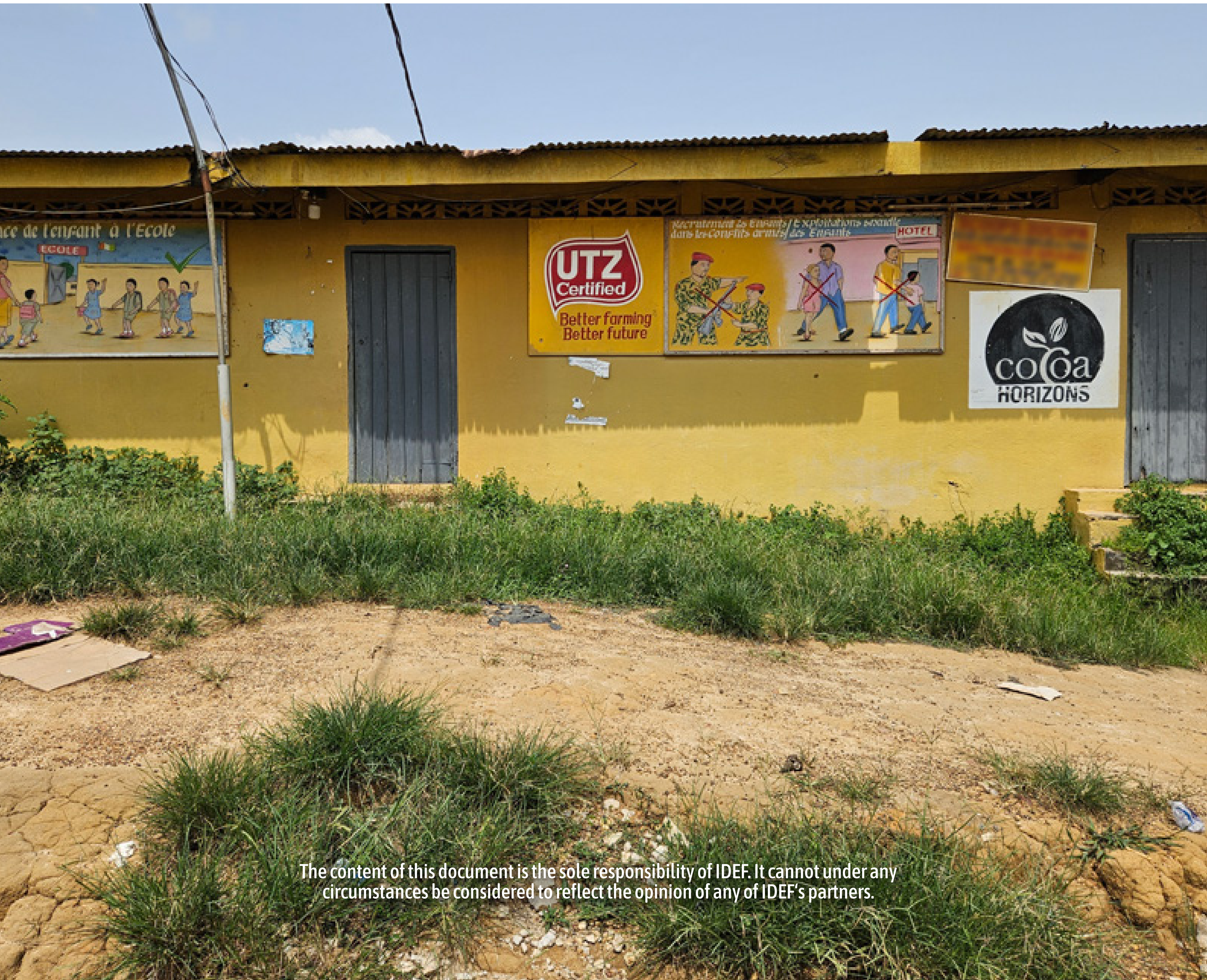
SEPTEMBER 2025

INDEPENDENT MONITORING

Cocoa cooperatives in Côte d'Ivoire: between submission to companies and administrative obstacles

How abusive sourcing practices prevent cooperatives from thriving



Reading note

The photos used in this report are for illustrative purposes only. They do not in any way refer to a place where testimonies were collected, nor to the people who agreed to share their testimonies.

All respondents have named the company with whom they encountered the difficulties described in this report. However, in order to protect their anonymity, which they have all requested, we have chosen not to name the companies in question. This does not alter the reality of the facts. Especially since these are not isolated cases. Rather, they reflect a structural dynamic in the relationships between export companies and cooperatives.

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1 Summary

Despite their driving role, which is recognized by all actors in the cocoa supply chain, cooperatives are struggling to become influential players capable of exerting real influence on strategic decisions within the cocoa sector in Côte d'Ivoire. For a long time, they have been sidelined. While it is true that some are cooperatives in name only, the reality on the ground shows that there are also many "real" cooperatives committed to improving the situation of their members. However, they are caught in a trap inherent in the current organization and structure of the cocoa sector, where they are considered solely as "collectors and deliverers" of cocoa beans. This role was assigned to them but does not do them justice.

This report starts from this observation and questions the reasons for the stagnation of cooperatives despite the pivotal role they play in the supply chain. It is organized around two main points: the relationships between cooperatives and their customers, who are generally multinational cocoa trading companies (1), and the institutional structure and functioning of the sector (2).

The report analyzes the situation from these two perspectives, drawing on concrete experiences reported by cooperative representatives. With regard to the first aspect, it shows how short-term contracts, with conditions determined solely by the exporters, put the cooperatives under immense pressure and force them into practices that perpetuate deforestation. It also becomes apparent how pre-financing by exporters severely restricts the cooperatives' independence. Another challenge is that private certification systems have developed into a kind of "toll" without which it is difficult to obtain contracts. Furthermore, competition is distorted by "paper cooperatives" that do not fulfill the central tasks of genuine cooperatives but with which they must compete. These are all obstacles that cooperatives must overcome in order to survive. In addition to these difficult market dynamics, their development is hampered by administrative obstacles. In particular, the annual licensing system prevents long-term commitments by cooperatives.

The content of this report is based on data collected from 65 cooperatives across all cocoa-producing regions in Côte d'Ivoire. It highlights situations that are well known within the sector. But for the first time, cooperatives have agreed to share their experiences. Although these testimonies are anonymous for the time being, they demonstrate that cooperatives are becoming more confident and more aware and conscious of their role. And even if they still feel a certain fear linked to the very nature of their relationships with export companies on the one hand and with the institutional system on the other, this fear is gradually receding. The report contains clear testimonies with specific examples of situations or behaviors that border on illegality and are clearly abusive.

The report is addressed to all actors in the sector, including the cooperatives themselves. During the data collection process, some of them also highlighted the lack of professionalism, the centralization around the presidents of the cooperatives, and a certain preference for opacity. These points are not developed in this report. Nevertheless, they will be monitored to ensure that the recommendations made below bring about the expected improvements for the cooperative movement in Côte d'Ivoire, particularly in the cocoa sector. We believe that this is in the interest of all stakeholders, including the exporting companies. Without a strong and functional cooperative movement, it will be difficult to sustainably address issues such as supporting producers through data management, implementing concrete actions to improve living conditions, and combating the worst forms of child labor.

2 Multinationals and cooperatives: a working relationship distorted by an excessive imbalance of power

Most cooperatives in Côte d'Ivoire have a multinational cocoa trading company as their customer. Their working relationship with these companies is relatively simple. As an actor with direct access to producers, the cooperative collects cocoa, sometimes via its members' warehouses or by purchasing from its members, and then delivers it to a client with whom it has a contract to deliver a specific volume. In short, it is a normal working relationship between a supplier and a client.

However, the situation is far from simple. In fact, this working relationship is characterized by a clear imbalance of power between the two parties. Most cocoa traders are large multinational companies with greater financial resources than many countries. As a result, they do not act as customers or even partners of the cooperatives in this relationship, but rather as employers, without, however, assuming the responsibilities associated with an employer-employee relationship.

As we will see from the numerous testimonies collected, some cocoa trading companies exert various forms of pressure in their working relationship with cooperatives. Contracts are used as leverage to keep cooperatives in a situation of dependency, sometimes pushing them to resort to questionable or even illegal practices in order to survive.

As a result, 72% of the cooperatives that agreed to answer questions for this report describe their relationship with their customers, the cocoa exporters, as poor or very poor. Less than a third of cooperatives have a positive view of their relationship with their exporters.

And for good reason: an imbalance in the business relationship, various forms of abuse, situations that border on illegality and are clearly ethically questionable.

