number of publications up to 2006, and between 2007 and 2009 there was some initial interest, with a significant peak between 2010 and 2014.

*Figure 8. Number of publications about the impacts of certification in the cocoa sector (or related) by year.*

![Number of publications per year](image)

*Source: the authors (Uribe - Forthcoming).*

We interpret the increase seen in Figure 8 above as resulting from the release of the ISEAL ‘impacts code’ in 2010. This includes requirements to perform *in-depth outcome or impact evaluations per year* and publicly disclose at least summaries of these evaluations (ISEAL, 2014). The following section elaborates on the significance of this for the entire sector.

### 5.1.1 Ownership of evaluation and why it matters

The appearance of so many reports within a specific timeframe, all displaying similar approaches and results, led us to consider more deeply why this had happened. Evaluation Theory tells us that any question which needs to be answered, along with its supporting ‘proof’, depends on who conducted the evaluation (Martinaitis et al., 2019). Accordingly, to produce an overview of the various publications by their authors’ role in the cocoa sector, we have created a classification of what is currently available (see figure 9 below). Here we find that 24.39% publications were commissioned by the users of the certification schemes and/or the certification schemes themselves. The biggest single classification is given to ‘descriptive studies of market and sector trends’ with 31.71% of the overall total. All told, scientific based publications account for a total of 43.90%, of which 30.49% are post-degree and 13.41% are at degree-level.

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33 See clauses 8.5-8.7 of the Impacts code for more details.
This classification sheds some light on why the publications came into existence. For the first group (24.39%), users of certification schemes, there is a need to measure the impact of their interventions in order to justify (and/or adjust) the use of certification schemes. It is clearly appropriate that these schemes should assess whether or not they are reaching their goals and hence whether or not they are delivering added-value to their clients. For the second group ‘descriptive studies and sector trends’ (31.71%), it may be assumed that the high number of publications is due to the agri-food network’s general interest in the subject. Whilst these publications do not explicitly assess the direct impact of certification schemes in the cocoa value chain, they are nevertheless indirectly related to them. Finally, the two scientific groups (30.49% + 13.41%) make it clear that this topic is important for their community – both as an academic exercise at degree level) or as a professional career interest at post-degree level.

How the results of any study are communicated is key to its outreach. Accordingly, we examine this issue further by segregating the types of publications (publications channels or formats). We see this as a proxy for the publication’s level of independence and the audience it aims to influence.

5.1.2 Types of publications

Figure 10. Types of publications  Source: the authors (Uribe forthcoming)
As we can see from Figure 10 above, the ‘report’ type of publication is most widely used. There are two potential reasons for this: firstly, the target audience is very broad; and secondly, the research methodology and publication channels are not standardised. Hence, readers should be cautious.

Although peer-reviewed publications comprise the smallest section, these should be regarded as being amongst the most important in offering an impartial and objective view. Additionally, they should make a contribution to the current knowledge level. Moreover, this reflects that publishing peer-reviewed papers on this topic is challenging, for instance due to methodological challenges (i.e.: the difficulty in creating representative samples for a robust causal-effect study on the impact of certification schemes on cocoa). Furthermore, it signals a lack of collaboration between the cocoa sector and the research community, in other words limited resources for independent research. Conversely, we must conclude that not much has been learnt from the ‘impacts’ of certification since there are so few peer reviewed papers among the publications.

Finally, degree level publications might have been carried out with academic integrity and generate important insights; however, it is questionable whether or not these reach the cocoa network, particularly the decision-making community.

In sum, we conclude that the certification schemes, due to ISEAL’s impacts code and the actors using these standards, successfully took ownership of assessing and communicating the results of certification in the cocoa value chain. Hence, within the cocoa sector itself, ISEAL has played a pivotal role through its impacts code, which has triggered (either consciously or not) a hunt for ‘positive’ evidence regarding certification schemes and their different theories for change. Even according to their more recent discussions about the ‘systemic impact’ that certification systems have, not much attention is being paid to the unintended and negative aspects that result from these systems. We see the root cause of this ‘systemic positive evidence creation’ in the way that ISEAL and its members work around fulfilment of the impacts code. Additionally, the way standards and ISEAL communicate about their monitoring and evaluation results is rather positive. For example, their blog on the ‘beyond certification’ report, does not contain a word of caution regarding the impacts of certification. They have been very successful in promoting positive results. This phenomenon starts with research assignments themselves which focus, for example, on an ‘enabling environment to achieve the fulfilment of the standards’. Finally, this observation points towards a more critical issue, which is the lack of independent holistic evaluative approaches looking at the totality of actors involved in the certification world and their outcomes. We hope that this report triggers the creation of such evaluations, which will of course need to be funded by a neutral donor, such as the EU.

5.1.3 What does the current literature tell us?

The high diversity of agro-ecological zones (differences in soils, nutrient availability, differences between cultivars, etc.), where cocoa is being produced make it almost impossible to have a ‘one-size-fits-all’ interpretation of implementing ‘good agricultural practices’ and thus certification schemes may have challenging criteria for cocoa producers (Uribe Leitz & Ruf, 2019). Taking fertiliser application, for example, it is necessary to know the soil composition and state, the farming system (full-sun versus intercropping) and the state of the plantation in order to determine whether and (if so) how much fertiliser is needed. Only when considering all these aspects is it possible to exploit the potential of fertiliser application on a cocoa plantation (Snoeck et al., 2016). From a manpower perspective (Selten & Peerlings, 2015), there are reports that certified farmers hire more labour than non-certified farmers and that they register more working days on their farms than their non-certified peers. Whether or not the cost of certification can be

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34 The blog is accessible here.
35 For an example, please see the white paper commissioned by ISEAL and WWF entitled ‘The systemic impacts of voluntary sustainability standards’.
covered by a cooperative is also not always certain, as reported by an analysis of the break-even points per cooperative (Giorgi Thesis et al., 2013).

Environmental aspects such as deforestation or the preservation of natural flora and fauna while intensifying cocoa production (increasing productivity per hectare) have also been the subject of analysis regarding certification, since this is an integral part of sustainability. In this context, it is found that in West Africa cocoa expansion has been achieved using ‘land consuming practices’ at the expense of the forest (Jim Gockowski & Sonwa, 2011). Many ‘protected areas’ (such as national forests) contain long established and/or newly established cocoa production sites (Bitty et al., 2013; Higonnet et al., 2017), something which occurs despite ‘awareness’ and ‘certification’ status, according to certain certification schemes. Others (James Gockowski et al., 2013) assume that certification practices have and will over decades maintain a positive impact (i.e.: planting trees, which will be harvested as wood in a few decades). In general, it is not clear to what extent certification systems contribute to improved conservation outcomes (Tschamkke et al., 2015).

Economic returns from certification have also been widely analysed. These are normally twofold. On the one hand good agricultural practices (GAPs) may lead to higher yields. On the other hand, no data can clearly prove that all ‘higher yields’ are sustainable and can overcome risks. In addition, it remains questionable whether or not yield increases due to the adoption of GAPs can be attributed to certification schemes. For example, some scholars attribute yield increases to farmers’ enhanced knowledge (Giovannucci et al., 2012; Ingram et al., 2014; Kuklinski & Adhuze, 2013), whilst others attribute yield increases to other factors such as higher input use or the cocoa plot being located on better soils – such as newly cleared forest (Lemeilleur et al., 2015; Ruf & Varlet, 2017). Moreover, being certified might give access to a premium and thus a higher profit (Giovannucci et al., 2012; Ingram et al., 2014; KPMG & KPMG, 2012; Krain et al., 2011). However, what all studies do share is a word of caution regarding the economic benefits for cocoa farmers. This is mainly due to methodological limitations. For instance, certification premiums cover only implementation costs (Glin et al., 2015; Uribe Leitz & Ruf, 2015) and thus economic benefits need to be questioned (Uribe Leitz, 2014b; Uribe Leitz & Ruf, 2015). (Nelson et al., 2013) conclude that the economic benefits (including premiums) are not sufficient to take cocoa farmers out of the poverty trap. Moreover, (Hütz-Adams & Voge, 2014) show that those farmers with the lowest incomes worldwide are those who depend most on cocoa as their source of revenue. Côte d’Ivoire and Ghana, which have strong government regulations in the cocoa sector (i.e.: on price and/or export) are the countries where cocoa related income is the lowest and hence where farmers have the highest dependency.

(Blackmore et al., 2012) argue that through certification farmers can improve product value, for example, by increasing quality or bringing about a differentiation within their commodity and thus achieve better market access. Although this may hold true, (Lemoud et al., 2017) identify a gap in market reach along with trade in sustainable products and thus they encourage better data collection systems that will promote accountability within sustainable (certified) markets.

36 For instance, severe pruning and the strong recommendation to keep only one trunk per cocoa tree may increase yields, (at least if the rainfall is favourable), or not. During a fertiliser trial, we found the opposite: ‘multi-trunk trees respond better to fertilisers’ (Ruf et al 2016, p 23). In addition, with only one trunk per tree, farmers do fear a risk of higher tree mortality in case of drought. To a certain extent they take better climate change into account compared to certification schemes and the chocolate industry. The latter made a mistake by requiring heavy pruning as a prerequisite to fertilisers. Until 2013/14, the policy of a major grinder was “We do not promote fertilisers for the time being. We do not want to increase smallholders’ debts before they master the GAP”. It was a noble feeling, adopted until they understood that fertilisation before pruning was necessary. Then there was a U-turn in their policy and they promoted chemical fertilisers and credit to buy fertiliser as much as possible. It is of course difficult to arbitrate between the necessary fertilisation and the financial risk but the sudden big effort of the industry to promote fertiliser credit after 2014, through the ‘certification vehicle’ generated financial risks for smallholders and may have contributed to the collapse of the world price of cocoa in 2016/17 (Ruf et al 2018). Finally, we may ask the question: do the chocolate industry and certification agencies tend to forget risk in agriculture in order to reduce their own risks on cocoa supply and businesses?
An approach to raise awareness of the externalities in cocoa production has also been made, for example, by (LEBASIC, 2016), who calculate that Fairtrade certified cocoa contributes to a reduction of the societal cost of 18% (when compared to conventional cocoa) in the cocoa supply chain from Côte d’Ivoire. However, this improvement still leaves a massive 60% of the societal cost unaffected by the Fairtrade cocoa beans. Similarly (Fobelets & de Groot Ruiz, 2016), calculate a 16% lower external cost for certified beans, whereby 92% of the external costs are borne during the cultivation phase.

Current studies also consider the three major methodological challenges: measuring outcome patterns, attribution in open systems and generalisation of socially embedded interventions (Ton et al., 2011). These hold true when analysing the impacts of certification on the cocoa value chain. Another major challenge is presented by discrepancies within available data and, most importantly, what exactly should be considered as a ‘successful impact’ (Hütz-Adams & Voge, 2014).

(Levy et al., 2017) review the impact of certification schemes in agricultural production on socio-economic outcomes but do not find enough evidence on the effects of certification schemes for producers. They also observe that different contexts significantly influence the causality of certification outcomes, and ultimately classify a significant number of reviewed studies as weak in terms of their methodology. In the same vein, (Waarts et al., 2013) highlight that most studies dealing with the impact of sustainability certification initiatives refer to the Fairtrade system and focus mostly on the commodity of coffee.

On a literature review, (Kuit & Waarts, 2014) are able to draw firm conclusions about the impacts of certification but only for the coffee sector, since data availability in other sectors, including cocoa, is too scarce. From 270 studies considered, only 31 were cocoa-related and of those only one study (about organic cocoa in Uganda) was considered to have a robust counterfactual element. Five further studies lacked a credible counterfactual element but had impact related data whilst the rest (25 studies) had a qualitative character, which did not qualify as robust enough. They found that reliable data regarding the cost of certification is lacking and any available data involves considerable fluctuations. For example, the ‘up-front cost’ for UTZ certification may vary between EUR 25-EUR 106 per farmer (Uribe Leitz, 2014b, 2014a; Uribe Leitz & Ruf, 2015) and the underlying assumptions behind the different data collection tools, although aiming to capture the same data points, are not able to capture data suited for this purpose and thus no further analysis is possible.

Other methodological problems are identified in current publications. For example, some studies have an extremely small number of observations and hence these contributions have no statistical relevance. Hence, their results cannot be extrapolated to the entire cocoa sector or the certification schemes being studied. These contributions are mainly degree-level theses, short time studies or similar research papers. Some examples are (Bethge, 2014; Dengerink, 2013; Jermann, 2016; N’Dao, 2012). Furthermore, creating ‘control groups’ can be challenging; for example (Waarts et al., 2015) estimate that approximately 40% of their ‘control group’ had participated in multiple interventions besides the one being studied (which points towards the high overlap of interventions in a region – this time Ghana), which thus makes analysis problematic. Another example highlighting this problem is the study of diverse populations being analysed – for instance migrant versus autochthonous farming methods instead of certification impacts (Kuklini & Adhuze, 2013). The discrepancy between farmers true actions or opinions and their ‘recitals’ (F Ruf et al., 2014) is another challenge. Indeed, farmers are frequently not aware that they are certified (CEval, 2012; Uribe Leitz, 2014b).

