

## Certification of cocoa, a high-risk strategy

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**François Ruf**

CIRAD, UMR Innovation  
francois.ruf@cirad.fr

**Youssoupha N'Dao**

Supagro, Master II student  
ndaougb@hotmail.com

**Sylvaine Lemeilleur**

CIRAD, UMR MOISA  
sylvaine.lemeilleur@cirad.fr

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**This hard-hitting article shows, with supporting figures, how mass certification of cocoa in Côte d'Ivoire is far from achieving the proclaimed results.**

The certification of tropical agricultural products such as coffee and cocoa has long concerned a niche market, of the 'fair trade' or 'organic' type, involving just a few thousand tonnes per year. However, in the late 2000s, the cocoa sector started experiencing a shift towards 'mass certification' based on a concept of 'sustainable development' that combined environmental and ethical standards with yield-increasing 'good agricultural practices'. Large industrial cocoa producers declared their intention to obtain certification for hundreds of thousands of tonnes of their cocoa – perhaps even for all of their supplies – by 2020.

This mass certification is being promoted by agro-industry and international NGOs such as Rainforest Alliance (RA) and Utz. Faced with repeated criticisms by environmental lobbies and the media of cocoa plantations, accused of destroying the rainforest and exploiting child labour, the chocolate industry needs to adopt standards that prove its 'sustainable development' credentials. Thus the main principles behind the Rainforest Alliance standard revolve around environmental standards (ecosystem conservation) and ethical standards (fair treatment of workers, their good health) while integrating 'good agricultural practices' such as the pruning of cocoa trees, judicious use of pesticides, and the creation of agricultural-waste composting pits. These good practices include nothing new but must, at the same time, serve environmental objectives and improve cocoa yields and quality, all in an endeavour to create the conditions conducive to sustainable development in producer countries and for a sustainable supply of raw material for the industry.

Initially, the governments of producer countries were reluctant, fearful of interference in a key revenue generating sector. But the situation is now changing. At the World Cocoa Conference in November 2012, President Ouattara of Côte d'Ivoire cited certification as a key tool for the modernization of the cocoa sector in the country. But what are the true benefits that accrue to the cocoa farmers from certification? A survey conducted in 2012, spread over seven regions of Côte d'Ivoire, of 160 farms – 80 certified by Rainforest Alliance (RA), on an average for two years, and 80 non-certified ones – provides some initial answers.

### **Who are the certified farmers?**

Probably without being aware of it, certification agencies are acting along the broad social lines that structure the Ivorian plantation economy: 94% of certified farmers are immigrants, only 6% are autochthons (defining themselves as from the region and claiming to be land rights holders). Even though at least 25% of cocoa farmers are autochthons, the raw figures illustrate both the importance of immigration in cocoa production and the tendency of certification to

unwittingly favour immigrants. Why? Among the immigrants, the Baule, from the centre of the country, dominate the certification. They represent 71% of all certified farmers because they were the first to organize themselves into cooperatives. Since certifiers deal only with farmer organizations, they are naturally inclined towards these existing cooperatives. Also among immigrants, those from the north of Côte d'Ivoire and from neighbouring countries, especially Burkina Faso, still represent only 23% of certified farmers even though their actual cocoa production is higher than that of Baule immigrants. This under-representation in certification is explained by their initial strategy of deciding not to form or join cooperatives, which they perceived as tools to control their activities. But certification has induced an involuntary change in the form of accelerated setting up of new 'cooperatives' created by private buyers, bringing together many farmers from the 'north' (northern Côte d'Ivoire and countries to the north of Côte d'Ivoire).

### **The motivations of smallholders: first and foremost, the certification premium**

When asked about their motivation to obtain certification, 60% of farmers mentioned the certification premium, in principle 50 FCFA (the equivalent of 7.6 Euro cents) per kg. A further 35% of farmers mentioned services (pesticide applications, cocoa transportation) and improving the quality of cocoa. Only 5% of farmers cited the improvement of health, education or the environment. In reality, what the farmers understand of certification is nothing more than remuneration for their few efforts to improve cocoa quality or for occasional participation in 'field schools', to which they are often attracted because a free meal is included.