2.1 Short-term contracts and delivery pressure as drivers of illegal practices

To fully understand what is at stake, it is important to be familiar with the cocoa ***"calendar."*** The main cocoa season begins on October 1 each year. It lasts until the end of March and is followed by the small or intermediate season, which runs from April to September. Multinational cocoa trading companies aim to receive most of their deliveries during the main season. According to a former employee of

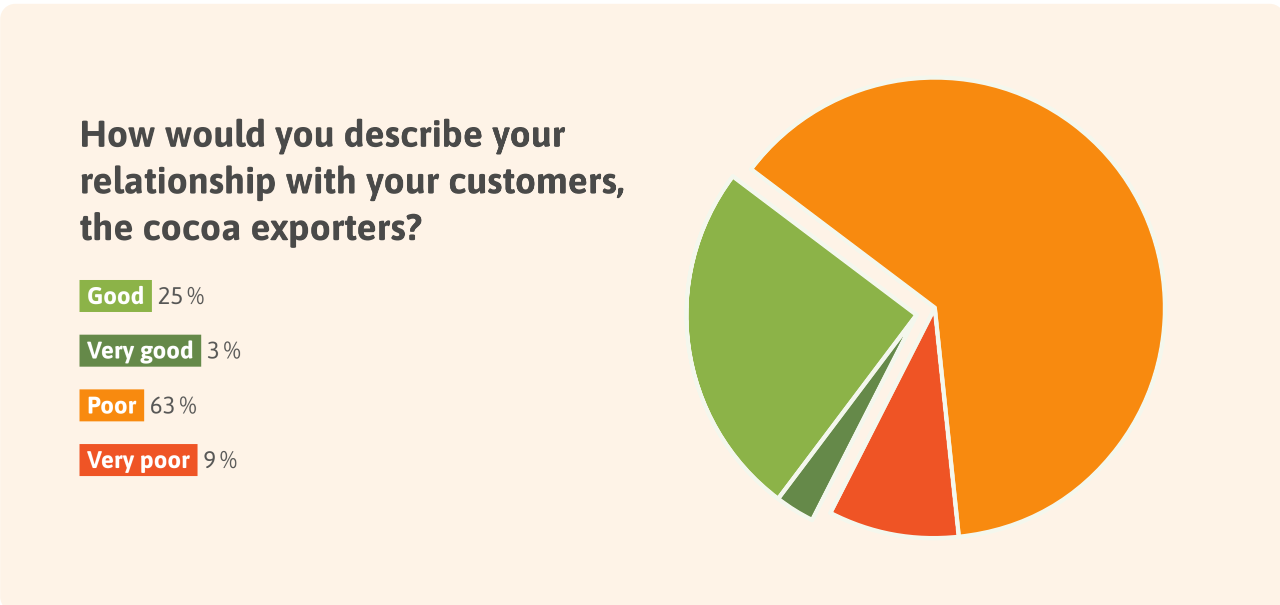

Figure 1: Diagram based on data collected from 65 cooperatives in the 13 regional delegations of the Coffee and Cocoa Council (CCC), IDEF, May 2025

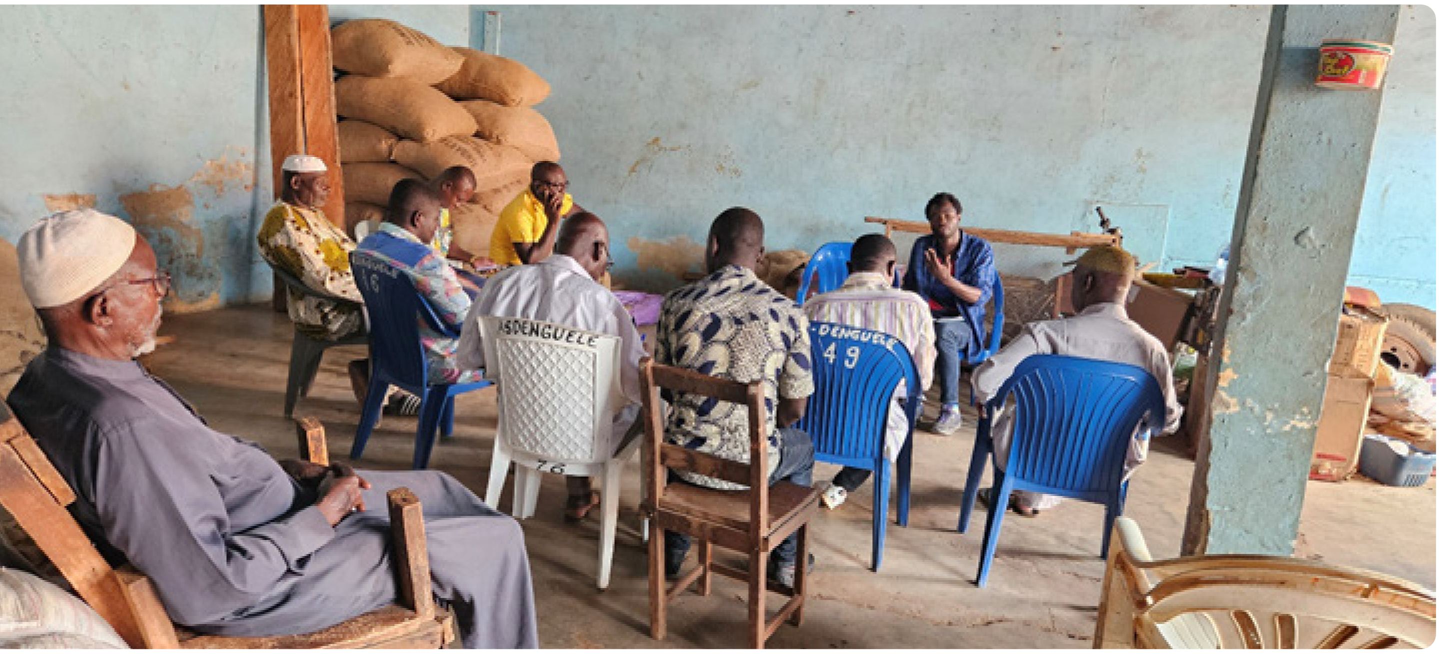

Figure 2: Discussion with a group of cooperative managers, IDEF photo, November 2024

a multinational based in Abidjan, *"the reason is simple: they in turn have to supply their customers, the chocolate manufacturers, within a timeframe that allows them to make chocolate products available to consumers for the peak consumption periods of New Year and Easter."* To do this, they put pressure on cooperatives to make at least 80% of their annual deliveries between October and December, i.e., in three months.

This unrealistic requirement sometimes forces cooperatives to turn a blind eye or even resort to illegal practices such as purchasing cocoa produced in protected areas (classified forests and parks). This is exactly what we learn from the testimonies gathered from cooperatives in three production areas.

"If you want to get contracts, you have to follow the system. If you refuse, your friend next door will do it without any problem. In fact, exporters will always find someone to do what they want. Otherwise, they know very well that it is impossible to get enough cocoa from members alone to meet their demand between October and December. But they demand it anyway."

This other testimony is more specific:

"In 2019, we discussed a contract with a partner[1] *. The contract was for the delivery of around 400 tons. And they told us that we would have to deliver everything by December at the latest. It's not that we weren't capable of doing it. Given the number of members and the theoretical production potential, we had more than enough capacity. It's just that it's not possible to do it in three months. We explained this reality to them. They said it was either that or they would find another cooperative. In the end, we couldn't sign. But I know that other cooperatives signed with them under the same conditions. Some of these cooperatives have less capacity than we do. But where do they get their cocoa? From the classified forest here. They are the ones encouraging the destruction of the forest. Their pressure on the cooperatives pushes them to buy cocoa produced in the forest. Then they come and talk about agroforestry, sustainability, etc. If those who produce there (in the classified forest) had no buyers, they would have no reason to do so. But since they find buyers, they will continue. However, I do not blame the cooperatives that do this. The exporters are the main cause. They are the ones who exert pressure."*

The third testimony is even more telling. The cooperative in question admits to having resorted to practices that it knows are illegal. *"But what can you do? We're just trying to survive, like everyone else here,"* says the president of the cooperative, which was founded just over 20 years ago.

"Since you said that we're among ourselves and no names will be mentioned, I'll be frank: here, no cooperative can say that it only takes cocoa from its members. It's impossible if we want to get contracts. You know how cocoa arrives

[1] Cocoa export company

during the harvest season. We now have more than 2,000 members. But three or four years ago, we had around 1,200, maybe even a little less. Imagine negotiating a contract to deliver 300 tons and being told that 80% must be delivered between the start of the harvest and the end of December at the latest. That's only three months. You have to find 700 to 1,000 tons of cocoa. Because, as you know, it's not just with the one partner you have a contract with in O-D (October-December). You can have contracts with two or three other partners for roughly the same tonnages for the same period. Even with a cooperative of 3,000 members, this can be complicated given the current situation on the plantations with diseases, etc. So, to get our contracts, all of us here work with the trackers (pisteurs[2]). The trackers, we know where they buy. Our delegates in particular don't go into the forest there. We rely on the trackers for that. They go and look for it and we try to reach an agreement with them. We supplement this with our members and manage to handle our contracts. Otherwise, you can't get by."

When asked whether some cooperatives send representatives directly into the forest to buy illegal cocoa, she replies bluntly:

"Yes, without a doubt. We talk to each other as chairpersons. Sometimes, some of them ask me for a truck to pick up bags or offer me to participate. For now, I find it beneficial to go through the trackers. There is less risk. It's a matter of keeping up appearances (laughs...)."

As for whether the exporters her cooperative supplies are aware of these practices, she responds with another question, not without a certain irony.

