

Independent Monitor documents major cocoa industry shortcomings and infractions in Côte d'Ivoire

While Côte d'Ivoire and the European Union are engaging in a dialogue on sustainable cocoa, the availability of reliable data on the sector is one of the major challenges. [Initiatives for community development and forest conservation – IDEF](#) is setting up an independent cocoa monitoring program in Côte d'Ivoire with the technical support of the British NGO [REM](#). This work makes it possible to have the necessary elements on the ground to help find lasting solutions. [This report](#) highlights major shortcomings and infractions in the cocoa sector. It shows, for example, that purchasing operators have purchased cocoa even if they are not on the list of organisations accredited by the coffee-cocoa council.

Introduction

At the beginning of the 20th century, there were 16 million hectares of residual areas of forests in Côte d'Ivoire in comparison to the 2.9 million hectares in 2021. The country has therefore lost more than 80% of its forests in less than a century. To reduce deforestation and forest degradation, Côte d'Ivoire adopted a National REDD+ Strategy in 2017 to reach 20% forest coverage of the territory by 2030. In addition, since 2012 Côte d'Ivoire has been engaged in a process of sustainable management of its forest resources, in particular through the FLEGT-VPA (Forest Law Enforcement, Governance and Trade - Voluntary Partnership Agreement). The country continues its logic of regaining forest cover whilst fighting against deforestation associated with cocoa production. In particular, in January 2021 it instigated a political dialogue on

sustainable cocoa with the European Union with the aim of strengthening the governance of the cocoa sector for sustainable cocoa production. Cocoa has played a strategic and undeniable role in the economic and social development of Côte d'Ivoire since its independence. In 2020, more than two million tonnes were produced, i.e. approximately 45% of the world production. The sector represents about 14% of the Gross Domestic Product (GDP) and nearly 6 million people derive their resources from cocoa farming. It provides a large portion of export earnings (40%). The European Union remains the main cocoa buyer of Côte d'Ivoire, with 67% of Ivorian cocoa exports. According to the study "*The factors of deforestation in Côte d'Ivoire*" carried out in 2016 by ETC TERRA and BNETD on behalf of REDD+, agriculture in general is responsible for 62% of deforestation and forest degradation in Côte d'Ivoire. And cocoa in particular is responsible for 38% of deforestation and forest degradation. Protected areas (classified forests, reserves and national parks) are not exempt from this deforestation and forest degradation. In recent years, reports and press articles have demonstrated the existence of cocoa plantations within these protected areas while the law prohibits any production of agriculture and even cocoa in such areas.

The problem is there is not enough data on the production and the marketing channels of agricultural products. This is particularly true for cocoa which can be illegally produced, integrate the official supply channels and be mixed up with legal cocoa. Therefore, [**the Association Initiatives for Community Development and Forest Conservation \(IDEF\)**](#) is setting up an independent cocoa monitoring program in Côte d'Ivoire with the technical support of the British NGO [**REM**](#). The first field mission was conducted in the region of Cavally with 2 objectives : 1) to collect data on the existence of cocoa plantations in the classified forest of Cavally and 2) to follow the cocoa flow from these plantations.