By comparison, there are more generic challenges related to cocoa growing regions. For example, these issues include long term underinvestment in cocoa communities and the consequences this brings in efforts to raise productivity (Berlan & Bergès, 2013). However, in concluding this section, as stated by (Loconto & Dankers, 2014) it must be remembered that ‘the evidence of the impacts of voluntary standards is still weak and the impact of voluntary standards is very context-specific’. Hence, the effects of private
standards need to be analysed much more widely so as to encompass, contest conditions, instruments and mechanisms (Alvarez & Hagen, 2012). Meanwhile, any results must be regarded with caution.

6 The view of the sector

This chapter summarises the ideas discussed with the different stakeholders, who were interviewed in the framework of this study. Here we identified two knowledge ‘spheres’. The first covers the immediate cocoa experts, where there is a consensus that certification did not deliver its promised impact and hence the sector needs to go ‘beyond certification’. Within the second sphere, we have the broader actors working with and around certification standards, where there is a clear belief that certification is useful in certain cases and scenarios, although these actors acknowledge that there are multiple aspects that can be improved.

6.1 Certification useful, but not impactful

6.1.1 Certification flaws, and some root causes

One inherent flaw within certification, in general terms, is its architecture. Only after ‘positive certification’ can a farmer enter the ‘certified market’. This implies that an audit has taken place and that the results have been positive. Many interviewees question this implication and many have suffered very bad experiences, for a wide range of reasons. Primarily, all information collected during an audit is difficult to cross-verify, or is easily corrupted because of the ‘human-factor’ (within a system which is prone to human mistakes). Comments were also made about the occurrence of ‘false cooperatives’, or farm audits taking place in towns/cities, unrealistically high numbers of audits completed in one day and the like. Moreover, it was stated that over time, the cost of implementing certification needs to be covered by the cooperative and many cooperatives are just not at a level where they can withstand such costs. Hence, particularly in West African countries the maintenance of certification is financially unsustainable and depends to a large extent on external support. Furthermore, the fact that there is no ‘free-trade’ of certified cocoa, but that certain quotas are being defined by traders, who also ‘own’ the certificates does not seem to present the best arrangement.

At the same time, some critics state that there is an inherent interest within the schemes to certify huge volumes – their revenue model is partly based on certified volumes – and as the certification bodies issuing certificates to their clients. Meanwhile, certification is seen mainly as a marketing tool (premiums being paid when the product becomes labelled/sold as such); paradoxically, it is ‘on-farm’ certification where producers are expected to reform. Only the Fairtrade ‘trader’ standard requires traders to change their practices.

Another aspect mentioned by civil society, service providers and farmer representatives was that ‘certification programmes’ have been poorly rolled out and also that certain schemes in certain areas have been misused by market participants. Hence, they have not achieved the necessary impact and caused an overall mistrust in the system (e.g. when a cooperative leader stole the premiums, when the training was not taking place, etc.). Moreover, many certification programmes have been rolled out as development aid programmes (or a component thereof) where a very specific modus-operandi created a certain dependence on donor funds to operate. This is a subsequent problem, which is now seen as the responsibility of origin-government officials, where many expect European countries to finance a multitude of requirements in the origin countries. Meanwhile, certification uses national legislation as its basis, although in producing countries legislation is not respected (at all levels); hence certification is caught in a vicious cycle, where law enforcement in a country is absent and where governmental actors are expected to implement it and at the same time expect a continuous ‘contribution’ from certification programmes. The perfect example is Ghana being able to retain a certain percentage of premiums with their current system. This raises the question of whether or not certification is the most appropriate
development tool. Why not label products as coming from development projects instead of certifying them?

One possible effect resulting from the implementation problems and the ‘learning curve’ that the standard owners need to overcome has been careful selection of implementing partners. In this process, far too many actors have entered the certification business. While most of these actors were learning and identifying their business niche, some did a poor job and many insights were gathered by the certification systems which continually try to update their standards/practices. However, today the result is that there are still a considerable number of actors who have been involved in the certification business and this inhibits change as all involved defend and lobby for their own interests. In this complex setting there is a lack of transparency, beginning at farm level, where cooperatives have non-disclosure agreements and are not allowed to share such ‘sensitive information’ with external parties, for example researchers.

From a more general perspective, some see certification as restrictive rather than empowering. Looking into environmental aspects, certification has also been criticised as being weak. This is because the deforestation crisis came into the cocoa sector with considerable amounts of certified volumes and because in West Africa, it is quite obvious that the ‘shade-tree’ requirements (not to mention the ideal agroforestry systems) are not being implemented to the extent required. Hence, ultimately, the reality on the ground has not changed very much with the advent of certification.

6.1.2 Positive aspects of certification

There are of course many positive aspects to certification schemes, as some of the following key comments attest:

- Certification is the easiest tool through which consumers, retailers and traders can secure a ‘sustainable attribute’ in the most easily manageable manner (from their point of view). It is a ‘yes or no’ tool. Particularly relevant is the transfer of responsibility to the certifying agents (standards) so that they are to blame if impacts are not delivered. This is the main benefit, since no private company (or government) wants to be held accountable for the precarious state of growing regions. Hence, it is a risk mitigation tool for all involved.

- Originally, certification opened up new markets; today it has largely become the entry into the market (gatekeeper) and hence price differentiations are hard to achieve.

- Certification indicates that a given producer group is able to coordinate a certain programme and provide a specific level of segregation for the product. It can be seen as a ‘maturity proxy’ for the cooperative as a business-partner, especially if the certificate is independently managed. It gives a sense of trust, particularly about its traceability system.

- Through certification programmes (some) assistance is provided to the farmers (training, inputs, and credit schemes). Some discussion/awareness on land-ownership is starting to take place. The living income (wage) discussion is becoming more and more relevant.

- Certification has helped put together a framework to build on. It has enabled cross-sectorial cooperation (e.g. Pre-competitive investments). Alignment of all actors is needed, especially consumer brands and governments, since these actors are normally the most disconnected from the reality at farm level; certification has helped bring everyone to the table. Additionally, certification enables us to raise the bar in the long term, following the discourse that ‘sustainability certification’ is a journey, not a goal. Hence, there are always new issues arising. For example, deforestation was not on the radar five years ago. Today it is a hot-topic and by always pushing for further efforts, there is the need to adjust requirements (and the assurance system) in order to address these aspects. The industry’s carbon footprint and similar issues will be the debates of tomorrow.
6.2 Solutions mentioned by the interviewees

Overall, interviewees mention the need to find the right ‘smart-mix’. This should ideally be a combination of regulations, private governance systems and voluntary company commitment, which seems to be the commonly accepted way forward. For this to happen, there is a need for fast proofs of concepts and experimentation with what works and what does not. The European Parliament should pilot different models to approach this situation. This could be, for example, by convening all the actors involved as a way of setting up and supporting nationally sustainable initiatives (as currently exist in Germany, the Netherlands, Belgium and Switzerland). Such initiatives, where voluntary agreements are being made and implemented in the value chain, could soon point towards the best ‘mix’ between regulation and private governance structures. If trust and co-investment opportunities were made possible between consumer and producing countries, then ideally there may be no need for a third-party auditing system. The objective should be to have a framework that establishes voluntary cooperation between origin countries and consumer countries. This would be aimed at reducing ‘free-riding’ within the chain and giving a sense of inclusion. In sum, there is consensus that a ‘one-size-fits-all’ approach will not be found. West Africa needs one particular solution (or several), while Latin-American and South-East Asia need other solutions. The complex reality of cocoa growing regions must be embraced in order to bring impact and drive change at farm level.

In general, all actors are pinning their hopes on digital innovations, particularly in relation to substituting audits with technological improvements. Such innovations may also help with current transparency problems as well as the cash-transfers (premiums) to farmers. Today’s technology can already enable ‘fully-transparent cooperatives’ in terms of their sustainability efforts, which brings an added-value to the sector, ideally to the point where government border controls could exclude non-traceable cocoa.

Some actors (origin countries and civil society) do see part of the solution lying in their support of cooperative structures and go so far as proposing tax reduction incentives. This is seen as a reliable way to bring a greater share of the market price to the farmers and ideally shorten the value chain (to the point where cooperatives would export directly).

Finally, the ‘living income’ notion was raised a few times during discussions and this is seen as a first necessary step in the right direction towards improved income for farmers. However, most actors are aware of the challenges that need to be overcome so as to implement this concept in agricultural settings.

6.2.1 Due-diligence legislation

‘Due-diligence legislation’ was mentioned repeatedly during our interviews. On the one hand, this might be obvious since actors behind the Voice Network due-diligence call were among the interviewees. However, on the other hand, besides the actors involved on that call, many other interviewees also mentioned the due-diligence approach as a possible solution when applied in combination with the European Parliament’s role. We summarise below the positive and negative aspects mentioned in this context.

Positive: Achieving compliance as a service provided by certification schemes – chocolate companies, especially small/mid-sized businesses, will not be able or willing to invest in due-diligence due to their lack of resources. Hence, they will pass the due-diligence compliance requirement on to somebody else in the value chain. The actors most capable of delivering this are the certification schemes.

Positive: Due-diligence legislation will force companies to invest in the due-diligence process and hence act accordingly in the event of risks, mitigating them accordingly and enhancing transparency by means

37 The Voice Network launched this call in December 2019. Barry Callebaut, Mars Wrigley, Mondelez, Rainforest Alliance and Fairtrade are all signatories to this call.
of publicly available reporting. Furthermore, it is assumed that due-diligence legislation would provide a more balanced playing field in the long-term since all companies in the cocoa sector would be forced to adhere to these principles. This would reduce the number of free-riders within the system. Companies could then continue to work together in resolving common-interest risks in a pre-competitive environment (e.g.: child-labour issues) and would provide a better environment within which to engage with governments as a formal requirement in the due diligence process. Apparently, there is consensus that a legislative component is urgently needed in the cocoa sector to be able to have an impact at farm level.

**Negative:** Major concern surrounds the exact form that due-diligence might take and how its ‘policing’ could operate in practice. While there seems to be consensus that through due-diligence legislation compliance should be made compulsory, it has to be expected that compliance judgements will be carried out honestly and thoroughly. Various interviewees mentioned that the current ‘National Contact Point’ (NCP) system is not robust enough to handle the issues at stake. There are many reasons why that is so. For example, the NCPs are embedded in different governmental settings. Hence, different competencies and sometimes even conflicts of interest have been witnessed in efforts to resolve certain issues. Furthermore, the NCPs only become involved when instances have been properly reported. When looking at the number of instances which have been filed in total via NCPs and their resolution rates, it becomes patently clear that this oversight system is not being used efficiently. Finally, there seems to be a need for civil society to be included as a watch-dog for the proper use of NCPs, to assess whether or not the right risks have been identified and most importantly whether or not the mitigation measures are ‘good enough’. This is a major drawback, since there are few actors within civil society who have sufficient resources and knowledge to be able to perform this task.

Another major concern is that due-diligence legislation might drive companies out of the riskiest areas, where producers need the most help. Hence, the problems would be shifted from cocoa to other crops. Assuming that the legislation is not commodity specific, it could imply that entire regions will be affected. Furthermore, cost implications of such a legislative arrangement could be problematic. Companies fear that they will have to expand legal departments at the expense of agronomist teams in corporate social responsibility (CSR) departments, which in turn questions the likely impact of this measure at farm level. Some companies will try to pass the due-diligence ‘paperwork’ on to their suppliers, who in turn will pass on the task to a lower level so that ultimately this will become part of farmers’ responsibilities. Hence it is feared that even more paperwork will be created than current certification schemes demand, if done properly for diverse clients and value chains.

In summary, the possible introduction of due-diligence legislation may open up a further business niche for the certification schemes. These are schemes which already see their assurance and traceability systems as the backbone of compliance with such additional measures.

### 6.2.2 Legislate the (meta-) sustainability standards

Another approach could be to include the tools being used to support sustainability claims as part of legislation. These are sustainability standards and/or ISEAL as a meta standard embracing the biggest players in the commodity sector. One example mentioned was the creation of an independent European oversight body, which would be responsible for overseeing the standards’ impacts (both positive and/or negative) as well as their claims. Such a body may already have an impact by publicly listing actors (including national agencies such as ministries or development programmes) that are having adverse impacts, as well as highlighting best-in-class practices.

Legislation needs to properly regulate the extent to which claims are being made about the impacts that certification schemes are having at farm level. Even broad statements such as ‘towards a more sustainable
value chain’ can create a misleading impression within consumer countries. The above-mentioned oversight body could then produce an official response to such misleading statements.

6.3 The view of the Conseil Café Cacao (CCC)

The position of origin governments is of course very important. Hence, we would like to draw attention to Annex VI, which is the response of CCCs to our initial question when preparing this study. The CCC clearly puts forward many downsides of certification; their observations go back far as 2009/2010 when they started noticing ‘certain shortcomings’ in the certification projects. Furthermore, the CCC highlights a series of structural and functional limitations of the implementation of certification. For example, unprofitability for smaller cooperatives, the delivery of certified cocoa without a valid certificate, blending of certified and non-certified beans, the difficult appreciation of cost and benefits of certification, etc. Rather than listing all of the arguments stated by the CCC, we have deliberately opted to include here a copy of the original letter, thus leaving readers free to judge for themselves the situation in the origin countries, through the lens of government officials.