"Do you think they care?" she asks, before adding, *"Generally speaking, when they want to know something, they take steps to find out. The current situation suits them perfectly. If there's a problem somewhere, they can always say they didn't know. The cooperative concerned takes the penalties that go with it and they get away with it without any problems. And that's how the system is preserved—and we carry on as before. That's cocoa, we're in it (laughs again...)."*

Analysis of the implications

Reading these comments, one might be tempted to say that, ultimately, these testimonies reveal nothing new. This is undoubtedly true. For those who are interested in the cocoa industry in Côte d'Ivoire, these are familiar stories that have been heard before. But it is not always easy to realize the extent to which this practice, which is akin to contract blackmail, is the cause of massive deforestation of classified forests and national parks for the benefit of cocoa pro-

Figure 3: People transporting cocoa on motorcycles, IDEF photo, November 2024

[2] A pisteur is an individual buyer of cocoa. A pisteur does not have a license allowing them to have a direct commercial relationship with an exporter or to deliver cocoa to the factory. They are therefore intermediaries who buy from producers and resell to a cooperative or another actor capable of offering them added value. A pisteur may sell to another pisteur who is larger than himself. They are informal actors. There are no official statistics on the number of pisteurs in Côte d'Ivoire.

duction. It is therefore clear that it is essential to take into account contractual relationships if we are to find sustainable solutions to cocoa production in protected areas and the deforestation it causes.

According to the guidance document on best practices published by Voice Network, *"chocolate brands often already have long-term contracts with the multinational cocoa trading companies that supply them. However, these companies do not have similar contracts with the cooperatives and farmer organizations that supply them."* It is clear that, if they so wish, multinational cocoa trading companies could set up long-term contracts with cooperatives. *"They have the power to do so. But they use it to divide cooperatives in order to better control them. And it's not just contracts that they use for this purpose,"* notes an expert in the cocoa sector.

2.2 Certification as a prerequisite for contracts with exporters

In addition to contracts, the cocoa certification system is another tool in the hands of multinational cocoa trading companies to subjugate cooperatives. Certification standards such as Rainforest Alliance (RA) and Fairtrade have succeeded in becoming such pivotal players that without one of these labels, it is virtually impossible for a cooperative to access direct contracts with multinational cocoa trading companies. As a result, despite the fact that these certifications are not financially profitable for cooperatives, and even less so for producers, they voluntarily commit to them. *"Because it's either that or you don't exist for exporters,"* says one cooperative manager, bitterly. He continues:

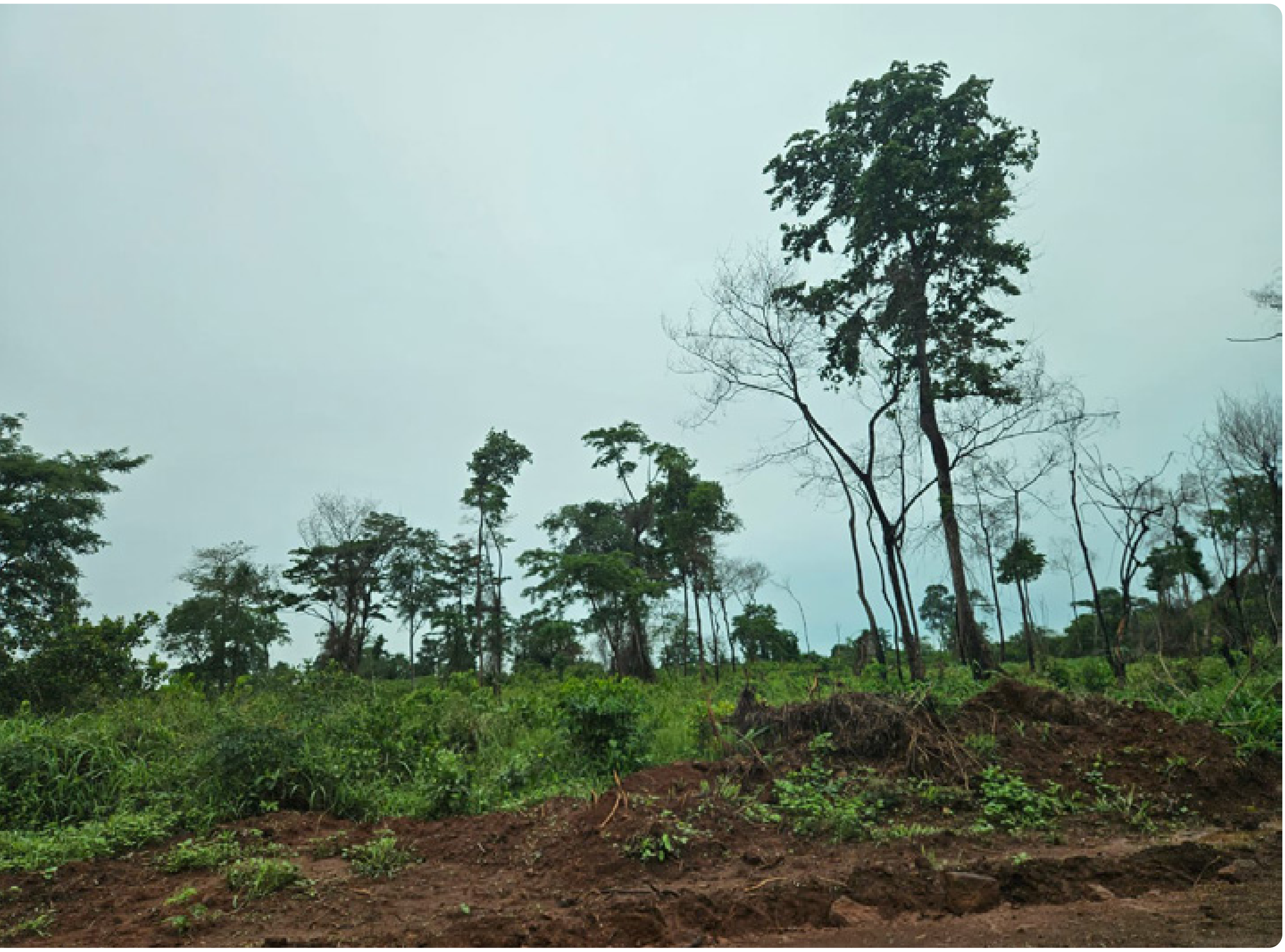

Figure 4: View of a newly cleared forest area, IDEF photo, December 2024

Figure 5: View of a cocoa plantation with ripe pods, photo IDEF, November 2024

"Take Fairtrade, for example, which is considered an advantageous label in terms of the amount of the premium. Because the amount is higher than for RA. To get a premium, you first have to sell certified products. What happens is that most of the volumes we produce under Fairtrade certification are sold conventionally. There is no market."

Indeed, according to Fairtrade figures, around 600,000 tons of Fairtrade-certified cocoa are produced each year in Côte d'Ivoire. But only between 200,000 and 250,000 tons of this production is sold as certified, which is around 40%. One is inclined to wonder why certify all this production if the end goal is to sell it as conventional.

"People who don't understand may say, 'But it's voluntary, no one is forcing you.' But that's not true. The reality on the ground is that we have no choice. It's something that's imposed on us. For most exporters, it's not officially stated, it's subtle. And for others, it's very clearly a criterion. Without certification, it's impossible to get a contract with the exporter. We wanted to have a contract with a partner. The condition they set was that we had to be Fairtrade certified, otherwise they couldn't work with us. That's the reality on the ground. So even if we don't make it financially, even if the producers make a lot of effort and use their meager resources to follow good agricultural practices in order to produce according to the requirements of the certificate, and even if we only manage to sell a small portion of our certified products, we have no choice but to obtain these certificates. It's the lesser of two evils. It's either that or nothing."

Another adds with a tone of resignation:

"We know that nothing will change. Because we've been talking about it for a long time and everyone knows about it. But since everyone is involved, especially those at the top, it will continue. We cooperatives are accused of not paying producers the correct premium. But everyone is silent about the real causes of this situation. And until the root causes are addressed, the problems we see—such as non-payment of premiums, etc.—will continue. And whatever system they put in place, it won't work."

Despite this criticism, this cooperative manager says he understands why this partner requires Fairtrade certification from its partner cooperatives: *"I think it's easier for them to monitor. For me, the problem isn't necessarily the partner's requirement. Because when I see the cooperatives that work with them, I see that they are treated really well. That's why I myself am doing everything I can to join their program."*

"They are the only exporter I know that pays such good premiums. In addition to the Fairtrade premium, we receive other premiums linked to their program, and these are paid directly, without going through Fairtrade. It's between them and us directly. This is the kind of direct partnership we need to have. It gives us more resources to develop the cooperative and better support and assist our members." adds a director whose cooperative has been involved in the program for several years and who would like to know who is responsible for the situation that has led to the sale of certified cocoa as conventional.