### **Protection of forest resources and biodiversity?**

Two of the environmental criteria for certification require the farmer to maintain 12 native forest tree species per hectare of cocoa and 18 to 25 trees above the cocoa canopy to ensure shading of 30 to 40%. Even though some farmers mention that climate change has encouraged them to restore some shading, the truth is that no farmer respects these standards. All farmers, 'certified' and 'non-certified' alike, tend to have about two forest trees per hectare above the cocoa canopy. No doubt, RA requires producers to plant trees and 10% of farmers say they do so. But the farmers themselves admit that, between accidental slashes of machetes and straying livestock, the chances of these seedlings growing to maturity remain low. Incidentally, the farmers complain of intrusions by logging companies into their cocoa farms to cut down and appropriate the few valuable big trees still present in their cocoa fields without certification agencies doing anything to help prevent these thefts.

Worse, the certification process masks the reality of massive clearing of the rainforest – mainly classified forests – that resumed in the 2000s. In this context, certification is close to being an illusion: the massive clearing process goes on unabated and, a few years later, the plantations thus created are quietly certified.



*Planting an Iroko seedling in a cocoa farm:  
'Little chance of it surviving into adulthood,'  
admits the woman farmer*

### **Production, per-hectare yield, labour productivity**

When farmers are asked to list the technical lessons of certification, they tend to mention the pruning of cocoa trees and pesticide treatments. From the perspective of certifiers, the idea would be to reduce pesticide use by aerating plantations through heavy pruning. But the majority of farmers evoke instead an easier access to pesticides. For now, certification is certainly not leading to reduced pesticide use. The number of applications reported for certified and non-certified farms also remains very similar, at around 2 applications per hectare per year. In fact, the technical change brought about by certification takes the form first of social change. The certification contract specifies pesticide applications by 'brigades' created by the cooperatives. Farmers appreciate being discharged from the responsibility of applying pesticides. There is no doubt that this has resulted in modernization, economies of scale of the spraying equipment and organization of applications, better control over pesticide products and proper dosages. But how often will the pesticides be applied effectively if the process excludes the interested parties, i.e., the farmers?

As for the other technical changes required from the farmers, they all involve an increase in labour and/or risk: the pruning of cocoa trees increases production but must be repeated every year and is moreover not without increased risk of tree mortality in case of drought. Indeed, farmers listen to the advice on pruning at the 'field school' but few actually apply the technique as recommended on their plots. According to the farmers' own statements, they have an average of 2 trunks or stems per cocoa tree, and this is so for both certified and non-certified farmers. However, on-field counting of the number of cocoa stems reveals that there are indeed 20% fewer stems on farms of certified farmers, clearly attributable to the certification requirements.

For one hectare, the activities of harvesting, fermentation and drying of beans, until the sale of cocoa bags, requires 17 or 18 days. Farmers are however asked to increase harvests from one a month to one every fortnight. This frequency is infeasible for any farm that has

more than one hectare of cocoa. With the average area under cocoa cultivation per farm still ranging between 4 to 5 hectares, farmers are understandably unable to comply with this requirement.

To compost pods, pits have to be dug every year on the farm. This is not possible for elderly farmers and only 20% of certified farmers fulfil this requirement. The ban on the use of herbicides may be environmentally justified, but requires 10 days of labour per hectare for weeding instead of just one. No wonder boxes of herbicides are often found on the farms of some certified farmers.

Certification is therefore fraught with structural contradictions: scarcity of labour and underestimation of risks. Sometimes the requirements even venture into the unreal, with, for example, the prohibition of the technique of slash-and-burn, almost essential to cultivation, and of the hunting of crop-destroying rodents.

In the end, the average declared yields per hectare revolve around 620 kg/ha for certified farmers against 570 kg/ha for the non-certified ones. This difference is not significant. Perhaps one has to wait a few years to see a more pronounced effect of certification on yields but doubts persist about the applicability and the economic feasibility of certain promoted techniques that do not take labour productivity and risk into account.

### **Incomes**

Given the increased workload and the limited effect on yields, the gain in income for certified farms depends on the premium of 50 FCFA/kg. For the cooperative too, the main attraction is the farmer's premium of 50 FCFA/kg with the exporter using this premium to recover the loans he has made to the farmer. Is such a business model really viable?