Most importantly we want to emphasize the great effort that Côte d’Ivoire has taken in the last few years due to certification, for example by introducing and implementing two decrees in 2018 to approve the implementation of certification projects in their territories. Moreover, we would like to highlight the decision to create a regional African Standard for Sustainable Cocoa and herewith, the recognition that state intervention by origin countries is needed to regulate certification related activities for a positive impact at the farm level. This is the case since the ISO 34101 standard series (see point 4.4.4. above) was supposed to cover that vacuum in the standards’ world and apparently, this is not the case.

7 Certification through the ‘Premium’ budgets of the cooperatives

In this chapter we elaborate upon the cooperatives’ perspectives and challenges. Amongst a number of questions, we ask whether cooperatives shape the budgets for certification premiums or ‘Development Plans’? Is the existing environment even facilitated by certification? What is the true cost of human resources connected with certification activities that are passed on as expenses in these development plans (Annex 1)?
Box 5. Meeting between our research team and an ADG we know returning from the ‘bush’ to Soubré in our vehicle (March 2020).

This kind of unexpected meeting, with no formalities or interview papers, ‘frees up the floor’, as this faithfully reproduced exchange between the ADG and our team shows:

- Team: What are you up to?
- ADG: still ADG, at the same cooperative
- Team: What did you do in the bush?
- ADG: a ‘shade tree’ nursery facility for cocoa trees
- Team: for the cooperative?
- ADG: No! Can we move forward with the cooperative? Every time you want to bring something new, or simply enforce the programmes, everything is put aside by management for unspoken priorities and so my real role is to justify the expenses of those in charge who are not on the programme. Their personal expenses are the majority. You can’t grow with the co-op. I prefer to make my own nurseries that I sell to exporters. Last year they ordered me 13 000 feet and 27 000 feet for another And I also sometimes work for an international NGO.

Following an implicit invitation from this ADG, we hypothesise that qualitative interviews and a careful reading of these ‘plans’ will reveal many dysfunctions within the ‘exporter/certification/cooperative’ system. Understanding these functions and dysfunctions is our first key objective. At present, the reality of producers seems far away from what consumers believe when buying UTz/RA or Fairtrade cocoa (Lemeilleur et al., 2015; Uribe Leitz & Ruf, 2015, 2019). As elaborated in Chapter 5, for the past 10 years a dominant discourse maintained by statistical studies financed by the industry and/or certification agencies have created a rather positive image of certification and its impacts at farm level. It is now time to consider reality on the ground. Due to the lack of transparency in this sector, we believe that the only effective method lies by way of qualitative testing. It is a matter of going back to basics and gaining the confidence of a few individuals in the cooperatives’ management teams, along with auditors and exporters. Such an ‘anthropological’ strategy carries greater relevance and contributes to gaining insights more efficiently than statistical surveys of a large number of farmers and cooperatives, which will merely collect a large number of imposed statements. For example, this producer in the Abengourou region:

‘The cooperative gave me a XOF 50 000 bonus yesterday but told me to declare XOF 100 000 to the listeners who come next week’ - producer in the Abengourou region, December 2019.

These ‘development plans’ and ‘premium budgets’ are confidential and are normally kept away from researchers. Our team travelled in the south-western region of Ivory Coast to meet with ADGs and former ADGs as well as Directors of cooperatives. Our approach consisted of conducting interviews with cooperative officials, a few of which we found out to be disappointed with various operational difficulties. In time we managed to open up the conversation a little so as to obtain some information about these ‘development plans’ and ‘premium budgets’.

Due to the lack of financial resources allocated to this study, we acknowledge the qualitative nature of our approach; however, we can attest that the examples selected here present an accurate and genuine illustration of the general situation at farm level.
We look here at two cases in greater detail: (1) the 2017-2018 Fairtrade premium budget of a cooperative located in the west of the country (Annex I) together with (2) the 2017-2018 and 2018-2019 Fairtrade premium budgets (Annexes II and III), completed by a self-assessment report from another cooperative for the 2017-2018 campaign (Table 4 immediately below). We reproduce them here in extenso so that readers can see for themselves the principles at work in the use of the Fairtrade Premium, which is somewhat different from what consumers may believe when they buy certified chocolate. This is certainly not a question of cooperatives breaching the standards, since we would find more or less the same responses in the vast majority of cases, but rather failures in the system.
### Table 4. Cooperative 2's self-evaluation report for the 2017-2018 season

<table>
<thead>
<tr>
<th>Action: What actions have been taken?</th>
<th>Expenditure of the premium (in XOF)</th>
<th>Expenses Total (in XOF)</th>
<th>Self-evaluation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Input distribution</td>
<td>34 181 155</td>
<td>34 181 155</td>
<td>On March 08; 852 bottles of Paracao and 502 Callifan super were distributed. The objective was half achieved because not all recipients could have the same products, so next year we plan to resolve the situation.</td>
</tr>
<tr>
<td>Training</td>
<td>3 645 900</td>
<td>3 645 900</td>
<td>From 01 January 2018 to 17 February 20 training sessions involved 4 RPs. 1 contact person, 1 director, 1 accountant, 3 storekeepers, 2 SC members, 8 board members, 1 environmental officer, 24 internal inspectors and 132 producers Members requested to continue training and expand training activity to improve productivity; this will be addressed in the following year’s development plan.</td>
</tr>
</tbody>
</table>
| Missions and meetings                 | 7 875 000                            | 7 875 000              | 10 November 2017 to 28 February 2019  
  - 8 missions and meetings have been carried out in Abidjan including 1 by the Director in the context of finalising ambulance files 3 by the Deputy Treasurer in the context of the JNCE and the GA of RICE and a meeting at... |
the level of RICE, 1 by the PCA and the contact person in a high level meeting with FTA, 3 by the contact person in the context of the JNCE, of ICC 2018 and Dubai.

- 1 mission to Ghana by the SG and the WAN Convention contact person.
- 1 mission to Kenya by the CFA contact person and 1 mission to Ghana by the FTGN contact person. These missions were a success because we gained a lot of experience in partnerships and also promoted our cooperative and our soap.
- 5 missions to the sections by the SG the objective of building producer loyalty has been largely exceeded to the point where others want to join the cooperative.
- 1 mission carried out by a RICE officer on behalf of the Coop in Germany.

| Salary contact person | 2 100 000 | 2 100 000 | From 1 January 2018 to 31 December 2018. The salary of the contact person has been paid. No arrears are outstanding but efforts are still to be made by the Coop to increase the monthly net salary. |
| RICE contribution | 300 000 | 300 000 | From 1 January 2018 to 31 December 2018. XOF 25 000 have been paid each month; No arrears are outstanding; the objective of being up to date has been achieved. |
| FTA contribution | 2 010 000 | 2 010 000 | On 11 October 2017 the cooperative paid this amount into FTA's ECObank account. No arrears are outstanding; the goal of being up to date has been achieved. |
| Payment of FLO CERT invoice | 1 925 000 | 1 925 000 | On 11 October 2017 the cooperative paid this amount by transfer via the UBA bank to the FLO CERT account. No arrears are outstanding. The objective of being up to date has been achieved. |
| Office Supplies | 404 400 | 404 400 | 15 December 2017. Within the framework of the implementation of the child labour programme and office operation 30 boxes of reams were purchased, 5 boxes of pens, 30 archive boxes, 4 packs of cardboard folders, 4 markers, 2 |
stabilos, 25 erasers, 4 packs of pencils and this allowed us to carry out this programme.

| RMS Activity Budget |  |  |
|---------------------|-----------------|
| From 1 January 2018 to 30 February 2019 the monthly fuel costs of the environmental officer were paid correctly. PR premiums were paid on a regular basis; and The contact person’s communication costs have also been paid. The objective was achieved because the RMS is functioning properly. |
| 7 211 000 | 7 211 000 |

| Fitting out and renovation of the San Pedro office |  |  |
|-----------------|-----------------|
| 15 December 2017 to 10 February 2018. Paint cans and office furniture were purchased. This work has improved the working conditions of our employees and provided good visibility. |
| 1 519 000 | 1 519 000 |

| Expenditure related to the audit of FLO CERT And corrective measures |  |  |
|-----------------|-----------------|
| The auditor being unable access to our production area, we moved the whole team to be audited to San Pedro from 25 November to 2 December 2017: transport, accommodation, food and per diem for 9 people. From 15 December to 30 March, training and fuel expenses were given to environmental managers and internal inspectors to remove non-compliance and this resulted in the renewal of our certificate in August 2018. |
| 3 945 150 | 3 945 150 |

| IGA for workers |  |  |
|-----------------|-----------------|
| On 23 January all 35 workers benefited from this amount but efforts are still to be made by the Board of Directors. |
| 3 381 000 | 3 381 000 |

| Deposit for cooperative self-naming |  |  |
|-----------------|-----------------|
| Term deposit: this amount has been domiciled with SGBCI since January 2019. The objective of empowering the cooperative in the long term is being achieved. |
| 21 655 000 | 25 000 000 |

<p>| Training and IGA for 50 producers |  |  |
|-----------------|-----------------|
| This action has not yet been carried out and the XOF 4 950 000 is paid into the account of the Fairtrade programme lodges at SGBCI. (The study for the choice of projects to be financed and the costs per project have not yet been completed.) |
| 0 | 0 |</p>
<table>
<thead>
<tr>
<th>Action Description</th>
<th>Proposed</th>
<th>Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>School rehabilitation, purchase of school kits and bench tables</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Combating child labour</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Producer Premium</td>
<td>34 181 155</td>
<td>34 181 155</td>
</tr>
</tbody>
</table>
From these remarkably explicit tables which record the functioning and dysfunctioning of the existing ‘exporter/certification/cooperative’ system, we can understand the impacts of certification on the three major issues: child labour, deforestation along with the economy and well-being of cocoa farmers. In the following sub-chapters we elaborate on the individual topics.

7.1 Child labour (School approach and school kits)

The principle of supporting schooling in villages is decisive in the fight against child labour.

In our example (Annex I), support for schools by the first cooperative is limited to a ‘school kit’ budget line of about XOF 8 million from a total budget exceeding XOF 250 million. However, assuming the producers in this region have on average five children each (a low estimate), then since each cooperative comprises about 800 certified producers, this translates to approximately 4,000 children and hence expenditure of only XOF 2,000 (EUR 3) per child. This support is very low when in reality, one farmer spends at least EUR 35 per child, despite state support.

More fundamentally, the problem for children in rural areas is not supplies but rather access to the school itself. These are on average three kilometres away from the family house, which can be a challenge for some children (and their parents). However, even with only XOF 8 million, it would be possible to make a school with local materials. But it is more difficult to divert part of this XOF 8 million if a school has to be built. Even if new schools were to be built, the question remains whether or not these schools would receive enough teachers and enough resources to handle the number of children in need of schooling.

In the second cooperative, the budget lines posted ‘school’ for 2017-2018 and 2018-2019 are XOF 20.5 million and XOF 2.6 million respectively out of budgets of XOF 153 million and XOF 93 million ( Annexes II and III). However, the 2018 self-evaluation report states that the activity has not been carried out; XOF 4.1 million is set aside. Some XOF 16 million of the ‘school’ budget, therefore, seems to have been ‘overlooked’.

In summary, the inconsistency between available budgets and results at farm level raise many doubts. Moreover, certification programmes have contributed only very superficially to the fight against child labour and that is mainly through posters and leaflet distribution. A timely example of the lack of impact is the draft report by the NORC University of Chicago38 (Sadhu et al., 2020), which finds out that child labour has increased in Côte d’Ivoire and Ghana in the last decade.

In our opinion, except in recently colonised classified forests where the ‘worst forms’ of child labour can develop, the problem is sometimes exaggerated by the media and is managed as a matter of politicised communication. For example, first lady of Côte d’Ivoire Dominique Ouattara has been quoted in the news stating this report contains ‘flaws’ (Reuters, 2020).

7.2 Approach by ‘relay farmers’ or ‘community agents’

For the first cooperative, there is no explicit budget line on child labour. In the second cooperative, the lines are respectively XOF 5 million and XOF 3 million for the two campaigns ( Annexes II and III), but the self-evaluation report tells us that nothing has been done, despite a budget of XOF 3 million having been made available.

The ‘relay farmers’ or ‘community agents’ who are supposed to be at the heart of the cooperative’s action on child labour are in principle paid XOF 50,000 per quarter to cycle through poorly maintained dirt-roads to access the ‘cocoa camps’. This makes it very difficult to access the producers and to ‘sensitise’ them. In theory, these ‘community agents’ have to contact 10 families per month and report back. However, in reality awareness raising is almost non-existent. During our field work we sporadically see young officers talking about child labour in their own villages. In a country where more and more producers are buying

38 This report is intended to be launched by June 2020, the first results are based on a draft version available online.
motorcycles, a ‘community agent’ on a bicycle has no hope of generating any respect and consequently his message is never heard. Consequently, in practice these community agents simply fill out administrative documents to ‘brandish’ in the event of inspections, distribute bags of child labour leaflets and drop signs along the edges of the tracks leading to the plantations.