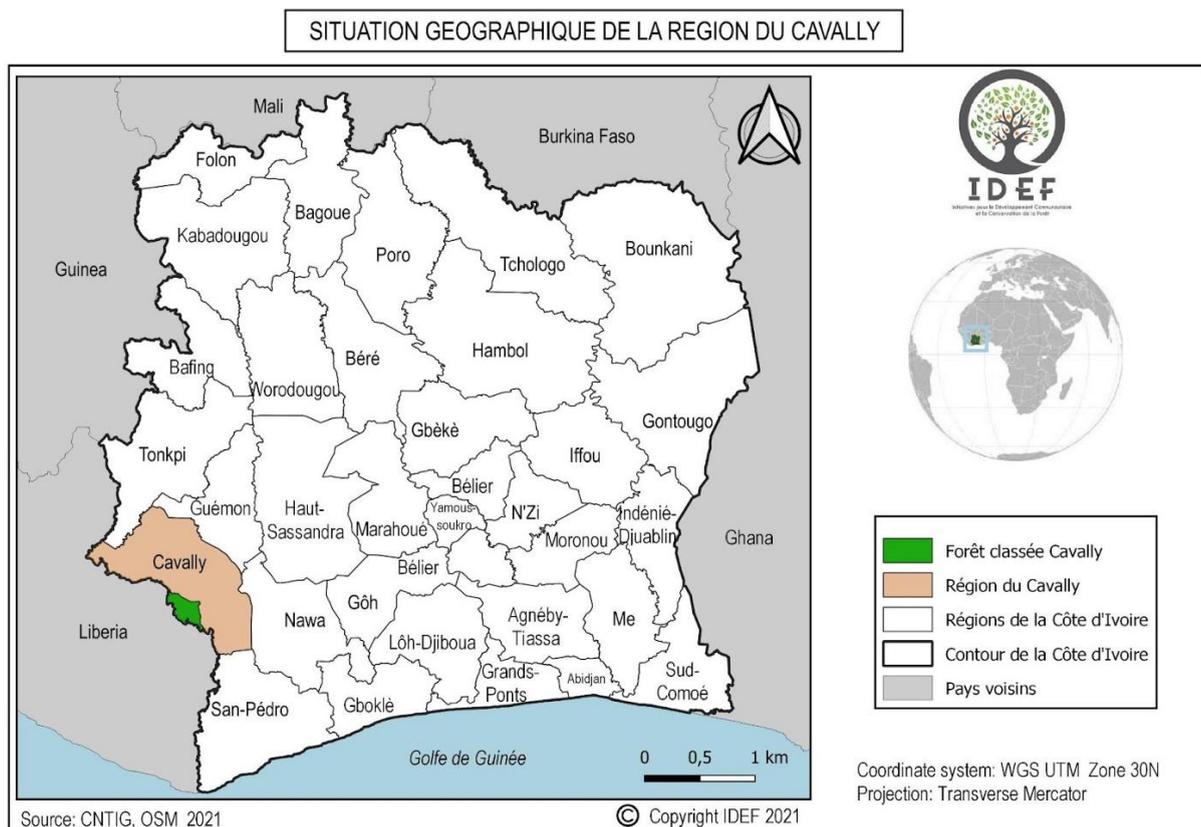
Encadré : IDEF is a non-profit, non-governmental organisation created in 2014 and based in Côte d'Ivoire. One of the fields of intervention of IDEF consists in working on the value chains of natural resources through external independent observation. In addition to its program of independent observation of the cocoa sector, IDEF is currently working to identify the needs of small cocoa producers in Côte d'Ivoire as well as how they could produce cocoa sustainably in view of the future EU regulation on products associated with deforestation.

It was above all a question of determining how this cocoa integrates the legal marketing channels. The investigation made it possible to answer this crucial question of traceability. [This report](#) is intended for all actors of the cocoa sector. In particular the Ivorian government which wants to regain its forest cover without losing cocoa production, the certification labels whose credibility of the certificates is seriously questioned and the European Union which should invest more in the establishment of monitoring or due diligence to ensure that the European market is supplied with legal cocoa that respects environmental requirements.

Problem

While everyone agrees that it is important to fight against illegal cocoa produced in protected areas, to date there is no data on cocoa produced inside the classified forest of Cavally and how that cocoa reaches official supply chains. Like in the forest sector, the goal of Independent Monitoring is to contribute to achieving a legal and free-deforestation cocoa supply chain thanks to credible, reliable and verifiable data. Thus, IDEF investigated the existence of cocoa plantations in one of the best protected classified forests (Cavally forest) (Map 1), category 2 according to the new classification of

classified forests (cf. national forest policy). In addition, the investigation attempted to document the marketing channel for illegally produced cocoa that leads to the deforestation of a classified forest.