### **Cocoa quality**

Certified farmers readily speak of the requirement of fermenting the beans for six days instead of two and of using bamboo trays instead of plastic sheeting to dry the beans. In 2011-2012, going beyond mere 'good student' rhetoric, the farmers did make some efforts to improve quality, encouraged by the carrot (the premium) and the stick (lower price for lower quality). But since the policy reforms of September 2012, with a price set and controlled by the government, exporters no longer have the option of paying a variable price for cocoa based on quality. They have to either take the consignment at the government price or reject it altogether. The response of the farmers was immediate: they started sorting the cocoa and only drying the full beans to ensure that their production was not rejected. Compared to the costly mechanism of certification, this public policy measure is more effective and elegant in improving cocoa quality. Even the large industrial firms admitted that they were surprised at the impact of the government's measure. Their expensive investments of recent years in setting up drying facilities in their factories to improve quality were rendered almost obsolete by this policy reform. As a result, in 2012-2013, there is not much difference in quality between certified and non-certified cocoa.

### **Cleanliness of the village and health**

Consumers who buy certified cocoa are almost certainly not aware that they are encouraging the creation of waste pits in the courtyards of the houses of cocoa producers. 50% of certified farmers meet this requirement.

### When collectors and middlemen transform themselves into 'cooperatives'

One of the probably unexpected effects of certification is the sudden acceleration in the creation of cooperatives by private buyers, the ubiquitous middlemen and collectors<sup>1</sup>. They transform their farmers into 'cooperative members' in order to get their hands on the bonanza of the certification premium (Figure 1). On the one hand, we can view this development as an interesting and positive phenomenon, an adaptation of the marketing network to a new politico-economic context, proof of its vitality. There are also some middlemen, more honest, who have created complete plans to organize 'their farmers' in order to obtain certification but without hiding their middleman status. But on the other hand, these new 'cooperatives', managed and run by private buyers, only add to the confusion of already uncertain structures.

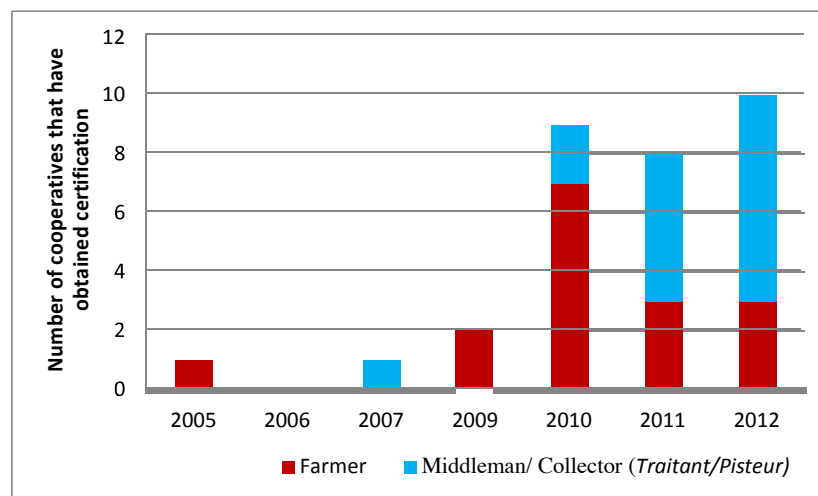


Figure 1. Date of certification of 33 cooperatives, for different types of founders

### Traceability and cooperatives

Visits to farms and cooperatives raise doubts about the effectiveness of certification audits. The specifications are too complex, with many unverifiable criteria. The conditions to become an auditor are too vague, and the number of auditors, even assuming they are qualified, is too small for the audits to be credible. The vast majority of plantations can be certified for as long as four years without receiving a single visit. Moreover, for cooperatives, it is easy to 'convert' ordinary cocoa to certified cocoa or, conversely, to convince the farmers that their cocoa was sold as ordinary cocoa, and thus misappropriate the certification premium. The costs and benefits of certification give cooperatives the temptation to cheat on tonnages purchased from farmers and sold to exporters.