**Picture 4. Advertising and Programme Communication**

### 7.3 Combating deforestation

This theme is uncomfortable for cooperatives and the ‘farming world’ in general since the story of the cocoa boom is centred on deforestation. The subject lends itself to ambiguities that make it difficult to assess the impact of certification. Many exporters and cooperatives talk about ‘zero-deforestation’ programmes by distributing tree seedlings. These initiatives are laudable, but they are attempts at ‘agroforestation’ and in no way ‘zero-deforestation’. This confusion is maintained because it avoids talking about the very last parts of forest which can be found in the Bossématié forest. And which continues to be infiltrated and progressively destroyed with any new trees being planted effectively hiding deforestation. Moreover, the new agroforestry recommendations for agricultural services come up against the ambiguities of forest legislation and foresters’ practices. Under the pressure of environmental lobbying, industry and certification are navigating within a blurred and highly uncertain context.

### 7.4 ‘Zero-deforestation’

Despite the two cooperatives that we researched being close to one of the last supposedly protected areas in Côte d’Ivoire, neither of them includes a budget line explicitly addressing the fight against deforestation. The only reference appears in the self-evaluation report, with a line for the provision of vehicles and fuel to the Water and Forestry Department (plus a small envelope of XOF 500,000) for missions which are in principle paid for by the State. This is enough to fuel some doubts about management and objectives.

Independently of cooperatives’ ‘premium’ budgets, a recent tendency is for exporters and/or certification agencies to withdraw the certified status from cooperatives that are too close to a classified forest, because
they receive proof that parts of the plantations encroach upon classified forests. Hence, the most frequent reaction is for one cooperative to join forces with another cooperative further away from the classified forest and share the premium.

7.5 Reforestation/Agro-forestation

Here again, in the ‘development plans’ there is no budget line dedicated to ‘reforestation/agro-forestation’. However, we know that exporters have initiated seedling distribution programmes which are embedded as part of the overall certification programme. Independently from certification programmes, about 30% of producers would reintroduce trees by themselves in their plantations (Sanial 2015, 2019). Introduction of the cashew tree, for instance, reduces the mortality of cocoa trees during replanting and marks an excellent case of successful innovation by farmers (Ruf et al, 2019). Yet actions initiated by exporters, and supposedly relayed by cooperatives, have met with little support in recent years (Ruf and Varlet 2018, Sanial 2019). Barry-Callebaut’s recent initiative of in 2019 seems more promising but needs to be evaluated in the longer term (Guillet, 2019).

One of the explanations for this ‘reforestation paradox’ is that cooperative management does not really believe in raising awareness among producers about the reintroduction of trees. One reason may be that since the 1970s, state agricultural structures have been advocating ‘full-sun agriculture’. Moreover, they lack the ability to produce and disseminate tree planting schemes. More specifically in the area of these two cooperatives, the official institutions have imposed high density tree plantations, with the resultant abandonment of plots by these producers due to low yields. At least in this area, an agro-forestation programme through certification would require the official institution responsible (water and forestry service) to make a special explanation in the local area to avoid any confusion with the forced reforestation carried out previously.

In summary, there is a state of confusion between ‘zero-deforestation’ and ‘agro-forestation’ in the sector. Contradicting what the consumer is led to believe, certification does not contribute to the fight against deforestation; if anything, it may contribute towards agro-forestation.

7.6 Economy of the certified cooperative and holding

Originally, one of Fairtrade’s premium key objectives was to improve the living conditions of villagers through the modernisation of infrastructure. Using Fairtrade’s certification, the premium was to be collective and applied, for example, to finance schools and health centres, wells and pumps, possibly tracks, and so on. However, based on data collected in 2017, managers from around 40 cooperatives told us that they had made Fairtrade evolve by making its certification scheme accept a wider use of the premium. They argued, for example, that rather than pay for a new school, it was better to improve farmers’ income so that they could afford to send their children to an existing school.

Several cooperative managers shared with us the following breakdown of the Fairtrade Premium budget’s now recognised and accepted allocation (Francois Ruf et al., 2018):

A. 25% for the management/equipment of the cooperative.
B. 25% individual premiums for planters.
C. 25% for ‘sustainable cocoa’, implying fertilisers and phytosanitary products.
D. 25% for social investments.

These changes to premium distribution rules are now reflected in amendments to the standard(s) introduced by Fairtrade during July 2019. While it is true that producer organisations feel empowered by having the right to manage the premium funds responsibly, it is questionable whether or not the introduction of a ‘Surveillance committee’ within the cooperative structure will lead to any systemic
change in the way cooperatives are managed today. For example, in the case of the first cooperative, what is presented under the heading of strengthening the organisation (the purchase of a truck and the rental of an office) amounts to XOF 44 million or 17% of the budget. However, under the headings ‘environmental activities’ and ‘community activities’, we find the construction of a central store, the repair of a vehicle and the salaries of employees. These curious environmental activities bring the budget for strengthening the cooperative to XOF 105 million, or 41% of the bonus budget. It would be fascinating to systematically check who the official owners of the trucks on the car registration papers are.

Premiums to the producers are declared as XOF 65 million, so theoretically around the 25% expected. However, through multiple cross-checks, we have also discovered that very few cooperatives actually pay these premiums in full. We had started to show this in our 2017 study, and we continued to receive multiple testimonies to the contrary from many regions. In this particular case, we note a somewhat disturbing coincidence: the amounts in the three lines ‘input subsidies’, ‘construction of a central store’ and ‘employee wages’ also amount to XOF 65 million. Cross-referencing this finding with statements from the former ADG, there remains a possibility that the premium was in fact used to finance all or part of these three items.

In terms of chemical inputs which are supposed to contribute to sustainable cocoa, the only entry is that of ‘fertiliser subsidies’ for XOF 13 million, far from the expected 25% or XOF 65 million. But even this amount does not seem correct, since again in our 2017 study we mentioned that many cooperatives pay for fertiliser on credit against the certification premium, but are then reimbursed by producers, without the corresponding entries in official returns necessarily being written down.

Whether these doubts are fully verified or not, the premium share allocated to social activities -for the benefit of producers -is only a small portion. There is no school, no well, no dispensary, but a simple contribution of XOF 8 million for school kits and XOF 500 000 for medicine boxes, which amounts to only 3%. Once again there is no certainty about the real expenditure. The budget is for the 2017/18 campaign and the expenditure is posted for November 2018, hence for the following year. This is a hint about two campaigns to reduce declared expenses and reallocate them elsewhere.

In this regard, the differences between the second cooperative’s budgets (Annexes II and III) and its self-evaluation report (Table 4) confirm many doubts about the budgets. For example, the investment for social achievement, is shown here as covering the rehabilitation of a school, at XOF 20.5 million, or only 13%, but, as above, the report acknowledges not having made this expenditure.

We find the same coincidence, the same equality between the amount (XOF 34 million, i.e. 22%) for the distribution of inputs (plants, fungicidal pesticides and fertilisers) and for the individual premium supposedly paid in cash to the planter. This time, however, the self-evaluation report acknowledges:

> On March 08; 852 bottles of Paracao and 502 Callifan super were distributed. The objective was half achieved because not all recipients could have the same products, so next year we plan to resolve the situation.

A distribution on 8 March 2019 is very late and seems to have been organised in a hurry to reduce criticism of the certification audit. Its half completion and its postponement to the next campaign reinforces our hypothesis regarding a two-year distribution set to reduce the amounts declared and use them elsewhere.

The cooperative’s empowerment line is well-funded but has very little to do with empowerment, quite the contrary. It is about paying the membership fees to all ‘partners’: the Fairtrade Africa membership fee, the

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39 This is particularly difficult to demonstrate, since it would be necessary to match lists of growers with official values of annual premiums, which would then need to be compared with growers’ claims. Being fully aware of these inaccuracies, cooperatives will not provide this type of document. Moreover, if necessary, they ask farmers to withhold the truth from auditors. Such widespread deception stems from the conditions for granting quotas of certified/primed cocoa, delivered late by commercial agents, (and whilst as yet unverified, according to some cooperative management, this is sometimes conditional on sharing the premium).
RICE membership fee, the audit fees, not forgetting XOF 4 million for the ‘different partners of the sustainability programme’. At the same time, if the audit is paid for by the cooperative, it is understandable that some audits are comprehensive of the flaws of the cooperative or in other words, audits are not stringent. However, if the salaries and offices of the cooperative are paid for from the certification rents, it is because the cooperative is dependent on the certification and is, therefore, not truly viable as a cooperative.

For the second cooperative, another line of XOF 21 million concerns the ‘banking of producers’, is still classified under the heading ‘empowerment of the cooperative’. In terms of banking, the self-evaluation report shows that this is a term deposit (i.e.: a cash reserve for the cooperative). Such a precaution is understandable but has nothing to do with the banking of producers and it is unclear whether producers are informed about it.

Finally, the self-evaluation report cites an amount of XOF 8 million allocated to various international and local missions of the management teams; see RICE ‘on behalf of the cooperative’ and another amount of XOF 4 million, for which the report is, to say the least, informative:

- As the auditor was unable to access our production area, we moved the whole team to be audited to San Pedro from 25 November to 2 December 2017: transport, accommodation, food and per diem for 9 people.
- From 15 December to 30 March, training and fuel expenses were given to environmental managers and internal inspectors to remove non-compliance, and this resulted in the renewal of our certificate in August 2018.

In this case, the audit is carried out in San Pedro (by the ocean) and the cooperative pays inspectors to have its certificate renewed, clearly the absence of integrity in the certification system (to the extent of corruption).

7.7 Discussion

Among the co-operative managers, from the illiterate old president-founder who forged a destiny for himself by the strength of his own arms to the graduate director willing to live in the ‘bush’, not forgetting a young ADG or accountants full of good will, there are some very endearing and dynamic personalities at work here. The certification process helps to reveal these personal dynamics and it is certainly within the remit of researchers to highlight their contribution to the national economy.

However, these personal dynamics cannot withstand the revenue opportunities associated with certification which are being used to their personal advantage. ‘Cooperatives’ remain simple cocoa collection and selling businesses. The founders of cooperatives and part of their management teams (usually close in terms of kinship) are put in positions to improve their lifestyles and enrich themselves by capturing a share of the certification rent:

- Whereby the guise of ‘empowerment’ or ‘strengthening’ of the cooperative is being used, although it is instead a clientelist approach and involves dependence on the certification system.
- By shifting social activities of communal benefit to the advantage of the cooperative’s management.
- By taking a great deal of freedom between the declaration of budgets and their actual implementation.

Apart from cocoa collection, the only service that can be provided to farmers is the delivery of credit inputs, on which the management teams win in two ways: on the one hand they can play on the input credit and accounting lines so as to generate a margin on the premium, without risk; on the other hand the management teams can hope to increase cocoa tonnages and thus their income. Other possible actions and services that could meet the needs of farmers are almost non-existent and if they exist in terms of
accounting entries, they are more for show than they are reality. Self-evaluation reports justifying the discrepancies between the ‘development plan’ and the expenditure actually undertaken are particularly revealing.

That being said, the cooperative management is in itself the ‘victim’ of structural defects within the certification schemes criteria. For example, on environmental and ethical criteria, the cooperative management is well aware that the industry knows it cannot be audited and thus chooses its own auditing firms. This amounts to giving blank cheques to individuals who may not behave completely honestly.

Even if certification schemes continually make efforts to clarify their rules and strengthen verification, for example by including an acceleration of certification suspension for certain cooperatives close to classified forests or measures to reduce child labour, the management of international certification agencies seems to be far removed from realities on the ground. In short, there are a few cooperatives that operate strictly according to the rules and are capable of resisting structural temptations. However, from our long experience in the field it can be seen that, in general terms, mass certification systems such as UTZ, RA, and Fairtrade have all become playgrounds for corrupt operators along the chain involving perverse incentives and mis-communication. Regrettably, the producers are ultimately powerless. They are victims at the end of the production line, subjected to unwanted involvement in telling stories which are far from the truth.

Generally speaking, the term ‘sustainable cocoa standard’ promoted by mass certification does not reflect the truth. Any certification system, which is embedded in a relationship of self-interest and clientelism, provides no space for intervention on deforestation and child labour. Even ‘good agricultural practices’ have been designed without any scientific basis and do not take into account the interests of farmers. Take, for example, the fertiliser strategies launched after 2014/15. These alliances between exporters and with fertiliser companies (and in some cases credit mechanisms) are designed to over-feed cooperatives with fertilisers and plant protection products. Producers may ask for fertilisers, but it is always an effort to force consumption. Some use the argument that fertiliser increases yields and discourages the conquest of new forests. However, this is not correct. If forests are not properly protected (as is the case in Côte d’Ivoire), a ‘virgin forest’ attracts migrants’ sons and new migrants that may claim ‘ownership’ of it. On the other hand, if fertiliser has a real impact on farm yields (at least in years of good rainfall, Ruf, 2016) in the top two producing countries, Côte d’Ivoire and Ghana, then it also has a negative impact on world prices. This is exactly what happened in 2016/17. In the end, mass certification programmes such as UTZ/RA and Fairtrade do not improve incomes, but contribute to the impoverishment of most cocoa farmers, whether they are certified or not.

In the specific case of Fairtrade, its original form of allocating 100% of the premium to village infrastructure carried some purpose and visibility. However, its current status lacks credibility in that problems emerge between the spirit of what is intended and actual activity on the ground. For example, if a cooperative works with five or six sections, hence five or six groups of villages, and they intend to build a school, it is not easy to decide democratically how that should be done. However, if the General Assemblies could have been made to work with reasonable democratic management, a solution would have been found and after over a decade of Fairtrade premiums totalling XOF millions at farm level, some improvements should by now be visible. Unfortunately, this is not the case, leaving the farmers with cheap ‘school kits’ to be used as justification of premium expenses.