Methodology

This mission was organised from June 23 to July 05, 2021 and travelled to the localities of Zagné, Dibobly, CHC, Zahopobly, and Djidoubaye. To reach the conclusions mentioned in this report, IDEF rolled out the same principles and methodology that apply to IM forest and have been developed since 2018 and improved over the years. The choice of the mission area and the Cavally forest was

based on the review of documents such as the national forest policy, the 2020 activity report of the cocoa and forest initiative, the decrees regulating the cocoa sector and press articles on the forest situation in Côte d'Ivoire as well as the links between cocoa production and deforestation mentioned in these press articles. During the mission, we exchanged with cocoa producers, former and current cooperative managers, group administrators and independent certification auditors who work on the behalf of labels. We also travelled inside the classified forest of Cavally to collect georeferenced data and photos on the actual existence of cocoa plantations. Other attempts to exchange with the forestry administration SODEFOR, as well as the regulator, the Coffee and Cocoa Council, did not materialise. At the end of the field mission, the drafting phase of the report was an opportunity to analyse the legal and institutional gaps of the sector and to collect testimonials from the relevant players. The draft report was shared with SODEFOR, the Coffee and Cocoa Council, the two certification standards Rainforest Alliance and Fairtrade Africa in order to collect their comments and questions on the observations made by the field mission. The Rainforest Alliance and Fairtrade Africa certification standards provided comments and observations. SODEFOR and the Coffee and Cocoa Council did not respond to our request.

Main results

During the investigation 3 infractions, 2 major gaps and 5 major risks likely to lead to future infractions were observed.

The facts that constitute an infraction are expressly prohibited by the regulations in force. Three infractions were observed :

- **existence of 3 cocoa plantations inside the Cavally forest** ([26 GPS points](#)), yet prohibited by the article 101 of the 2019 forest code;
- existence of **31 cooperative societies carrying out cocoa purchasing operations although they are not on the list of accredited cooperatives and purchasing operators** for the 2020/2021 campaign, as requested in [decision n°018-20/2020 on the approval coffee-cocoa buyers for the 2020/2021 campaign](#) ;
- **absence of control documents** at 3 cooperatives

The gaps relate to facts or findings for which there is no regulation even though they have a significant impact on the integrity of the sector. The investigation identified the 2 following gaps below :

- **absence of cash** (reserve funds) in at least [03 cooperative societies](#) ;
- **insufficient human resources** (11 agents at the CUGF for 67,000 hectares, i.e. one agent for just over 6,000 ha), budget and equipment (GPS, motorbike).

The risks are situations that favour infractions. Only reinforced control with important resources can help mitigate the risks. The investigation identified 5 major risks of conflicts of interest related to certification audits:

- **existence of [38 cooperative societies listed in the localities close to the classified forest](#)** , among which 22 are certified or engaged in a sustainability program with a multinational corporation;
- certification bodies contract **independent consultant auditors**, who also work as trainers and supervisors in some cooperatives under the label of a recruiting firm;
- **absence of control documents** constituting a risk of obstruction to traceability;
- **overvaluation by the cooperatives of the** foreseeable volumes of the producers who are members of the cooperatives;
- **certification standards** base their certifications solely on reports from certification bodies.

Main lessons learned from the investigation report

Whilst this is the first independent field investigation in the cocoa sector, it has allowed IDEF to test and apply IMF principles and methodology to this sector. Furthermore, the investigation documented worrying facts, particularly in a context where all the actors are convinced of the necessity to address deforestation and

forest degradation in favour of sustainable cocoa. The key lessons learned are :

1. At the level of the documented facts and observations

The existence of cocoa plantations in the Cavally forest poses a real problem since it represents a niche for the supply of illegal cocoa. This is reflective of the dysfunctions in the sector, particularly in terms of control of the cocoa origin by the regulator. And this situation suggests that there is still a lot to do to have legal cocoa, not associated with deforestation and the degradation of a protected forest area. Based on the observed infraction, we can deduce that there are regulatory gaps but above all a problem of law enforcement control (ex: non-accredited cooperatives purchased cocoa). The cocoa supply of cooperatives inside the Cavally classified forest that are certified and engaged in sustainability programs clearly indicates a problem of law enforcement and a failure of certification audits. Finally, the significant risks of conflicts of interest linked to certification audits of cooperatives is an element that seriously tarnishes the credibility of the audits on which the certification labels base their certificates.

