

EXCLUSIVE: Cocoa certifications becoming an 'administration hell,' farmers and cooperatives claim

By Anthony Myers

18-Dec-2023 - Last updated on 18-Dec-2023 at 15:48 GMT



The FUNDOPO organic farm cooperative in the Dominican Republic adheres to Fairtrade Certification standards. Pic: CN

RELATED TAGS [Cocoa](#) [Sustainability](#) [Fairtrade Certification](#) [Organic Cocoa](#) [PRONATEC](#)

Attempting to comply with the numerous levels of certification imposed on farmers, suppliers, and producers in terms of cost and bureaucracy has been described as 'administration hell' by one cocoa cooperative director, who spends up to 80% of his time on administration instead of replanting, cultivating and caring for plots. In some cases, almost 20% of annual budgets is swallowed up by having to conform to various certification standards, and the scenario is only going to get worse with the impending EU Deforestation Regulation (EUDR), ConfectioneryNews has learned.

FUNDOPO is a small-holder farmer cooperative in the Dominican Republic that works exclusively with organic cocoa farmers. It is already fully compliant with many certifications required to sell its beans internationally.

Europe is its primary market, and it works with YACAO, an organic processing and shipping company and a subsidiary of PRONATEC. This Swiss organic cocoa processor imports beans into Europe, already complying with strict sustainable and organic laws.

FUNDOPO has run along strict Fairtrade guidelines almost since it was established in 2000. It is a non-profit organization. As well as Fairtrade, it works with specific organic certifications such as BIO Suisse Organic, NOP (USDA) BIO Europe, Naturland, UTZ, Fair For Life, BIO Europe (EU 834/2007) – and now, the latest one, Certified Regenerative (ROC).

The European Commission urgently needs to step up coordinated efforts to assess country-by-country readiness and impacts on covered sectors, in close collaboration with local stakeholders -- Jon Walker, Senior Advisor, Cocoa, Fairtrade International

Then there is the EUDR to comply with in 2024, where to qualify as 'deforestation-free,' cocoa and other commodities must have been produced on land that has not been subject to deforestation after 31 December 2020.

Many of the criteria imposed by the EUDR are already in place on FUNDOPO'S farms because of its organic farming practices. However, a spokesperson said it is still struggling with all the new guidelines and the introduction of other certification bodies on top of an already growing list.



Beans at the YACAO plant are dried before being certified organic. Pic: CN

A spokesperson for YACAO said: "We need organic certification because, for us, it's the right way to treat the earth, but we already have these current certifications, and the complexity and amount ... it's honestly getting to a level where sometimes you feel it's becoming slightly overwhelming.

"For whatever reason, or supposedly the customer is not content with BIO Suisse Organic, NOP (USDA) BIO Europe, Naturland or BIO Europe, then you need Fair for Life, which is a competitor to Fairtrade, which really is not what you want because you want a strong Fairtrade.

"Then you have the Rainforest Alliance, which is kind of Fairtrade but not organic. Then, you have this new one called Regenerative Organic certification, which is organic. But in addition to having that and complying with Fairtrade standards, you need to show that you're actually giving back to the earth so that you're being 'regenerative,'" he said.

"We comply fully with the proper certifications, which I think many others would not be able to comply with, but whereas certification work used to take up 60% of the cooperative director's time, it is now more like 80%."

Sandro Marti, Executive Board Member of PRONATEC, agrees that administration work has become disproportional: "And still, at PRONATEC, we are convinced that organic and Fairtrade certifications are the way to go to produce cocoa sustainably. But we would appreciate it if this could be an important criterion when developing new labels: To make them very efficient in terms of cost and time efforts on the side of the cooperatives."

Fairtrade International

Jon Walker, Senior Advisor, Cocoa, Fairtrade International, told this publication he agrees that there is a lack of clarity on who pays the cost of implementation of the EUDR requirements and fears it will have an uneven impact on smallholders depending on how or if their commercial partners choose to support them and what institutional support there might be.

"The European Commission urgently needs to step up coordinated efforts to assess country-by-country readiness and impacts on covered sectors, in close collaboration with local stakeholders," he told ConfectioneryNews.