This conclusion is reached not only by examining a few documents presented in this report, but also after extensive discussions with cooperative managers and farm level actors who are disillusioned enough to have no fear of speaking freely. Clearly, without more evidence beyond what we have presented in our report, we could rightly be perceived as polemists. However, as we mentioned earlier, the number of available documents is limited since most are kept confidential — far from the principles of transparency as advocated and applied by certification bodies and industry. Opacity persists in certification and the action of exporters. To access the documents, scientific investigations are not enough. It is necessary to
adopt quasi-private detective techniques that cannot be repeated on a large number of people. To give an example of the extent of the lack of transparency and double counting taking place in the cocoa sector when it comes to certification, recent reports in confectionary news (Myers, 2020) stated that a study by Mondelez and Fairtrade revealed that sustainability initiatives had a considerable overlap since they added up to 2.8 million farmers being ‘reached’, when estimates numbers of farmers in Ghana and Côte d’Ivoire only add up to 2 million.

More could be added about fundamental flaws, dysfunction at all levels, biased systems, injection of vast sums without any real monitoring capacity, and conditions which leave room for corruption practices, potentially for over a decade. Current problems will be difficult to resolve. However, our study has at least addressed the key issues. Next, we move on to put forward a series of proposals.

8 Proposals

The heart of the problem with cocoa certification is that the consumer is led to believe something that does not occur in practice, or merely exists on the surface. The topics of the environment, child labour or a living income are marketing mechanisms in the global north but not a ‘sustainable’ practice in the countries of origin. For more than 10 years, the ‘virtual’ has prevailed over the ‘real’ and certification has boomed. The stories we heard were told in politically correct terms, presenting what certification could or should have been as opposed to what it really is. All of this is sustained by studies funded by the interests behind certification and by the system’s pressure on the words of producers. Rapid surveys now merely collect narratives from farmers as dictated by the cooperative management on behalf of certification schemes. Fortunately, the industry is now starting to react and begin challenging their returns on investments. For example, in the confectionary news reports on the joint study by Mondelez and Fairtrade, they recognise that ‘despite a huge investment of money, farmers are still living in poverty, it’s completely obvious something isn’t working and we want to find out what we can do differently in the future’ (Myers, 2020).

It is going to be very difficult to improve a system so distanced from the producers’ reality. We nevertheless seek to make some proposals, based on what producers and cooperative staff members reported. We start each time with the stakes for the different actors. We look next at the premium — the first illusion in the system.

8.1 The producer premium

In the chocolate industry’s strategy, from the very outset, the premium offered to certified growers in exchange for a specification was supposed to be temporary. As mass certification was extended, so eventually the premium would disappear. However, by 2012 our surveys showed that the main motivation for growers to enter a ‘project’ was still the premium (F. Ruf et al., 2012; Uribe Leitz, 2014a). Since then, our studies show that the premium is captured by the certification system (cooperatives, auditors, etc.) leaving only very little value for the producers themselves. Hence, ultimately our best recommendation is to abolish the current ‘premium system’ altogether. Industry and the entire cocoa sector should instead accept their responsibilities and start engaging in honest dialogue with consumers, politicians and financial institutions. Any successor to the premium-system must then, from an ethical point of view, be guaranteed to reach the cocoa producers themselves.

From a research perspective, we would welcome full transparency of the cocoa sector when it comes to the data available on producers, income, cost, etc. at all levels. Following that first step, research teams will be able to define their research questions and work on any conclusions they make.
8.1.1 Quotas and tracking of ordinary cocoa to be converted back to certified

The quota value and its period of application result from exporters’ decisions and usually apply only for a short period during November-December. This generates a structural dysfunction of certification. Many cooperatives then have to search for ordinary cocoa ‘elsewhere’ through a network of buyers, who are of course remunerated by a share of the premium, with a small percentage possibly trickling down to their farmers. Thus, eventually non-certified farmers can sometimes receive a small part of the certification premium. The cooperative then has to adjust the paperwork to assign non-member weights to members while giving away only part of the premium, even on what it actually delivered. Our studies show that, on average, the planter receives only half of what he is owed. Entire villages are not even aware that they are ‘certified’ and as a consequence receive nothing.

Having this in mind, we propose the introduction of an instrument that defines the quotas a priori and thereafter the season should be deemed to have ended. This would at least limit incentives to sell outside the cooperatives. Buyers of cocoa should take shared responsibility by means of proper purchasing forecasts, which are not detrimental to the producers.

8.1.2 Fictitious plants

In another study, we investigated 370 planters supposedly belonging to four cooperatives in the central-western part of Côte d’Ivoire. The lists of producers were provided by the industrialist, who had obtained them himself from UTZ. Of the 370 producers, 125 could not be found. Some had been able to travel but the vast majority were completely untraceable. Some had left the cooperative at least a year previously, others had never lived in the village where they were supposedly registered (the planters could be registered in several cooperatives without knowing it), and others had died. All these people remained registered as members of the cooperative. Of course, this inflates the accounting entries, and these growers will never complain about not having received the premium.

8.1.3 The difficulties of traceability

The agents in charge of certification at exporters recognise that there is something wrong with cooperatives’ paperwork. At the time of certification, the tonnage of the cooperative is estimated based on the number of farmers and cocoa areas. Sometimes it is measured, but often simply estimated, and the average yields applied to these areas. Each year, whatever the levels of rainfall or fertiliser use, the cooperatives send the same tonnage certified to the exporter. This seems to be 95 % or 97 % of the initial estimate: a perfect cocoa crop, with uniform yields from one year to the next and with no climactic hazards? Despite the computerised listings being confidential, we were nevertheless able to retrieve details from three cooperatives. The tables confirm the attempts to deceive the exporters’ agents. As an example, we looked at a cooperative of 820 farmers in the west of the country, with an average cocoa area of five ha per producer and an estimated yield of 650 kg/ha. For 800 farmers, the yields and the production recorded as ‘achieved’ are between 95 % and 100 % of the estimate. For about ten, yields are lower, between 50 % and 80 %. For another ten, at the end of the list, they vary between 170 % and 300 %. Even for someone unfamiliar with cocoa, these percentages, whether they are 99 % majority or 300 % minority, are not credible and reflect systematic manipulation of weights and premiums.

8.1.4 Certification contracts signed by the agents of the cooperative

A careful examination of the signatures on certification contracts would show that the majority of contracts are not signed by the growers but by someone in or close to the office.
8.1.5 Which concrete and radical changes?

Accordingly, the strategy is self-evident. In the face of these risky allocations of weights and premiums to growers whose identity is unconfirmed, the solution would involve a drastic reduction of uncertainty. Farmers want and should have their premiums. Even part of the management staff of cooperatives also express their discomfort with the frequent manipulations of premiums. Among the measures that could be taken to reduce this uncertainty and facilitate verification are the following:

- Find a way to suppress the annual quotas and last-minute quota confirmations, which automatically leads to falsification of records. If chocolate manufacturers really want to help farmers, they should take all the cocoa produced by certified farmers. If not, then they must at least announce well in advance how much cocoa they will take every year and make sure that cooperative members have reasonable information.
- List of producers: the names of the producers should always be accompanied by telephone numbers;
- Electronic scales with an ‘onboard’ programme to send the weight of cocoa and its price, as well as its premium entitlement, via internet or text message, simultaneously to all actors in the system:
  - producers;
  - cooperative management;
  - exporters;
  - and the certification body and certification scheme.
- Immediate payment of the premium, without delay, at the same time as the cocoa is produced, to reduce the risk of diversion;
- Programme of systematic evaluation of changes in production delivery compared to the previous year, to be made available to the producers;
- Upstream, the solution also partly involves plantation land registers, but this raises other social and political problems.

8.2 Cocoa and land certification

For decades, uncertainty in terms of legal land ownership has not been an impediment to cocoa investment. Contrary to theory, in the absence of any land title, uncertainty has been one of the driving forces behind the cocoa boom. This is because clearing the forest and planting cocoa trees was the only way for a migrant to gain recognition for the acquisition of a certain right to land. Hence, it was necessary to plant faster than one’s neighbour. On the other hand, the absence of formal land ownership in the forest, and, therefore, land rent, removes an economic barrier for the migrant, who has easier access to the land.

In the absence of formal ownership, this logic was partly built on the adage of President Houphouët-Boigny, ‘land belongs to the one who works it’, on which the arbitration of land disputes in the subprefectures was based. For the indigenous people who presented themselves as having an initial right to land, but who could not fight for very long against the State-supported migration push, the only possible strategy was giving up land. Paradoxically, it was when they sold and lost the land that they asserted themselves as holders of a certain land right, as (Dozon, 1985) understood it. But from their point of view, it was a transfer of land with a lifelong duty of recognition towards the Aboriginal community, who became the ‘tutor’ (Chauveau, 2006). This arrangement between villagers created the framework for the cocoa boom in Côte d’Ivoire, a relatively secure framework without formal land legislation.

But during the second or third generation, and under the pressure of demographics as well as political changes, the interpersonal relationships of tutoring are weakening. The migrant’s son no longer
necessarily acknowledges a duty of gratitude towards the tutor’s son. As a result, land uncertainty and land ownership issues increase. Both natives and migrants may fear losing land. Indeed, both may accept the emergence of land grabbing by corporations and managers, for example in the case of rubber plantations. The exploitation of various minerals could also change the situation for some cocoa growing regions.

This development is catching up with the actors in cocoa certification. One of the best examples is that of enclaves in classified forests, notably in the Rapides-Grah forest (between the Tai and San Pedro National Parks) where the State had officially recognised about ten enclaves of around 6,000 to 7,000 ha, which had in fact been entirely converted into cocoa (and some rubber trees), representing a potential of some 40,000 tonnes of cocoa (Annex IV).

The cocoa industry and certification agencies are, therefore, very interested in being able to certify cocoa from these enclaves, but for some years now can no longer afford to do so if the State suspends this recognition of areas authorised for cocoa. This suspension occurred in 2019 before the State re-recognised them. Immediately, at the end of December 2019, the certification agencies gave the green light to exporters, cooperatives and auditors:

Dear auditors,

Attached are the New Official Maps of Enclaves published by MINEF to be considered for projections before and during the audits. From now on, we will therefore accept applications for licences with producers in the enclaves delimited by these maps.

(Letter of 20 December 2019 from a certification agency).

One of the major exporters in the area wanted to undertake a systematic registration of plantations in certain enclaves, but the indigenous people were opposed to this. In fact, the indigenous people identified the danger of being excluded from future land titles, whereas recognition of the enclave was precisely their tool for building up a land rent, with a system of rentals to migrants.

In the western Côte d’Ivoire, industry and certification work almost exclusively with migrants. They were not interested in the indigenous people, who are too few and marginal producers of cocoa. For some time, it was not even clear that the industry and certification were aware of the indigenous people’s existence. With the enclave issues, indigenous people were able to invite themselves into the process. To a certain extent, the state, until then almost absent from the certification process, is becoming involved again through the land dimension and is slightly more interested in defining standards.

The state is itself caught in the historical contradictions of its decades-long policy of accelerating migration and has to adjust its stated policy of expelling infiltrating migrants (Annex V).

The land dimension has the advantage of having brought new actors and their respective interests into cocoa certification. At the same time, it highlights the social and political complexity behind the apparent technicalities involved with cocoa certification.

It is, therefore, very difficult to make ‘technical’ proposals in this area. The principle of land registration (but of a dynamic land registration, to be updated regularly if one wants to follow the farmers’ dynamics) seems unavoidable in an attempt to improve cocoa traceability. But it forces the industry and the certification agencies to delve into the heart of the contradictions within family plantation economies. The only

40 In Indonesia, in the province of Central Sulawesi, anthropologist Tania Li shows that the cocoa boom and public and private interventions in the cocoa sector are contributing to the economic and even physical dislocation of indigenous people (Annex 1). The analysis is not transferrable as it stands to West Africa, particularly because the indigenous people played and were able to play the schooling card very early on, but the almost universal nature of the progressive marginalisation of the indigenous people is obvious. Today, for the cocoa industry, what counts is the west of the country and therefore the cocoa in the hands of migrants.
A possible recommendation is to involve these family structures from the different communities in the mapping process.

### 8.3 Combating deforestation

Asking exporters and cooperative management to refrain from buying cocoa in classified forests should be attempted, but is likely to be only relatively effective. It amounts to asking them to give up cocoa to a competitor. As soon as cocoa is produced in a classified forest, it will arrive at the port.

Côte d’Ivoire has lost 16 million hectares of forest after decades of cocoa migration as the main driver of deforestation; the estimated remaining 2 million hectares are at risk. Massive clearing of ‘protected’ forests accelerated during the 2000s. Despite industry commitments, the process continues in 2020. For example, in Bossématié south of Abengourou, forest was literally saved by a GIZ project in 1990 (Ruf et al 1992). Unfortunately, the forest is again being actively infiltrated by migrants since the GIZ stopped the project in the 2000s. The loss is estimated at 20% with ‘clever migrants’ adapting their strategies to slowly clear the forest and be noticed at the last moment, when it is too late for the forest (Louvrier 2019).