2. At the methodological level

This first investigation allowed IDEF to better understand the issues of the cocoa sector and in particular in the Cavally forest as well as to apply and test its IM methodology to the sector. It is clear that the relationships between the cooperatives and the producers are not sufficiently documented. There is a lot of tacit agreement. This situation makes it difficult, if not impossible to have documented evidence to support observations. Most of the time, it is necessary to be satisfied with testimonials. The other element that has been observed is that it is difficult to establish a dialogue with the cocoa sector regulator, in this case the coffee-cocoa council. The

information or exchange meeting request emails that IDEF sent met with no response. This is a challenge IDEF will continue to address because cooperation with the administrative authorities, in particular the coffee and cocoa council, is essential for integrating the recommendations from the present IMC report.

3. At the ICM level in general

Beyond the very specific observations, the report highlights the challenges of cocoa traceability and the lack of human and material resources of the administration in charge of managing the integrity of the classified forest of Cavally. Observations analysis also suggests that a robust fraud-resistant traceability system with regular traceability audits by an independent observer would help to better combat the purchase of illegally produced cocoa. Indeed, if a fraud-resistant traceability system (e.g. blockchain technology) and accompanied by regular independent audits of the supply chain can guarantee the origin of the cocoa, then it can be assumed that the risk of illegal cocoa entering the production system would be reduced.

Recommendations

Based on the observed facts and the lessons learned during the investigation, IDEF has made the following recommendations:

To the Government and the Coffee-Cocoa Board

- the government to adopt clear legislation on the legal origin of cocoa and control measures and tools, for example by introducing a slip to be filled in by cooperatives and purchasing operators when they purchase cocoa;

- develop a national sustainable cocoa policy along with a national strategy for sustainable cocoa production, for example on the model of the forestry sector;
- provide authorities, in particular agents in the field (Forest Management Unit, local OIPR services) with control resources necessary for forest surveillance;
- assign the responsibility for the control of cocoa origin to the Conseil du Café Cacao;
- set up a robust fraud-resistant national traceability system with an audit mechanism;
- adopt regulations to prevent auditors from working as trainer managers in the cooperatives they audit;
- formalise group administrators as major supply chain actors.

To cooperatives and cocoa buyers

- respect the ban on the purchase of cocoa in protected areas;
- set up procedures and tools for controlling the origin of the cocoa they buy. This can be an identification form to be completed for each purchase transaction. This sheet could contain information, such as : name and surname of the producer, location of the plantation, area of the plantation, volume of cocoa sold, etc.

To the European Union

- support the Ivorian authorities in setting up a national cocoa traceability system;
- support a reform of the institutional and regulatory framework of the cocoa sector, in particular the

development of a national policy and strategy for free-deforestation cocoa.

To certification standards

- require certification bodies to publish the list of their independent auditors and affiliated auditing firms;
- publish the list of authorised certification bodies auditing against the Standards;
- publish audit reports;
- set up a counter-audit system, which could be based on independent monitoring, to strengthen the credibility of certificates;

To multinationals engaged in sustainability programs

- set up a due diligence system on the origin of cocoa;

To Certification Bodies (CB)

- publish the list of individual auditor-consultants and affiliated auditing firms.

To download the full report click [here](#) .

[Resource Extraction Monitoring \(REM\)](#) is a UK not-for-profit organisation founded in 2003 specialising in mandated Independent Forest Monitoring. In addition, REM develops tools such as law enforcement manuals, offence databases, traceability systems and blockchain technology.