Responsibilities regarding the insufficient sales of Fairtrade-certified cocoa

As with all issues in the cocoa sector, it is difficult to attribute the cause of this situation solely to Fairtrade. *"If the standard has any responsibility, it is to continue to certify new cooperatives, knowing that those already certified are unable to find a market for all of their certified production,"* comments a cocoa industry expert working for a cocoa trading company in Abidjan. This is where we might consider other players who share responsibility for this situation with Fairtrade: chocolate makers. As the expert states, *"They are the ones who place the orders. They hold a large part of the key to resolving the situation. If they order more Fairtrade-certified products, the production will inevitably* *be sold. The problem is that they consider Fairtrade to be far too expensive."*

In any case, the sale of certified products under conventional terms is an untenable situation in the long term. All stakeholders, particularly the industry, regularly claim to be committed to improving the incomes of producers and thus their living conditions. The argument that Fairtrade cocoa is too expensive is inconsistent with these claims of commitment to better prices for producers. This issue should be at the heart of future discussions between stakeholders to find a sustainable solution to this situation.

The use of certification as a tool for exerting pressure

Some exporters use certification as a tool to submit cooperatives. This is what happened, for example, with a cooperative based in the Haut-Sassandra region. It ended up being considered the property of the exporter.

"Every time I think about this situation, I say that we were born to suffer injustice. Our partner refused to let us sell the cocoa to another exporter because they pre-financed our certification. However, we produced just over 300 tons of certified cocoa. They said they could take 200 tons at the start of the season. We said we agreed and that we would look for other markets to sell the rest. But the partner said that was out of the question. They said that if we wanted to do that, we had to find the market and ask that customer to go and talk to them. They had to talk to that customer and close the deal before we would get their authorization to deliver the rest of the cocoa to that customer. At first, I was there, I was so confused by their explanation, I didn't understand the logic behind it. And then I understood that their logic is that because they financed our certificate, the cocoa produced by the members belongs to them. So even if they can't take the entire volume, if we find someone else to take it, that customer has to go through them because they are the owners of our cocoa and even of the cooperative, so to speak. Talking to other colleagues, I realized that it's not just this company. All exporters do this more or less. You see how they're preventing us from getting out of this situation?"

In response to a request to clarify or explain what she calls "pre-financing", she explains, somewhat amused:

"Ah, let me explain why it's pre-financing. They finance the certification audit and some training related to certification. But in reality, it's the cooperative that pays, since they get the money back when the premium is paid. They take it from the cooperative's share. I'm clarifying this so that people don't

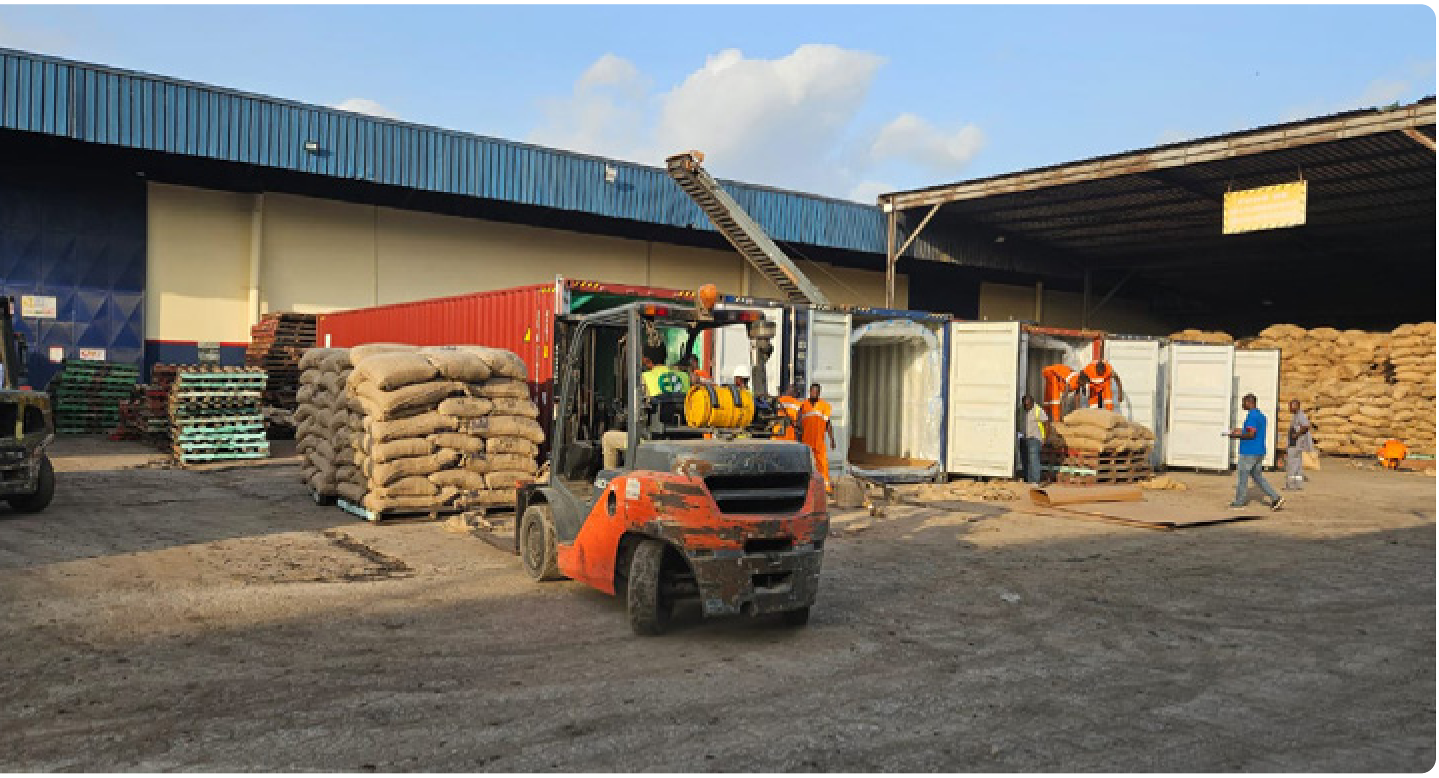

Figure 6: View of a factory storage warehouse, IDEF photo, December 2024

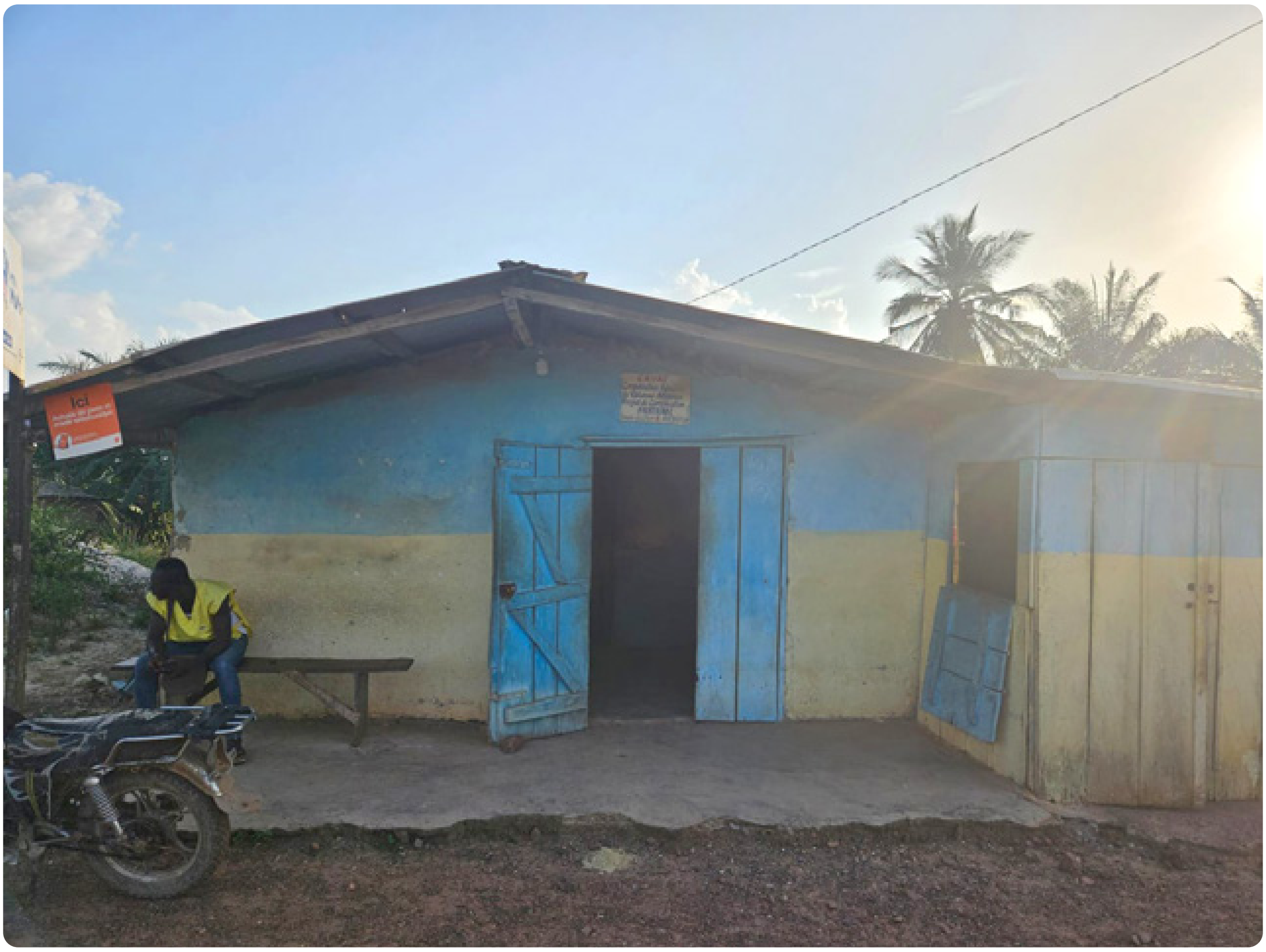

Figure 7: View of the facade of a cooperative section store, IDEF photo, November 2024

say they're taking the producers' premium. They take it from the cooperative's share of the premium. But when you look at it closely, it amounts to the same thing, since the cooperative will also be forced to act on the members' share."