Certification agencies did nothing against this massive infiltration and deforestation. Furthermore, they cannot do anything through their ‘certification criteria approach’ transferred to cooperatives. Once cocoa is produced in a protected forest, it is impossible to prevent it from arriving at the ports. Whatever the measures taken against cooperatives which are close to protected forest, it remains possible for them to bypass these measures and find a way to ‘certify’ this cocoa through other cooperatives. Similarly, automatically suspending certification when they are too close to a ‘classified forest’ is not necessarily the best strategy for exporters and certification agencies. If the classified forest is still a forest, which could still be saved (for example Bossématié south of Abengourou), that action should be taken but it will not be enough. If the classified forest has been converted into cocoa plantations for many years (e.g. the Bayota ‘forest’ north of Gagnoa or the Rapides Grañ forest, the measure has no real impact. It will not save a forest. But even in the first case, if the forest can still be saved, strategies are already in place to circumvent the sanctions. These include partnering with a more distant cooperative that will more easily recycle cocoa from the forest.

If the industry and certification schemes are serious about ‘zero-deforestation’ commitments, the only way for them to act is to contribute to protecting these forests and prevent infiltration in the first place. The most obvious and radical way to do it, is by contributing towards the management of these very last pockets of forest, by means of sufficient funding and working with the neighbouring population and local NGOs. In a sense, this approach is being piloted within the World Cocoa Foundation (WCF) ‘Cocoa Forest Initiative’; however, it remains to be seen whether their current approach will lead to real impact. In this context, our main concern is the oversight and the reporting of this initiative.

For instance, in the region of Tabou, close to the Liberian border, we were recently contacted by a big Kroumen family who is looking for a partnership with a company to clear some 500 hectares of old secondary forest with a rich biodiversity of plants and animals (which include some pockets of primary forest) and plant cocoa, rubber, and oil palm. It is close to the sea. It is likely that the removal of this forest will generate biodiversity loss and many environmental advantages currently provided such as protection against the marine winds. Hence, whether the cocoa forest initiative is able to save these last pockets of forest remains to be seen.
Picture 5. 500 ha of forest close to Tabou

Picture 6. idem
The only real way to prevent classified forest cocoa from ending up in bags of certified cocoa is to prevent forests from being infiltrated, cleared and planted with cocoa trees. We are not sure that this is the role of cooperatives. It is primarily the role of the State and its structures.

8.4 Reforestation, agro-forestation

As discussed in another section, the reintroduction of trees into cocoa farms is a step in the right direction, but has nothing to do with ‘zero deforestation’. Thus, it is a question of re-forestation or agro-forestation.

Among certification agencies, the Rainforest Alliance was the most advanced on environmental criteria. In the 2000s, RA had wanted to bring its criterion of 75 trees per hectare established in Costa Rica to West Africa, before becoming aware of the reality of the sub-region and going down to 25 trees and then eventually to 18. At this level, as the criterion included fruit trees that cocoa farmers had planted long before the arrival of certification, as well as spontaneous recruits of 20 cm, the criterion was de facto achieved.

During the years to 2010, the majority of exporters had started to introduce seedlings (with or without certification) but were generally not successful. They were distributing plant species indiscriminately, neither considering what could interest the growers nor providing growers with any information about the possible application and usefulness of the (often exotic and unknown) species. (Ruf and Varlet, 2017). The fear of the forester coming to destroy cocoa trees in order to remove a tree also remains. Elsa Sanial concludes that there is an agroforestry paradox in Côte d’Ivoire: ‘on the one hand, producers adopt various agroforestry practices without supervision, and on the other hand, projects promoting top-down agroforestry systems encounter difficulties in gaining the support of producers’ (Sanial, 2019, p. 273).

In 2019, through its network of certified cooperatives, Barry-Callebaut distributed tens of thousands of seedlings, mainly forest trees (frake, framire, Tiama, etc.) plus a few Akpi and others.

For the moment, Alex Guillet (2019) concludes that the cooperative plays an important role in the acceptance of tree seedlings by producers, a combining education with the ‘carrot and stick technique’.
Scare producers with talk of climate change and then tell them ‘If you don’t take the tree, we’ll take away the premium’.

Acceptance rate for the seedlings exceeded 90% of producers and the cooperative then emerged as an effective vehicle for replanting trees in village cocoa farms. This project was visibly used by the cooperative management, which then appeared to meet the exporter and certification requirements.

On the positive side, planters are less afraid of foresters as the programme is run by cooperatives and a multinational company. They feel somewhat protected. They have expressed demands for wood species such as Tiaia and Mahogany. There is also a peasant demand for Iroko, (a high value but slow growing tree) for their children, which demonstrates, if need be, the heritage strategies of the village planters. However, Barry-Callebaut could not meet this demand because the Iroko is officially considered an alternative host for the swollen shoot scale insect\(^{41}\).

10% of the producers surveyed say they do not know what to do with the trees and are waiting for information. These doubts are particularly evident among the planters who had their trees planted by teams from the cooperative and did not do so themselves.

So far, this latest experience of Barry-Callebaut is more positive than anything that has been done before with certification. When the exporter takes the project seriously, the cooperatives also pay more attention to it.

**Nevertheless, two proposals arise:**

- Devote expertise and funding to the external evaluation of these agroforestry projects conducted through networks of certified cooperatives,
- Involve to a far greater extent local NGOs who are able to focus on this task with a good knowledge of farmers’ needs and strategies and precise specifications.

8.5 **Agricultural practices and certification**

Several farming practices are developed in the certification criteria with the aim of increasing cocoa yields, without taking into account the interests of consumers and producers, for example:

- The pressure on producers to harvest twice per month instead of once may allow them to gain 3% or 4% in yield but ignores the drop in labour productivity which has become the limiting factor. They would lose income per working day. But the cocoa producers do not only grow cocoa.

- The pressure to ban herbicides has an environmental basis but ignores the labour constraint that forces producers to use them in cocoa farms, particularly for replanting cocoa and that contributes to food security by allowing the development of lowlands in rice fields.

- Seeking to impose drying on raffia palm racks to improve quality ignores the disappearance of raffia palms in many regions.

- Seeking to have compost pits dug each year from pod shells is unfeasible in the gravel soils of Côte d’Ivoire, while no study has shown its impact on production.

These components of the specifications are unsuited to the constraints of cocoa farms and hence they are not respected. Despite the pressure of ‘school fields’ for a few years (now almost abandoned), adoption rates must now be less than 5%. But this has had no impact on the regularly renewed certificate. One must

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\(^{41}\) Or conversely, would the cocoa tree have become the alternative host after the gradual disappearance of trees such as the irokos? The stakes involved in the contribution of such a valuable tree to peasant ‘reforestation’ seem high enough to reconsider this denial. Irokos are no longer found in cocoa farms in Ivory Coast.
conclude, therefore, that in the case of agricultural practices, this is another example of certification in the virtual world.

As discussed in other sections, the only agricultural practice on which exporters and certification have had an impact is the adoption of inputs, pesticides and (from 2014) fertilisers, through transport facilitation and access to credit. Indeed, West African cocoa trees need fertilisation, but the race for fertiliser and fertiliser credit has most likely played a role in the production leaps in Côte d’Ivoire and Ghana, contributing to the fall in world prices and thus to the impoverishment (and possibly indebtedness) of producers.

The ‘cooperatives’ link is very well adapted to this fertiliser sector, which enables it to increase its income. With few exceptions, cooperatives never participate in developing producer innovations in organic fertilisation, which is becoming more and more necessary and reduces costs per hectare.

In terms of agricultural practices, our proposal is that certification contribute to developing organic fertilisation, through local channels.

8.6 Training of out-of-school children

A country such as Côte d’Ivoire is full of out-of-school and economically inactive youth. The country and the cocoa sector should turn this problem into an opportunity. Rather than ineffective ‘school fields’ or even ‘coaching’ sessions that are nothing more than a return to former personal agricultural advice that is supposed to be addressed to established farmers, it is better to act with the next generations. There is a lack of practical agricultural schools and a lack of realistic education. This could be one of the main duties (tasks) of cooperatives. If churches set up schools, cooperatives can develop an agricultural component of school (or even build and run one?). This could help young people benefit from the heritage built up by their parents or grandparents for years to come.

8.7 Support of certification to the family unit

‘There is no agricultural solution to the problems of agriculture’, Professor Malassis used to say in the 1970s. To paraphrase him, we would say that there is no cocoa solution to the problems of cocoa farming, including no sustainable cocoa farming without including family farming and the family issues. Instead of increasing the risks of farmers by pushing them into credit, chemical inputs and cocoa specialisation, certification should focus on reducing the risks of family farming. This is the first factor of ‘sustainability’. The first step is to detach oneself from the interests of multinational cocoa companies and focus on the other ‘speculations’ of cocoa producers. It is always fascinating to see cocoa and rubber cooperatives rubbing shoulders in the same village. It is also a question of taking into account the different members of the family. We have just mentioned above the importance of reaching out to young people who have dropped out of school in order to make them want to start farming again and find a balance between autonomy and support for the family farm. The consolidation of women’s incomes, in market gardening, food crops, but also in cocoa, particularly in the post-harvest phase, could be the subject of specific certification programmes.

The living income discussion so emphasised by the ISEAL community, and now supported by a handful of European countries, tries to move the discussion in this direction. However, whether or not this approach will yield any results needs to be considered in a few years’ time. Proper monitoring should be implemented at the early stages of the project in order to avoid its living income discussion ending up as a time-consuming exercise with little impact.
8.8 Recognise private governance mechanisms

There is a need for official recognition of a private governance mechanism, within which certification could be featured. By doing so, it would be possible to develop a working plan, where multi-stakeholder initiatives are synchronised with (inter-)national regulations to achieve a meaningful contribution. If this could be done, then there is a need for the following:

- Enhancing capacity in Europe regarding the interplay of regulatory and private governance mechanisms. Put differently, training is not only needed at the farm level, but also in the consumer countries. This would fine-tune the delivery tools (such as certification) and also question where these are needed in the first place. Many people work in CSR and sourcing departments as well as governmental offices, policy personnel and staff from donor organisations. If these actors could be given a better understanding of the system and the implications of certain measures, one could achieve a more efficient system.

  - The above would inherently lead to a restructuring of the current certification schemes. Although this might be happening to a certain extent, it is probably neither at the speed required nor in the right direction.

  - Actors will then engage with diverse purchasing practices and or sustainability initiatives and scale those up, for example by shifting purchases towards a whole range of products originating from a ‘verified sourcing area’ or other alternatives.

8.9 Review certification impacts and approaches worldwide: the example of Indonesia

Indonesian Background

In the 1990s/2000s, Indonesia experienced one of the most powerful cocoa booms in the history of the commodity. Cocoa began to be planted under already established coconut palms (more occasionally under fruit trees), in the rich alluvial/coastal plains and then massively expanded by clearing tropical forests in other plains and more actively in the hills of the hinterland, mostly as a pure monocrop, without any shade. Many factors can explain the boom, including the free market and absence of taxation during many years (Ruf 1993, Ruf et al 1995, Akiyama and Nisho 1995). One inconvenience is the instability of producer prices which can change every day. The big advantage for producers lies in being able to benefit from much higher prices than are available to their West African counterparts.

Despite advantages such as the abundance of rich alluvial plains and no taxation over a long period, Indonesia is also experiencing one of the more rapid cocoa recessions: from a record high close to 600 000 tons, it dropped to 200 000 tons in 2019. Among many factors explaining the recession, playing a major role is an outbreak of pests, mainly the cocoa pod borer (CPB) (F. Ruf & Yoddang, 2014).

The villages of Noling (South Palopo) and Lembah Subur (Ladongi) used to be major cocoa production centres in Sulawesi, with some very high yields (around or above 2000 kg per hectare in rich alluvial plains) especially in Ladongi. As with all other regions of Sulawesi, yields started to collapse with the CPB infestation but some farmers sought to rebound by using clonal material (frequently built by farmers). Some were successful but the majority failed, especially in the hills. Consequently, they are now shifting to other crops.

The emergence and failure of ‘sustainable cocoa’ certification

In 2013, we did two preliminary surveys on UTZ certification in the vicinity of Polewali and in Ladongi, which led us to the following conclusions:
Behind the declared objective of promoting ‘sustainable cocoa’ it was very clear that the main objective of the two exporters involved (one alone in Polewali, the other one alone in Lembah Subur) was to build a kind of monopoly based on the local cocoa supplies. They tried to use the certification premium to build a network of training as a tool to attract farmers. It proved difficult to achieve.

Financially, local middlemen were very active and proved to be efficient and excellent competitors. The premium, which was not high enough and rarely paid, could not help exporters to compete with the efficiency of local middlemen.

Technically, smallholders were better cocoa experts than technicians sent by exporters or enrolled by the NGO in charge of the implementation.

Environmentally, it was difficult to understand the relevance of certification. Cocoa was still expanding in the hills following massive forest clearing. Finally, our message to UTZ was: What do you want to ‘certify’? All cocoa produced in Lembah Subur came from cocoa farms created after complete forest clearing and the process continues. Farmers are already excellent cocoa technicians and do not have much to learn from ‘field schools’. What farmers need is financial support to rehabilitate and more importantly diversify their cocoa farming systems. That is the only way to make their cocoa farm more ‘sustainable’ and certification is doing nothing in that area (Ton et al 2013, Uribe-Leitz and Ruf 2015, 2019).