"From Fairtrade's perspective, we are taking action to simplify and reduce the burden on cooperatives. For instance, we have partnered with Satelligence so that when coffee and cocoa coops submit their geolocation data, they will receive satellite deforestation risk analysis free of charge. They can then provide this information to their commercial partners as part of the risk analysis needed by EU Deforestation Regulation with the aim that they maintain access to the European market."

He also agrees that the proliferation and duplication across certifications are also recognised challenges for cooperatives.

"We have been at the forefront in some areas of our standards – such as including requirements related to progress toward human rights and environmental due diligence or progressing toward living wages for products like bananas, tea, and flowers. At the same time, we also seek to align our standards with emerging positive developments so that in following the Fairtrade Standards, cooperatives will be meeting other requirements as well."

"Our Standards consultation process and final decision making by our Standards Committee, which has equal producer representation, are designed to reflect producers' input and needs."

Europe is the world's leading importer of cocoa beans, and Colombia is a world-leading supplier of fine or flavour cocoa, ranking fifth in global exports.



An organic cocoa farmer prepares to harvest his beans for the European chocolate market. Pic: CN

Juan Fernando Valenzuela Arango, Director of Purchasing and Agricultural Development operations management at Compañía Nacional de Chocolates in Colombia, said: *"We also think the costs associated with developing certifications and the EU's mandatory deforestation regulations are high."*

To explain, he itemised the certification commitment that farming cooperatives his company works with as follows:

1.1. What is the level of development the organization has regarding certifications?

1.1.1. If the coop (cooperative or Org) has cert's experience, it can take between 10% - 15 % max of its budget.

1.1.2. If the coop doesn't have cert's experience, it can take 100% of the manager cert's time

2. Deforestation :

2.1.1. If the coop has polygons and farmer information, it would be between 5-10 % of the coop budget.

2.2.2. If the coop doesn't have information about traceability and deforestation and must begin from zero, it can take up to 100% of the manager's time and 15% -20% of the general coop's budget.

3. If we add both, the coop could have cost between 15% - 25 % of its budget in one case and between 10% and 20% of the general coop's budget in the other.

Julia Ocampo, VP of Cacao Sourcing and Sustainability at Luker Chocolate, a Colombian family-owned brand, also agreed: *"There is definitely a lot of work behind verifying and auditing sustainability. For example, Luker Chocolate is fully aligned with the EUDR's recent regulation, with some advantages considering that Colombian cocoa crops have not involved deforestation.*

"Nevertheless, to prove this fact, the investment from the entire supply chain is huge, in documentation, polygons gathering, offline software, manpower for verifications and audits. Adding all of this to the other certifications running creates heavy management for small farmers and small cocoa associations and for us as their partners.

"This is something we need to review as an industry and come to terms with better alignment and more practical solutions that have the farmer at the centre."

Farmer income

While the new EUDR may level out the playing field and represent an opportunity to make a positive impact on the environment when it comes to growing cocoa and other commodities, the costs should not solely rest on farmers who already struggle with high poverty levels, increasing production costs, and other daily challenges.

Many Fairtrade cooperatives rely on the Fairtrade Premium, which is an extra payment to the farmers regardless of market price or farmgate price: it is an additional non-negotiable payment that goes to the farmers to benefit the community.

Walker defended the Fairtrade Premium against accusations that it has failed to keep up exponentially with the price of cocoa beans on the market and the rising costs of raw materials.

"Cooperatives and their members decide how the Fairtrade Premium is used. We publish data on Premium use based on global sampling. In 2021, he said that 19% of the Premium for cocoa was paid out to coop members and their families, and a further 14% was used to provide agricultural tools and inputs," he said.

"The Fairtrade Premium for cocoa is set at \$240 per tonne and reviewed periodically through consultation with buyers, governments, civil society, and most importantly, farmers. The final decision is taken by the independent Fairtrade Standards Committee. The last change took effect in October 2019, a 20% increase. A new review process is currently underway."

But he agreed that farmers' income and the right to a living wage for hired workers is critical.

"Cooperatives need better prices, longer-lasting business relationships, and co-investment among all supply chain actors, especially when it comes to the costs to implement strong due diligence measures."

Copyright - Unless otherwise stated all contents of this web site are © 2024 - William Reed Ltd - All Rights Reserved - Full details for the use of materials on this site can be found in the Terms & Conditions