She then continues:

"They think we belong to them. The proof is that they say that because we have delivered to other exporters, they will no longer pre-finance our certification audit. And I think this was done on purpose. Because they said it quite late, when I contacted them to discuss preparations for the next campaign, around June-July, when the certification audits were due to take place. It was their way of punishing us, in fact."

Then, as if to conclude or summarize her remarks, she adds:

"That's how all these companies behave on the ground, beyond the grand speeches they make. It's frustrating and unfair. But we have no support. I'm not talking about this because I think your report will change anything. But because I think it's necessary for me to move on. Because this affair has left its mark, a huge mark. And I'm not just talking about the psychological scars on me, but the real financial consequences for the cooperative. We almost disappeared. But thank God we're still here. Even though we had to merge with another cooperative to avoid closure. We're going to keep going!"

Analysis of the implications

Once again, for those familiar with the cocoa industry in Côte d'Ivoire, this is probably not the first time they have heard or read this type of testimony. It is a fact that cooperatives cheat when it comes to the payment of premiums to producers. Most cooperatives do not dispute this. However, reading the above, it is clear that this situation is the result of a much more significant cause: the tacit obligation to be certified before entering into contracts with exporters. Cooperatives that do not have any certification end up subcontracting for certified cooperatives, which are in fact the only ones to have delivery contracts with exporters, even if that exporter only buys conventional products. We could refer to this as a "hierarchical loss." The subcontracting cooperative sees its profits reduced by subcontracting agreements, while the certified cooperative hardly benefits from the advantages of its certification, since it only sells conventional products. Its only benefit is being able to sell its production.

The question is not whether certification is a good or bad thing. That is not the issue. Despite the criticism, certification has proven effective in some respects. The core of the problem lies in the fact that multinational cocoa trading companies use certification as a prerequisite for access to contracts. This is a tactic to gain control over cooperatives by preventing them from diversifying their business partners. Although no company would publicly admit to this behavior, it is nevertheless a reality on the ground.

2.3 Abuses of the so-called revolving system, or exporters' pre-financing of the harvest season

The revolving system refers to a situation in which an exporter or cocoa trading company provides a cooperative with working capital to enable it to purchase cocoa from producers. This system addresses the lack of access to bank credit for cooperatives. The exporter who grants revolving credit therefore acts as a "friend" to help a cooperative compete in a context where, without cash, it is difficult to

Figure 8: View of a cocoa drying site, photo IDEF, November 2024

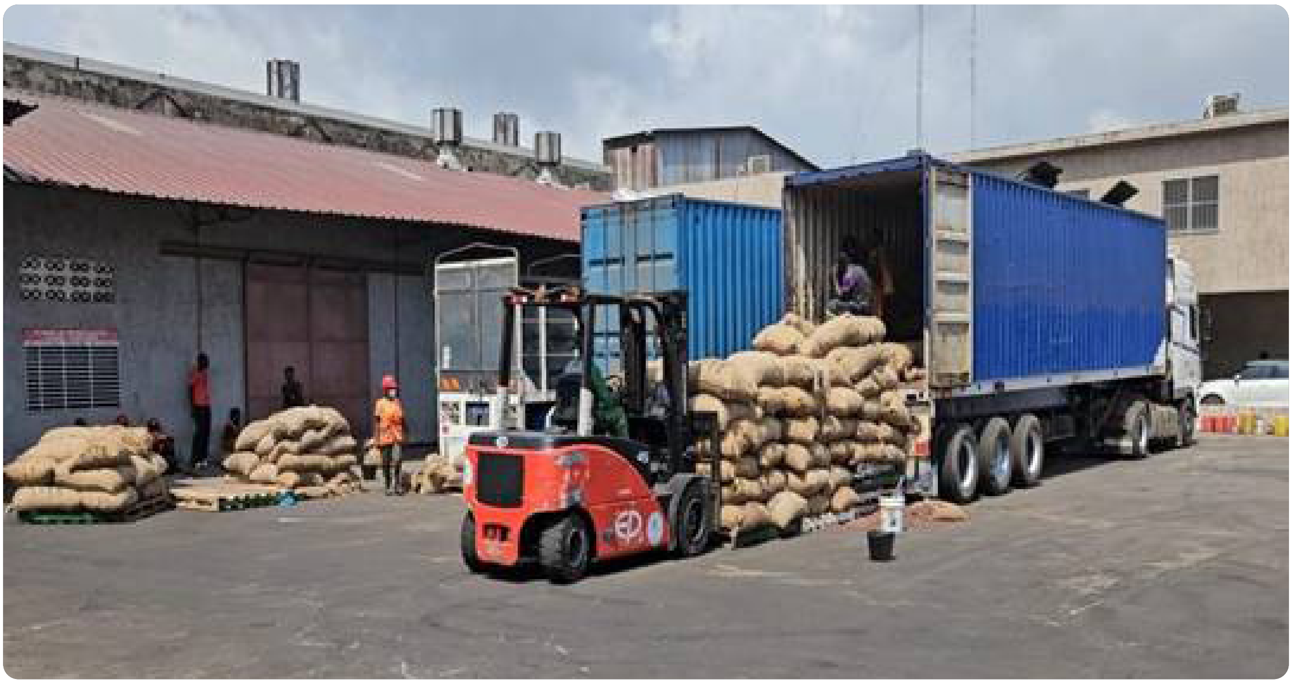

Figure 9: View of a truck unloading cocoa at a factory storage warehouse, IDEF photo, December 2024

survive (producers have financial needs and will sell their cocoa to the buyer who can pay in cash).

However, the reality is not as friendly as that may sound. While the revolving system appears to be a kind of aid from exporters to cooperatives, it is in fact a trap for the latter. And even if the cooperatives are aware of the trap, practice shows that they have virtually no leverage to avoid it, as one cooperative president explains:

"They say that revolving credit is to help us. That may be true for cooperatives that wish to receive the pre-financing from exporters. But for cooperatives that have their own resources and don't want it, it's a big problem. I can tell you that we are forced to enter the system. And it was after several losses that I finally accepted it."

Like other cooperative leaders before him, he says he has no illusions about the impact of this report. But, he continues, there is nothing wrong with explaining the reality on the ground. In any case, *"it's always been this way and that's how we operate,"* he says, before launching into a lengthy explanation:

"In 2021, I had a contract to unload 500 tons. We loaded the truck with 40 tons using our own resources and a large part of the members' consignment sales[3]. We arrived at the factory. There was one truck ahead of us. Before the unloading of that truck was completed, another truck arrived and was behind us. But the truck that arrived after us was unloaded before us. Do you know why? Because that truck had been loaded with the exporter's money. It was a cooperative that had benefited from revolving credit. So the exporter gives priority to those to whom he gives pre-financing for the campaign. Perhaps because he wants to get his money back quickly. He didn't give us any money, so maybe he has nothing to lose. So he can make us wait. However, we rent the 40-ton truck for 500,000 CFA francs (763 EUR) per trip. Normally, it's for 24 hours. So we go to the factory, unload, and the truck comes back within 24 hours. If we exceed that, the truck owners can ask for additional payment. In addition to this payment, the cocoa, which sometimes spends more than two or even three days in the truck without being unloaded, deteriorates in quality. You can imagine the losses we suffer. Who pays for that?"

Although he began his testimony with a very clear voice, as he utters these words, his throat tightens. Determined to finish what he has to say, the cooperative manager continues nonetheless:

"So when we finish with those who have priority because they are in the revolving system with the exporter, and we unload you, you end up with weight losses and additional

[3] Consignment refers to the fact that members of the cooperative agree to have their cocoa weighed and take only a receipt, then wait for the cooperative to deliver the cocoa to the factory, get paid, and then pay the members based on each member's receipt of payment. In this way, a cooperative can collect cocoa from its members without needing cash.