In 2020, a brief update with key stakeholders confirmed the lack of response brought about by certification.

- Firstly, it confirms that the premium is too low. Even if it is paid, which is still rare, it is almost invisible to farmers when the price is changing every day. A free market is an additional difficulty for certification since the premium may be lower than the price change during a week or a month (box VII.1).

- Secondly and more importantly, certification failed to make cocoa ‘sustainable’. In fact, many farmers had to abandon cocoa. Of course, the CPB infestation is a major blow to the whole value chain and certification agencies alone are not front-line actors helping farmers overcome the impact of pests and diseases. However, certification was not able to give an added value for farmers fighting CPB. This illustrates the limitations of these ‘sustainable cocoa standards’. To a certain extent, the same process is repeating itself with the ‘swollen shoot’ problem in West-Africa.

### Box 6 Invisible premiums of certification in the free market of Indonesia. The case of Ladongi.

The certification premium is so small it is hardly visible. Around 600 Rupiah per kg (for an average price around 30,000 Rupiahs per kg). In addition, many ‘certified’ farmers never get this premium.

The current main exporter in the region offers a premium for certified cocoa. The buyer is supposed to know which farm plots are certified, which farmers participate in the training programmes and which farmers follow the ‘good agricultural practices’ (GAP) linked to certified cocoa. In theory, farmers who do not follow the GAP do not get the premium. However, nobody visits the farms to evaluate the rate of adoption of GAP. Actually, many middlemen take this opportunity to keep the premium for themselves.

Actually, most farmers already master the technique, often better than the technicians. Their only interest in ‘field schools’ used to be the promise of getting a premium. As they did not get it, they stopped participating and it did not change anything in their own agricultural practices. In fact, the buying price offered by the exporter is frequently lower than the price given by local independent middlemen. Certification premiums do not compensate the difference. Certified farmers do not hesitate to sell their beans to these local middlemen.

*Sources: open discussion with the chief of the main cocoa producing village in the Ladongi sub-district*
Box 7. Certification failing to make cocoa sustainable. The case of Noling and surrounding hills

In the region of Noling, the programme of cocoa certification launched by a major chocolate manufacturer and Rainforest Alliance (RA) started in 2009.

In 2019, as the buying station set up in Noling was organised to buy wet beans, the premium was around 200 rupiahs per kg of wet beans (equivalent to 600 kg of dry beans) but the tonnage has considerably dropped. Only a few farmers in Noling village continue to sell some beans.

In surrounding villages such as Tampumea, certification was not able to prevent cocoa from disappearing. At the beginning, some 40 farmers, belonging to 3 farmers’ groups, registered in the RA certification programme. In 2019, there were only 3 farmers left. The main reason is the excessive cost of ‘GAP’ in CPB infested cocoa farms, which cannot be compensated for by the premium. The second reason is the recent attractiveness of converting or re-converting cocoa farms into rice fields.

Sources: open discussion with the first cocoa farmer to register in the certification programme in Noling.

9 Recommendations

This section presents concrete recommendations for European Parliament consideration. They are all equally important and the order of presentation does not hold any significance.

9.1 Fund independent evaluation and impact research

There is an urgent need for independent, credible and rigorous research to include holistic evaluations. Such studies should consider all aspects involved in the certification context, starting with the reasons for creating the current evidence of impacts at farm level. The business context and the incentives to use certification schemes and create other organisations that address aspects covered by certification schemes should also be taken into consideration. By so doing, the disconnect between the cocoa farm reality and the ‘virtual’ world would be reduced.

This is most needed, since donors want to fund action and impactful interventions, but the evidence of what works is missing. Likewise, this necessary because any effort to implement any legislation needs to be rooted in a sound understanding of the interactions between voluntary, private and governmental tools.

At the same time, research agendas should be left to the academic institutions, which have the necessary competences to evaluate interventions from multiple angles. This would lead to a complete understanding of the phenomena covered by this study (contrary to the current targeted research). For example, little (if any) work has been done on company-owned programmes; furthermore, the amounts of ‘sustainable cocoa’ these are contributing is not clearly reported.

Another example, specific to Fairtrade, is about their recent announced changes, especially regarding the minimum price. Until 2018, the minimum price was most of the time meaningless, below the official farmgate price. During the brief periods when it was above, it was never respected, neither by cooperatives nor by cocoa companies, possibly both. Farmers never benefitted from this premium (Ruf et al 2018). In 2019, Fairtrade raised the minimum price and claimed that it was going to be respected. Payments to farmers by cooperatives are expected in 2020 (after our survey). In addition, Fairtrade also announced a simultaneous increase of the premium. This looks like potential major changes but would require a specific

An example is the research piece done by the NORC- University of Chicago, which is expected to be released in June 2020 and which was commissioned by the US Department of Labor. The current draft suggests an increase of child labour in Ghana and Côte d’Ivoire, which would confirm our doubts about the impact of certification on child labour (Chapter 7). However, the survey methodology is already contested by the Ivorian government. As we have not read the report, we cannot comment, except by recalling that such issues are extremely complex. They simultaneously require expertise in social sciences and a deep knowledge of ‘family plantation economies’.
in-depth and independent appraisal at the end of 2020 to claim any change in current practices and hence positive impact.

9.2 Improve data facilitation European Institutions and their support to the certification schemes (Fairtrade in particular)

We urge the European Commission to improve the availability of data about their support for certification schemes, in particular the entire Fairtrade movement.

During this research we were not able to obtain firm information about the funds provided by the European Commission to the Fairtrade movement. Information was obtained through the Fairtrade Advocacy Office in Brussels, and which provided an overview of the current EU funding mechanisms that Fairtrade International is receiving. As mentioned in point 4.5.3, these are the ‘Switch Asia’ and ‘DEAR’ programmes of the European Union. At the same time there is the Fairtrade Access Fund, which offers lending products to support sustainable development for smallholders in agricultural settings (Fairtrade being initiator and sitting on the board). The issue is that since certification schemes (and in particular the Fairtrade movement) are now so big and because these initiatives have so many working pillars (certification being only one part of it), they can access various EU funding mechanisms in parallel through different legal entities. Mapping the support these initiatives receive is challenging under the current setting, which points towards a lack of oversight (or transparency) which in either case should be avoided.

In light of the European Parliament’s intention to engage in further funding and/or engage with certification initiatives, there should be a transparent and accessible overview of what exactly is being funded and what is being achieved with those funds.

9.3 Enhance traceability and transparency

A legislative framework should enable full traceability and transparency within the cocoa sector. The cocoa sector (and any other commodity) should live up to the transparency that is expected from the cocoa farmers. Today, there is a lack of traceability and transparency at all levels, flows of cocoa, cash-flows for premium, cost structures, profit margins, etc. The technological solutions are certainly available, but serious consideration must now be given to implementation. Traceability up to consumer brands and retail outlets would be desirable and would empower the consumer. At the end of the day, most of what has been discussed here is possible only if traceability and transparency exist. One example, where trader names are listed, is provided below and intended as a visual attempt for aspirational purposes. However, this example does not depict the entire value chain. To repeat, the ideal flow should be transparent up to the retail outlets. Other examples, currently used by the EU Timber regulation, do not include names of companies, which we see as a flaw.

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43 See EU Timber Trade interactive dashboard
9.4 Evaluate the due-diligence legislation approach

There is a need for legislation, since a private (voluntary) mechanism will clearly not lead to the intended outcomes. The cocoa sector actors see the due-diligence approach as the most viable option. Hence, we suggest that the EU timber regulation is taken as a broad example and that there should be a ‘smart mix’ of elements to address the points raised in Chapter 6. The oversight of such legislation has been a particularly salient issue. Such legislation, though, should not be limited to cocoa, but should be created in a way that covers all the agricultural raw-products originating from ‘cocoa growing regions’. The legislation should also be ambitious, especially in the traceability and transparency aspects which should follow the spirit of ‘bean-to-bar’ and not a generic jurisdictional approach.

9.5 Zero-deforestation: contribute to preserve forest at all cost

As elaborated in sections 8.3 and 8.4 above, when committing to ‘zero-deforestation’, the only way for this to happen is by protecting these forests and preventing infiltration at the outset. This can be achieved only when all stakeholders collaborate and are truly committed to this goal. This implies that all stakeholders prioritise the interests of the forest and people living in and around them ahead of their own economic interests (or CSR reports).

Hence, we suggest that the European Union takes a leadership role in the creation, design, and support of innovative approaches that assure the preservation of these forests. For example, introduce renewable 50-year land-lease programmes to the original inhabitants while supporting smallholders in the vicinity of the forest to improve their efficiency in cocoa and other crops, including light agroforestry systems. An oversight mechanism for these new approaches needs to be anchored not only on national legislation, but also carefully within the European legal framework for international actors to take ownership and responsibility for their purchasing.

44 Refers to a chocolate bar made from a particular batch of cocoa beans. In reality, most chocolate bars are made by mixing cocoa powder, liquor, and butter, which are all derived from different batches of cocoa beans (different origins, different harvest seasons, etc.)
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EU development cooperation and Ethical certification schemes: impact, transparency and traceability

https://doi.org/10.13140/RG.2.2.20570.64967


Annex I: Example of a cooperative’s ‘Fairtrade development plan’ in western Ivory Coast (2017-2018)

<table>
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<tr>
<th>Activités</th>
<th>Objectif</th>
<th>Calendrier</th>
<th>Budget de la prime</th>
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<tbody>
<tr>
<td>Achat et remise de matériels de travail (bottes)</td>
<td>Encourager les membres, les inciter à travailler davantage les protéger contre accidents tels que piqûre de reptile, blessure de machette etc.</td>
<td>prévu mi septembre</td>
<td>2 500 000</td>
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<tr>
<td>Don de kits scolaire aux membres de la coopérative</td>
<td>Encourager la scolarisation des enfants de producteur</td>
<td>nov-18</td>
<td>8 000 000</td>
</tr>
<tr>
<td>Mettre à la disposition des sections des boîtes à pharmacie</td>
<td>permettre aux travailleurs et aux producteurs de bénéficier des premiers soins en cas de blessure</td>
<td>Fin Octobre 2018</td>
<td>500 000</td>
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<tr>
<td>Achats de moto</td>
<td>Permettre un meilleur déplacement des employés de la coopérative</td>
<td>Fin juillet 2017</td>
<td>2 600 000</td>
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<td>Location de bureau pour la coopérative + facture</td>
<td>doter la coopérative de bureau</td>
<td>Fin janvier 2017</td>
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<tr>
<td>Achat de camoin</td>
<td>Faciliter le ramassage du produit dans nos différentes sections</td>
<td>toute la campagne 2018-2019</td>
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<td>Frais fairtrade( audit et cotisation réseau commerce équitable)</td>
<td>Frais annuel</td>
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<td>fourniture de bureau</td>
<td></td>
<td>nov-18</td>
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<td>Mise en place de coopérative de femme de chaque section</td>
<td>encourager les femmes des sections à se prendre en charge</td>
<td>Décembre 2018</td>
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<td>Subventionnement d’intrants (engrais, phyto, etc)</td>
<td>permettre aux producteurs d’accroître la production mais à moindre coût, disponible et plus facilement</td>
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<td>Construction d’un magasin central</td>
<td>Permettre de pouvoir stocker une quantité importante de produit</td>
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<td>Salaire des employés</td>
<td>Permettre aux employés de la coopérative de pouvoir mieux vivre</td>
<td>Toute l’année</td>
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<td>Prime aux producteurs</td>
<td>fidéliser davantage les membres en les apportant une aide financière</td>
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<td>Réparation véhicule de ramassage</td>
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### 1. PRODUCTIVITE ET QUALITE

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<td>Engrais</td>
<td>Insecticide 7 500 000</td>
<td>7 500 000</td>
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<td>Formation et activité de fairtrade</td>
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<td>DIRIGEANTS (CA-CS) SUR LEURS ROLES ET RESPONSABILITES</td>
<td>Accroître la performance de la SOCOOPEM</td>
<td>9 MEMBRES DU CA et 3 MEMBRES DU CS</td>
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<td>L’ENGAGEMENT DES MEMBRES DANS LA FOURNITURES DE LEURS</td>
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**TOTAL A** 47 376 155

### 2. ACTIONS SOCIALES

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<td>Réhabilitation d’école, achats kits scolaires, tables bancs</td>
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<td>Respecter les exigences partenaires / travail enfants</td>
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<td>Accroître la représentativité des femmes dans la coop</td>
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**TOTAL B** 29 101 195

### 3. AUTONOMISATION DE LA COOPERATIVE

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<td>Divers frais liés à la certification</td>
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<td>partenaires du programme de durabilité</td>
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<td>MAITRISE DE LA FLUCTUATION DES PRIX</td>
<td>Minimiser l’impact de la fluctuation des prix sur les producteurs</td>
<td>50 producteurs de la coopérative</td>
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**TOTAL C** 42 405 000

### 4. CASH AUX PRODUCTEURS

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<td>Prime versée aux membres</td>
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**TOTAL D** 34 181 155