### Traceability and 'Mass Balance'

The concept of 'Mass Balance' can also not be ignored. In chocolate factories, it is uneconomical to establish two production lines, one for non-certified cocoa and the other for

<sup>1</sup> A collector, called *pisteur* in Côte d'Ivoire, buys and collects cocoa directly from the farmers and delivers it to the middleman. The collector rarely uses his own capital for purchases, most frequently relying on the capital of the middleman, who pays him a commission. The middleman, called *traitant* in Côte d'Ivoire, is based in a provincial town and often has several collectors working for him. The middleman then delivers the cocoa to the exporter. A middleman may use his own capital or that of the exporter to buy cocoa. The cocoa therefore changes hands thus: farmer to collector (*pisteur*) to middleman (*traitant*) to exporter.

certified cocoa. So the companies have negotiated the right not to separate the production lines. Each company just adjusts its sales volume of 'certified' chocolate in the same proportion as its purchases of certified cocoa. 'Mass Balance' thus makes a mockery of the concept of traceability and makes it ultimately just as tenuous in the downstream as it is in the upstream (from the plot to the cooperative).

### Conclusion

While the approach and its progressive intentions can be appreciated at the environmental and ethical levels, and in terms of traceability, the means used for and the results obtained from mass certification do not lead anywhere near the proclaimed goals. Consumers are not buying the product they believe they are buying. The worst aspect of this approach is, no doubt, the certification of cocoa farms established in classified forests. Indeed, certification masks the uncomfortable reality of cocoa cultivation instead of helping confront it. The potential political and public relations risks of mass cocoa certification remain immense.

In reality, mass certification and its standards are primarily an attempt at agricultural extension, with an objective of increasing per-hectare yields of cocoa farms. This study has clearly raised doubts about this objective by highlighting the approach's ignorance on labour productivity and increased risks for smallholders. Furthermore, the latter are often much more professional than the proponents of efforts to professionalize them would have us believe. Nevertheless, at least some of the planters say they appreciate the advice they have received. No doubt, some of them resort to 'parroting' whatever they think the listener wants to hear to protect their premiums, but it is also true that for years they received almost no advice. It is therefore legitimate to ask the consumer to participate in the cost of agricultural advice and a possible modernization of cocoa cultivation. But then mass certification should present itself in its true colours: first and foremost a productivist approach focused on per-hectare yields, with the justification that it is likely to improve farmer incomes.

Given these uncertainties, there is a risk that global demand for certified cocoa/chocolate may fall off. The industry itself is beginning to sense the danger. Among the high costs of certification, the meagre premium paid to the farmer is likely to be the first variable to be adjusted. The 'parroting' by farmers in favour of certification is explained primarily by their interest in the premium, albeit often not paid in full but nevertheless useful because received during low-income periods.

If the premium is stopped, farmers will simply abandon certification. This structure of 'sustainable development' is therefore built upon a commercial bubble destined to burst. The approach therefore needs to be completely rethought, oriented towards more transparent objectives that can be better verified, discussed with farmers and that include the primary conditions of 'sustainability', currently largely ignored by certification: cocoa replantation, rehabilitation of old cocoa farms through grafting, and interplanting of food crops in cocoa fields for food security. What is the point of a possible reduction in cocoa herbicides if the farmer has no other alternative than to use them in his neighbouring rice field? Finally, this certification which has carefully avoided addressing land issues should confront them head on, even if only to limit fraud on reported cocoa surface areas and products declared as 'certified'.

Finally, many growers are creating and developing their own innovations, such as the use of organic fertilizers. A glowing example is the establishment of a complete chicken manure

supply chain, with 25-tonne trucks transporting manure the entire width of the cocoa zone, from the east to the west. Sheep and goat rearing has also emerged in response to the use of local manure in cocoa cultivation. But developments like these are largely ignored by top-down approaches such as certification. Like all other approaches that treat the smallholder as an amateur who has to be taught 'good practices', the certification process also shows the ignorance of the 'developers' themselves, unable to recognize the capacity of innovation, ability to reason and professionalism of many farmers. The certification agencies, international NGOs and some industrialists have much to learn in this area in order to preserve their own futures and sustainability. These changes have to take place urgently because what we see here in Côte d'Ivoire also applies to other countries. In 2012 and 2013, we observed similar trends in Sulawesi, in Indonesia, the world's third largest cocoa producer.

Translated from the French version

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