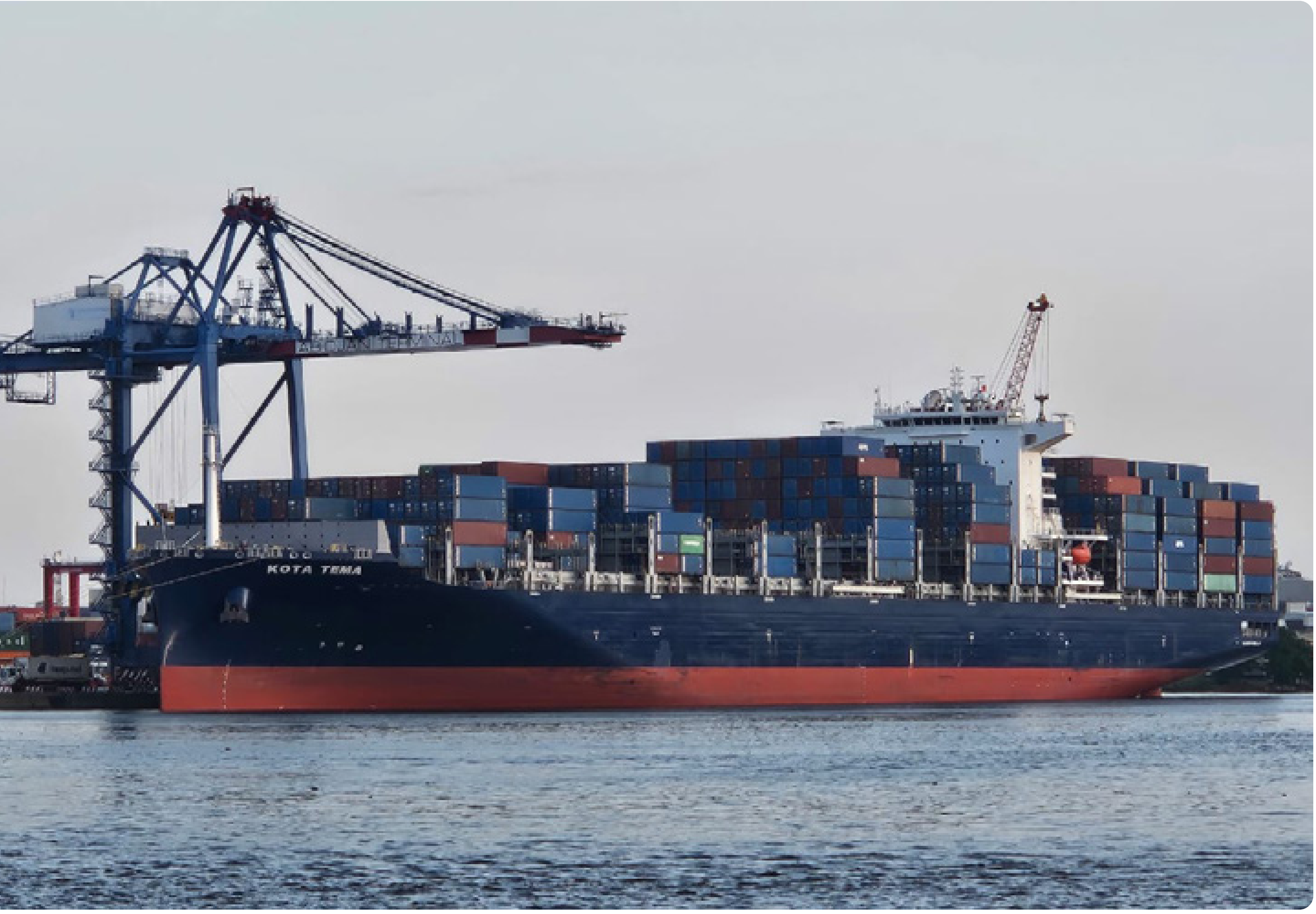

Figure 10: View of a container carrier, IDEF photo, December 2024

rental expenses. After a few cases like this, I gathered the members, we discussed it, and we decided to also join the revolving system. It was a situation that was imposed on us. We had no choice."

Fatalistic and visibly resigned, he concludes:

"*And I think it's a situation that kills the cooperative spirit among members. Consignment creates pride, a sense of belonging. But that's the situation. You can't have strong cooperatives under these conditions; it's impossible, in my opinion, at least.*"

The revolving system has another downside. The practice consists of taking over cooperatives. By forcing cooperatives to take their money, exporters consider these cooperatives to be their property. This is also evident in their language. It is not uncommon to hear exporters say "*OUR cooperatives.*"

2.4 Distorted competition due to paper cooperatives

All of the respondents that shared their experiences for this report have stories to tell about "cooperatives" that exist as cooperatives in name only. However, they refrain from naming names. One cooperative president sums up the reason:

"*We know they don't have any members. Because we know each other here in the field. But every year, they renew their code (license) and they still have contracts with exporters, more than we do. That means they provide the information that a cooperative must provide in order to obtain the code. If we give names, we're going to have problems, that's for sure.*"

No sooner had she finished speaking than another cooperative manager, visibly very upset, jumped in:

"*I'll be blunt: all the Lebanese who have stores here have cooperative papers. But when was the last time you saw a general meeting with members organized by a Lebanese cooperative? Yet on paper, everything is in order. They renew their code every year. The people from the council (cof-*

fee and cocoa council) are here, going from store to store, supposedly conducting inspections. What they're interested in is seeing if we still have cocoa in our stores. The rest is not their problem. I mentioned the Lebanese because it's obvious in their case. But there are also cooperatives created by Ivorians, Burkinabés, Malians, and Guineans that are cooperatives on paper. Unfortunately, they are the ones with the financing. When the season starts, they have a lot of cash. They buy cocoa everywhere. If you ask your members to sell on consignment, they come with cash. People have problems, they sell and take the money. You can't even blame them. The question is: who gives money to these paper cooperatives? How do they get their funding? Because even if we want to take out a loan from the bank, either the interest rates are high or they won't even give us one. They say there isn't enough collateral. But we have members, producers who generate volume. They, on the other hand, have no members, no cooperators. How are they financed?"

After this last question, he falls silent, as if to catch his breath... then continues, stating bluntly:

"We have no proof. So if you ask us for proof, we have nothing to give you. We are describing the reality we live here. We think that exporters are behind most of these cooperatives. Because they always have the contracts. They are certified as clean. We even wonder which members are used for the certification audits. In any case, the Lebanese are not involved in certification. They only buy ordinary cocoa. And even if you have certified cocoa to sell them, they will buy it as ordinary cocoa. RA, Fairtrade, they're not involved. So there's no certification audit business for them. They earn more than the certification premium. They're not interested in certification. Yet they have contracts. When it comes to us, to get a contract, you have to be certified. We don't understand anything."

Disillusioned and almost resigned, he concludes:

"In the end, we ourselves are forced to sell our cocoa to these paper cooperatives. Because we don't have a contract to deliver to the factory. Last year, I had to sell 110 tons of certified cocoa to a Lebanese buyer. He took it as regular cocoa. Before that, I had already sold him two truckloads, 87 tons of regular cocoa. With these volumes, who is going to benefit from the factory price? Him, of course. And that's how we unwittingly help to make them stronger, while we, the real cooperatives with members, are dying. That's our reality. Now, if you ask me for proof, I can't give it to you. But as there are many of us here, the others can say if I'm lying."

As the statements show, paper cooperatives do not contribute to cocoa production, but merely act as middlemen. They have no members and therefore do not bear the risks that real cooperatives bear. Nevertheless, cooperatives have to compete with these financially well-equipped players when it comes to purchasing cocoa. So far, existing controls by the authorities have allowed this business model to pass.

2.5 Excessive interest rates on bank loans

One of the important questions that keeps coming up concerns the financing of cooperative activities. How do those that are successful finance themselves? There is no single answer.

Because *"everyone fends for themselves in their own way,"* says the president of the cooperative, who borrows at a rate of 12% from a bank based in Europe. *"It's part of a support partnership, otherwise I'm not sure we would have had such an opportunity,"* she admits, not without a certain bitterness. When asked why she does not borrow from a bank or one of the many microfinance institutions in Côte d'Ivoire, she responds with a long sigh, as if to gather her thoughts before launching into a very detailed explanation of the situation.

"Where to start? I gave up on the banks here a long time ago. Not only are the interest rates high (20%), but the guarantees they require are too complicated for us. If you want to limit yourself to the cooperative's assets, it's impossible. You have to put your private assets on the line. As a leader, I'm not necessarily against putting myself on the line. But I can't put everything I have on the line without having a way out in case something goes wrong. Here, the banks don't leave any room for maneuver. The guarantees are enormous. So I prefer to look for partnerships elsewhere. For now, we have a very good working relationship with this European bank and we haven't had to put our personal assets on the line. The cooperative's assets are sufficient." She finds this working relationship beneficial. *"And thanks to this working relationship, the cooperative's assets are growing every year. For example, we have just purchased a truck. Our first 40-ton truck. It is now an asset of the cooperative that can be used as collateral. This acquisition is a real relief because it means we will no longer have the pressure of truck rentals."*

These experiences clearly show that bank loans in Côte d'Ivoire, with their high interest rates and collateral requirements, do not meet the needs of cooperatives. They must therefore seek other solutions.