**TOTAL** 153 063 505

#### PLAN DE DEVELOPPEMENT FAIRTRADE PARTIE A PLANIFICATION

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#### 1. PRODUCTIVITE ET QUALITE

- **Distribution**
  - Pépinière
    - Améliorer le rendement des plantations
    - Tous les producteurs de la coopérative
    - juil-19
    - 1 000 000
  - Insecticide
    - 1 000 000
  - Fongicide
    - 1 000 000
  - Engrais
    - 3 000 000
- **Formation et activité de fairtrade**
  - Producteurs formés pour une production de qualité
  - janvier 19 à Dec 19
  - 8 000 000

**TOTAL A**

14 000 000

#### 2. ACTIONS SOCIALES

- **Réhabilitation d’école, achats kits scolaires et tables**
  - Education des enfants des membres et lutter contre le travail des enfants
  - TOUS LES ENFANTS DES MEMBRES DE LA COOP
  - sept-19
  - 2 671 092
- **Lutte contre le travail des enfants**
  - Respect exigences partenaires/travail enfants
  - tous les membres et leurs enfants
  - Janv 2019 à déc 2019
  - 3 000 000
- **Activités génératrices de revenus (AGR) pour travailleurs**
  - Améliorer les conditions de vies des travailleurs
  - Tous les travailleurs de la coopérative
  - janv-19
  - 7 000 000
- **Accroître la representativité des femmes ds la coop**
  - mettre les femmes ds les organes de décisions, ameliorer conditions vie
  - toutes les femmes de la coopératives
  - Mars 2019 à déc 2019
  - 4 000 000

**TOTAL B**

16 671 092

#### 3. AUTONOMISATION DE LA COOPERATIVE

- **Indépendance financière**
  - Mobiliser des fonds propre pour le paiement accélére des producteurs
  - Tous les producteurs de la coopérative
  - janvier 2019 à Déc 2019
  - 25 000 000
- **Cotisation Fairtrade Africa**
  - Respect engagements partenaires/relais fonciers extérieurs
  - fairtrade africa
  - sept-19
  - 150 000
- **Frais de conformité (audit)**
  - Etre en conformité avec FLO CERT
  - flo cert
  - sept-19
  - 2 000 000
- **Cotisation RICE**
  - Respect engagements partenaires extérieurs
  - RICE
  - janv 19 à Dec 19
  - 300 000
- **Gestion SIG**
  - salaires de notre personnel et équipements
  - Tout le personnel du SIG
  - janv 19 à Dec 19
  - 5 000 000
- **MAÎTRISE DE LA FLUCTUATION DES PRIX**
  - Minimiser l’impact de la fluctuation des prix sur les producteurs
  - 50 producteurs de la coopérative
  - juil-19
  - 2 500 000

**TOTAL C**

34 950 000

#### 4. CASH AUX PRODUCTEURS

- **Prime versée aux membres**
  - Apporter un revenu additionnel à nos membres
  - tous les membres
  - août-19
  - 30 000 000

**TOTAL D**

30 000 000

**TOTAL**

95 621 092
Annex IV: Map of Grah Rapids classified forest and enclaves
Annex V: Ministry of Water and Forests release on de-harvesting in the Rapides Grah ‘classified forest’
Annex VI: Response of CCC to study questions

Abidjan, le 22 AVR. 2020

A

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N/Réf. : CCC/00716-20/DG-KBY/DGA-KN/DDA-KKJ/SGNC

Objet : Etude commanditée par le Parlement européen sur les impacts de la certification

Monsieur,

Par courrier électronique du 31 mars 2020, vous nous informiez de la réalisation d'une étude commanditée par le Parlement européen sur les impacts de la certification du cacao afin d'alimenter le débat en cours sur les limites de la certification et l'intervention éventuelle de l'Union Européenne et sollicitiez les contributions du Conseil du Café-Cacao.

Nous vous informons que Le Conseil du Café-Cacao est véritablement préoccupé par la mise en œuvre de la certification du cacao en Côte d'Ivoire. Aussi, cette étude est-elle la bienvenue. Nous vous transmettons par la présente, les réponses à vos questions et vous demandons de nous transmettre une copie de l'étude, une fois que cette dernière sera finalisée.

Veuillez agréer, Monsieur, l'expression de nos salutations distinguées.

KONE Brimima Yves
Réponses du Conseil du Café-Cacao aux questions posées dans le cadre de l’étude “Coopération au développement de l’UE et systèmes de certification éthique : impact, transparence et traçabilité”

1) Le CCC surveille-t-il les impacts du système de certification dans le secteur du cacao? Si oui, quelle est votre conclusion?

1.1 Défaillances constatées

Dès la campagne 2009-2010, l’Organe de régulation de la filière cacao a constaté certaines défaillances dans la mise en œuvre des projets de certification sur le terrain en Côte d’Ivoire. Aussi, une étude sur la mise en œuvre de la certification en Côte d’Ivoire a-t-elle été commanditée par l’Organe de régulation auprès de KPMG et de Global Business Consulting Company (GBCC). Le rapport finalisé a été réceptionné en 2011.

La certification a été présentée par l’Industrie du Cacao comme un outil devant transformer le secteur du cacao en une chaîne de production et de commercialisation durable. Cependant, il est ressorti des résultats et des recommandations de l’étude, ainsi que des nombreuses plaintes et réclamations enregistrées par Le Conseil du Café-Cacao de 2012 à 2015, des limites structurelles et fonctionnelles liées à l’implémentation de la certification du cacao.

Il s’agit notamment:

- de la non rentabilité de la certification pour des coopératives produisant moins de 500 tonnes;
- de la non homogénéité et la complexité des différents standards qui créent la confusion au niveau des producteurs;
- de la difficile appréciation des coûts et bénéfices liés à la certification au détriment des producteurs;
- du manque de lisibilité sur le mode de détermination et les clés de répartition de la prime de certification;
- de la méconnaissance des coûts de la certification par les sociétés coopératives;
- de la non harmonisation des primes de certification (les montants des primes diffèrent d’un exportateur à un autre sauf pour la prime Fairtrade);
- du manque de transparence dans la gestion des contrats et du paiement des primes;
- de la réduction de l’autonomie des sociétés coopératives vis-à-vis des exportateurs, en raison du préfinancement des activités de certification par lesdits exportateurs;
- de l’impossible structuration et professionnalisation des sociétés coopératives;
- de l’absence d’une redistribution proportionnelle des bénéfices de la certification tout le long de la chaîne de valeur relativement à la contribution de chaque acteur;
- des mauvaises pratiques sur le terrain, entres autres:
  - non-respect des clauses des contrats de certification;
  - livraison ou achat de cacao certifié sans certificat en cours de validité de la cooperative, du traitant ou de l’exportateur;
  - déclassement du cacao certifié par les exportateurs sans motif valable;
  - mélange du cacao certifié au cacao ordinaire par l’exportateur;
  - non-paiement de la prime ou retenue arbitraire;
  - non-respect de la durée de la formation;
  - inefficacité du Système de Gestion Intégrée (SGI);
  - racket des auditeurs;
  - non fiabilité du système de traçabilité.

1.2 **Dispositions arrêtées**

Le Conseil du Café-Cacao a mis en place un cadre réglementaire pour réguler les activités liées à la certification du cacao à partir de la campagne 2017-2018.

L’objectif principal est d’instaurer le cadre juridique indispensable à une mise en œuvre réussie et contrôlée des projets et programmes susmentionnés, sur le terrain. Il s’agit précisément :

- d’octroyer un agrément aux opérateurs impliqués dans les projets de certification et les programmes de durabilité, avec des obligations à respecter pour une mise en œuvre adéquate sur le terrain ;
- de superviser et de coordonner toutes les initiatives de certification et de durabilité sur le terrain ;
- de veiller au paiement des primes de certification ;
- de contribuer à instaurer la transparence entre les acteurs ;
- d’assurer la crédibilité de l’origine Côte d’Ivoire, à travers le renforcement du dispositif de traçabilité ;
- de garantir la collecte de statistiques fiables, en vue d’avoir une meilleure connaissance du flux du cacao certifié ainsi que de la production du cacao durable ;
- de défendre et protéger les intérêts des producteurs, maillon le plus faible de la chaîne de valeur ;
- d’évaluer les impacts socio-économiques et environnementaux positifs ou négatifs des normes de certification et de durabilité sur les producteurs et leurs communautés et prendre les mesures correctives.

A cet effet,

- Le décret N° 2017-321 du 24 Mai 2015 relatif à la mise en œuvre des projets de certification et des programmes de durabilité dans la filière café-cacao a été signé par le Président de la République le 24 Mai 2017. Il a pour objet de réglementer la mise en œuvre des projets de certification et des programmes de durabilité, à travers l’instauration de conditions préalables à leur mise en œuvre ainsi que l’élaboration et la mise en œuvre d’un dispositif de suivi-évaluation ;
Les deux arrêtés d’application ont été signés par le Ministre de l’Agriculture et du Développement Rural le 25 Juillet 2018, notamment :


Le décret est bâti autour de quatre (4) titres subdivisés en dix-huit (18) articles :

- le titre I traite des dispositions générales ;
- le titre II est relatif à l’agrément des projets de certification et autres programmes de durabilité. Il se subdivise en deux (2) chapitres dont le premier traite des conditions de délivrance de l’agrément et le second de son retrait ;
- le titre III est consacré au contrôle des activités des structures de certification, des détenteurs des systèmes de certification, des initiateurs de programmes de durabilité et des autres opérateurs ;
- le titre IV est relatif à la disposition finale.

Les résultats attendus sont les suivants :

- La transparence tout le long de la chaîne de valeur est renforcée ;
- Un système de traçabilité robuste et harmonisé est mis en place ;
- Le rôle de chaque acteur est connu ;
- Des informations fiables et exhaustives à chaque stade des projets conduits par les organismes privés sont disponibles ;
- Un dispositif de contrôle et de sanction des initiateurs de projets est disponible.

2) À quoi ressemble un "secteur durable du cacao" pour le CCC? En quoi cela diffère-t-il du "concept de durabilité" de la certification?

Pour Le Conseil du Café-Cacao, la certification du cacao ne peut conduire à la durabilité du secteur du cacao car il est demandé à un groupe d’acteurs, les producteurs notamment, de mettre en œuvre une multitude d’exigences alors que les autres acteurs, qui sont à la base même des défaillances constatées, n’ont aucune obligation.

Dans le cadre de la Coopération Côte d’Ivoire-Ghana initiée par les deux Présidents de la République afin de bâtir des stratégies communes pour relever les défis liés à la cacaoculture, les deux pays se sont rendus à l’évidence que la durabilité du secteur cacao ne pourrait se faire sans
l’implication active du gouvernement à travers les organes de régulation de la filière cacao.

IL a donc été décidé d’élaborer une Norme Africaine pour le cacao durable. La mise en œuvre de cette norme par les organes de régulation ou l’entité légale dans les pays producteurs permettra de normer les exigences relatives aux bonnes pratiques agricoles, aux bonnes pratiques sociales et éthiques; aux bonnes pratiques environnementales pour une application effective par les producteurs et tous les autres acteurs de la chaîne de valeur du cacao.

Cette norme a pris en compte les exigences des trois piliers de la durabilité que ce soit les exigences des Objectifs du Millénaire pour le Développement (OMD) dans le contexte de la cacaoculture, les exigences des référentiels privés, les exigences des programmes de durabilité de l’industrie ainsi que les préoccupations de cette dernière liées à la durabilité de la filière cacao.

La Norme Africaine pour le cacao durable devient ainsi la norme de référence avec un impact à l’échelle, ce que les projets de certification et les programmes de durabilité mis en œuvre dans la filière cacao n’ont pu atteindre. En effet, lesdits projets et programmes n’ont pas un impact tangible sur l’amélioration des revenus et des conditions de vie des producteurs de cacao.

Un élément central pour assurer la durabilité est la mise en place et l’opérationnalité d’un système de traçabilité centralisé de la plantation du producteur à l’exportation du cacao. À ce titre, il importe que les défaillances constatées au niveau de la certification du cacao soient corrigées afin d’assurer la crédibilité du système de traçabilité du cacao au niveau international. Aussi, a-t-il été décidé que le niveau de traçabilité mass balance ne serait pas une option dans la Norme Africaine et que le cacao durable ne pouvait en aucun cas être mélangé au cacao ordinaire. Cette disposition permettra de résoudre certains défis d’actualité (travail des enfants, déforestation, culture du cacao dans les forêts classées entre autres).

3) Le CCC (gouvernement ivoirien) doit-il mettre en œuvre davantage de législation pour atteindre les objectifs de "durabilité" du secteur du cacao?

Le Conseil du Café-Cacao souhaite la collaboration de l’Union Européenne dans la mise en œuvre de la Norme Africaine sur le cacao durable car cette norme peut véritablement conduire à la durabilité du secteur. La Norme Africaine sur le cacao durable devra être d’application obligatoire.

4) La législation des pays consommateurs entraînerait-elle un changement positif au niveau des exploitations agricoles en Côte d’Ivoire ?

Nous n’avons pas connaissance de la législation que les pays consommateurs ont mis ou veulent mettre en place. Nous vous demandons de bien vouloir nous transmettre les textes afin que nous puissions répondre de manière appropriée à la question 4 et au point 4.a.
a. Si oui, quel type de législation considérez-vous comme ayant un bénéfice ?