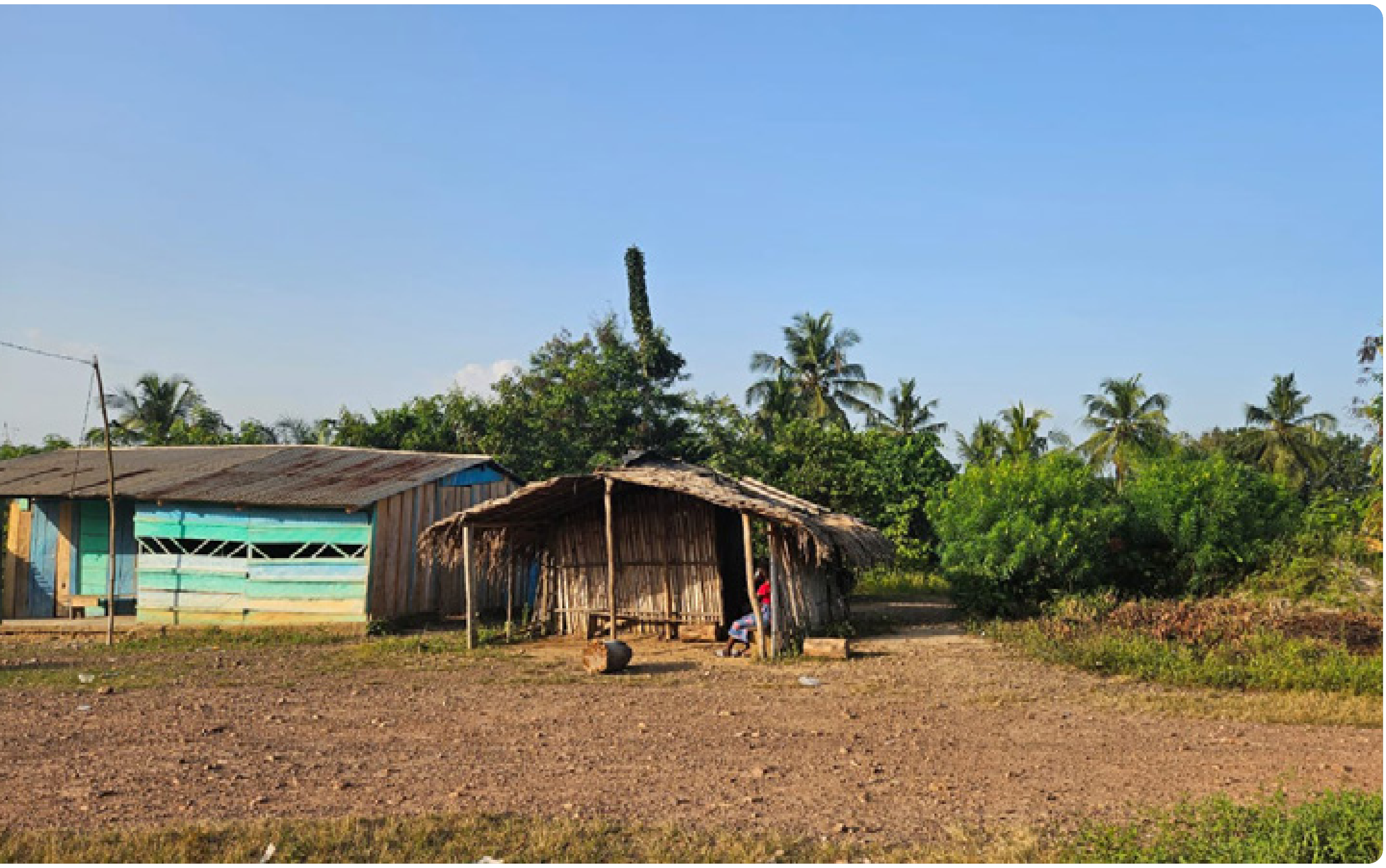

Figure 11 : Vue d'un magasin de section d'une coopérative, photo IDEF, Novembre 2024

3 Institutional obstacles to the development of a strong cooperative movement in the cocoa sector

3.1 The annual license renewal system

Required by law, all stakeholders need to comply with the annual licensing system. However, according to cooperative leaders who agreed to testify for this report, it is one of the major obstacles to the successful development of cooperatives.

A system that causes cooperatives to miss out on opportunities

"Personally, despite nearly 20 years in the cocoa industry, I still don't understand why we have to renew our license every year—I didn't go to college, so maybe that's why I don't understand. I'm counting on you to understand."

This remark comes from a cooperative president, who does not lack in sense of humor. But his point is clear and precise, without omitting any details. He confidently continues:

"But I find it problematic. Because it tires us out. It prevents us from growing as we want to, from reaching another level of development in our business. For example, two years ago, I was looking for financing to increase our purchasing capacity before consignment sales. There was a partner who didn't know much about the cocoa sector who wanted to support me. They said they were going to do a risk analysis. I was very confident. Because we are very clear here. We know that everything is in order. In the end, do you know what made them decide not to give us the money? Legal risk. Specifically, they said there was legal uncertainty and

a lack of legal stability. I was confused. But after they explained it to me, I understood."

What were the specific explanations given by this partner, who ultimately did not commit to this cooperative?

"The idea was to establish a contract with a three-year guarantee. But they couldn't commit to that because the license is only valid for 12 months. We insisted. They asked a question: what if, for one reason or another, the license is not renewed? Can you guarantee that the license will be renewed every year? I am unable to give such a guarantee. As a result, we remain dependent on small loans here and there from individuals, friends, etc. We remain in informal credit."

This testimony highlights the fact that even in situations where the cooperative is prepared to take risks by resorting to borrowing, it finds itself hampered in its actions.

3.2 The annual licensing system perceived as a means of pressure

In addition, the license application process is a significant administrative burden and a time-consuming task. Each year, cooperatives must gather administrative documents (articles of association, minutes, financial statements, etc.) to apply for renewal. This requires *"time, money, and sometimes unofficial fees,"* warns one cooperative manager.

Another cooperative manager decribed the licensing system as *"an archaic tool that serves no practical purpose—except perhaps to provide an additional source of income for the Coffee and Cocoa Board,"* while others simply denounce it as *"a tool of pressure put in place to keep us on a leash."* In any case, a cooperative director tempers, *"the council should look closely at this situation and perhaps communicate its merits in light of the reality of cooperatives losing opportunities. They need to explain the annual fees[4] we pay for renewal to us."* He goes on to explain the cooperatives' silence despite their unenviable situation:

"You say that cooperatives are not speaking out despite everything they are going through. But the truth is that we are afraid. If you speak out and they refuse to renew your license? The state is powerful. They can find all kinds of arguments not to renew your license," he concludes with this rhetorical question: *"So, in a way, you can see why we talk about it as a means of pressure, right?"*

Especially since, apart from the authorization to operate, obtaining the license does not confer any other direct advantages. *"Everything you get after that is linked to the fact that you have delivered cocoa. Collection premiums, certification premiums, etc.,"* points out one cooperative president. She continues because she *"wants to emphasize this fact."* There is no specific support mechanism for licensed cooperatives. However, licensing could have been a factor that paved the way for support or assistance, such as guaranteed financing.

This is exactly what she is calling for, having had to lease her cocoa plantation during the main cocoa season in order to keep the cooperative running. *"Otherwise, we would have had to close. Closing is easy, but reopening can be very complicated. So you have to make sure you don't close. Even for a single season,"* she advises. Because, *"You lose all your members in record time, you're no longer part of the landscape. It's over. If you want to come back, you'll have to start all over again. So you have to do everything you can to stay, even if you have to subcontract, you mustn't close."* Doing everything possible to keep going in one way or another requires dedication and enormous sacrifices, such as the other time when she had to sell her *"work car, a 4x4 she had bought new just two seasons earlier."* All this leads the 50-year-old to say that licenses should be a kind of state guarantee for access to bank loans at preferential rates. She explains, *"I'm not asking the state or the council to give us money for free. What we want is that when you are granted approval, you can, for example, be affiliated with a partner bank that gives you financing based on your collection capacity. This information is available to the council."* It's a concrete proposal that is certainly worth considering.

[4] Each year, cooperatives pay a lump sum to renew their purchasing operator license. For the 2025-2026 season, the amount is 200,100 CFA francs (305 EUR). This sum is presented as an "application fee" by the Coffee and Cocoa Council. It does not take into account all the expenses incurred by cooperatives in preparing their applications and traveling to the Coffee and Cocoa Council's headquarters in Abidjan to submit their applications for renewal of their license. This report did not assess the costs of these expenses in terms of either time or financial outlay.

3.3 Intensification of cash flow pressure at the start of the cocoa season

The main cocoa season in Côte d'Ivoire begins in October, specifically on October 1, with the announcement of the guaranteed farm gate price. This is when producers officially begin to deliver their beans. Whether by choice or coincidence, this period overlaps with the start of the school year. This coincidence creates pressure and has a real impact on cooperatives.

The fact that the start of the school year coincides with or slightly precedes the start of the harvest exacerbates cash flow needs. This is clear from the testimony of a cooperative president who explains that he ended up setting up a school loan system for members:

"I don't know if it's related to a political issue. But for me, it's hard to understand why we have to wait until October to set the price and launch the campaign. We already have cocoa available in August. People send their cocoa, but we can't take the risk of buying it because we don't know what the farm gate price will be. If we buy at the price of the campaign that is ending, and the price is lower, we can lose a lot. If the announced price is higher, it is the producer who may be disadvantaged. So it's very complicated. At the same time, producers need money because their children have to go to school. In general, the school year starts in mid-September at the latest. But frankly, that's for people in Abidjan. Here, school actually starts in mid-October, a month later, when the price for the main season is announced by the government. I don't understand why this schedule hasn't been revised for so long."

Analysis of the implications

This testimony highlights several worrying situations. First, there is the risk of loss of purchasing power for producers when they sell their first cocoa in September before the farm gate price for the main season is announced. The beneficiaries of this situation are buyers who are able to take risks. This excludes cooperatives, as they cannot afford to take such risks. This gives a concrete advantage to trackers and other large warehouse operators who can buy and store cocoa while waiting for the price to be announced in October. This situation weakens cooperatives because other players buy their members' cocoa, rendering their forecasts obsolete and, as a result, their entire development plan, which is based precisely on forecasts of cocoa purchases from members. This is the second lesson to be learned from this testimony. Finally, there is the issue of equal opportunities between the children of producers and others who do not depend on cocoa for their livelihood. The children of producers start school later. For one cooperative manager, *"this is an injustice that should be enough to open the discussion on this calendar."*

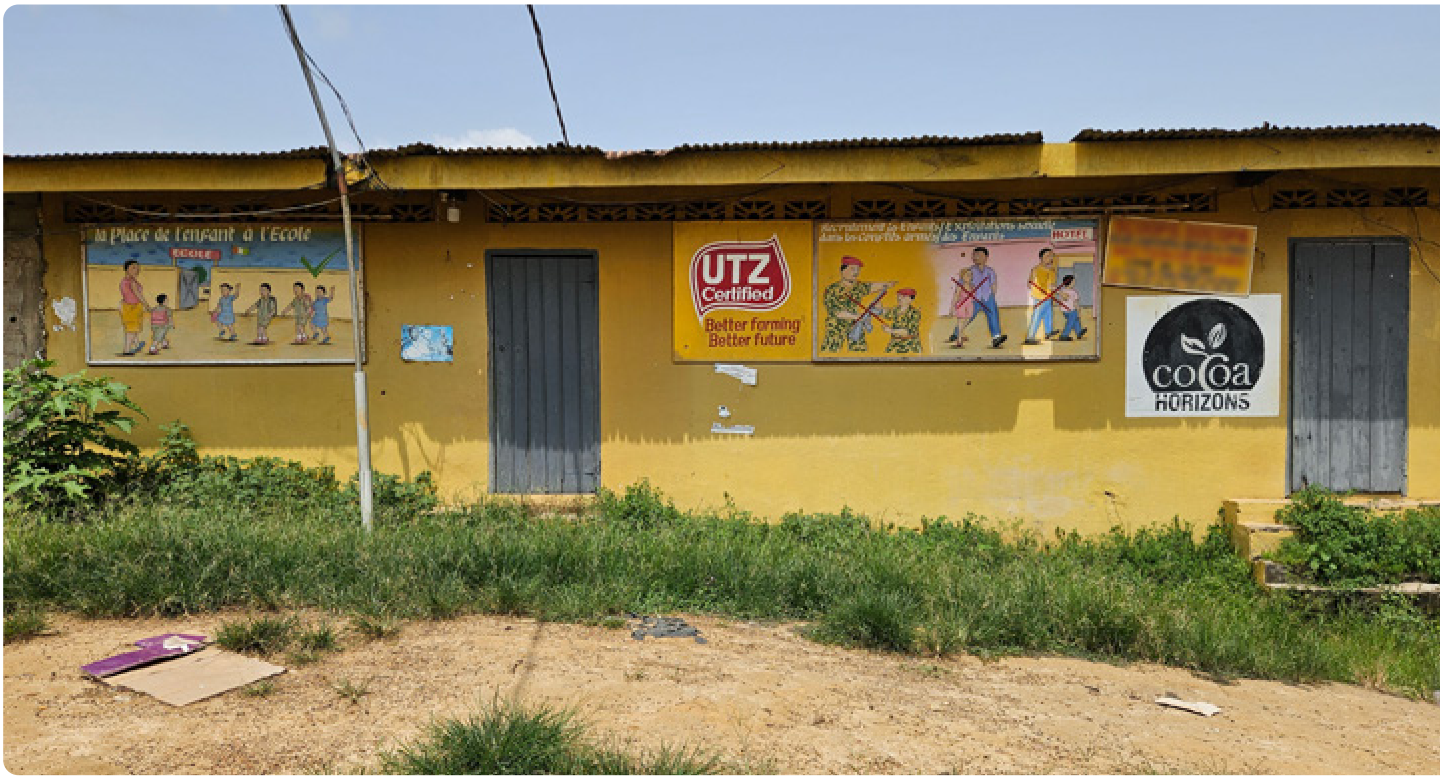

Figure 12: Front of a cooperative based in Grabo, apparently out of business, IDEF, December 2024

4 Conclusion

The obstacles highlighted in this report clearly illustrate the diverse reasons why cooperatives can't thrive and why the cooperative movement is weak. The current model confines cooperatives to the status of mere cocoa "collectors-deliverers," with no real capacity to influence. They operate in a complex field of limiting factors that make them vulnerable: the licensing system, short term contracts, the trap of the revolving system, monopolies on certification, administrative obstacles and pressure on volumes. This results in illegal practices, repeated deforestation due to the lack of alternatives, poor redistribution of value, and a weakening of the cooperative structure. In fact, cooperatives find themselves cornered, even though they could be real partners for large trading companies and powerful engines of rural development.

The other lesson from the report is that these obstacles are not the fault of a single actor who should be singled out. The diversity of the difficulties correlates with the diversity of the actors who hold the keys to finding solutions. In concrete terms, the issues can be summarized according to three types of actors:

Ivorian authorities: the annual approval system creates legal instability and prevents cooperatives from signing medium-term commitments. The absence of a public loan guarantee mechanism reinforces their dependence on private financing with requirements that are beyond the reach of cooperatives. Insufficient control over "paper cooperatives" and the moment of the start of the main cocoa harvest season (in October) weakens genuine cooperatives.

Multinational cocoa trading companies: they impose one-sided contractual conditions (certifications, revolving credits, implicit exclusivity) that stifle cooperatives and prevent them from diversifying, professionalizing, and developing sustainably, while exacerbating inequality in the treatment of cooperatives.

Certification systems: having become a selection tool rather than a lever for transformation, they often serve as a barrier to market access, to the detriment of profitability for cooperatives, while certified products as a whole do not find a market. This situation creates an illusion of sustainability and penalizes producers.

5 Recommendations

In light of this conclusion summarizing the findings of the report, the following recommendations are made. It should be noted that these are not ready-made solutions that, once implemented, would immediately resolve the difficulties and/or problematic issues outlined. These recommendations should be understood as invitations to reflect and open up a space for discussion between stakeholders so that they can imagine and co-construct sustainable responses together. Given the complexity of the issues, it is not appropriate to think that there is one or more easy solutions. We therefore recommend:

To the Ivorian authorities

1. Reform of the licensing system: This could involve, for example, the introduction of a five-year (renewable every five years) or three-year (renewable every three years) license with simplified annual monitoring. This reform would reduce administrative costs, provide legal stability for cooperatives, and secure long-term contractual commitments. With the implementation of the ARS-1000 standard, such a reform would be even more beneficial for all stakeholders.

2. Establishment of a sovereign cooperative guarantee fund: This would involve, for example, creating a loan guarantee mechanism dedicated to approved cooperatives via a public financial institution or in partnership with local banks. One of the very short-term effects would be to reduce dependence on exporters with the revolving system and restore the financial autonomy of cooperatives.

3. Revision of the agricultural calendar: It is essential to harmonize the start of the school year with the reality of agricultural cash flow, or to consider bringing forward the announcement of the farm gate price to September 1. Why not align the calendar with Ghana, given the commitment of both states under the Côte d'Ivoire-Ghana Cocoa Initiative?

4. Audit mechanism for "ghost cooperatives": Consideration could be given to creating a joint CCC-civil society unit for the independent monitoring of existing cooperatives in the field (General meetings, active members, activities). The implementation of the ARS-1000 standard is an important step toward this goal. The sector should be freed from fictitious paper cooperatives, and genuine cooperatives should be strengthened.

To multinational cocoa trading companies

5. Establishment of tripartite contracts: This could be implemented in practice through contracts between multinationals, chocolate makers, and cooperatives, including differentiated commitments between the parties. This type of initiative would help build trust and traceability and reduce the risk of abuse.

6. Creation of ethical pre-financing mechanisms: Revolving systems and pre-financing in the context of certification must, for example, be subject to explicit and fair commitments (non-interference, transparency in contracts, anti-monopoly clauses).

7. Include a contractual fairness clause in their CSR policies: Fair rules on duration, value distribution, bargaining, risk sharing, and transparency should be established to align "sustainable" commitments with concrete practices on the ground.

IDEF
Initiatives pour le Développement Communautaire et la Conservation de la Forêt

INKOTA

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