SUPPORTING FARMERS’ ORGANIZATIONS IN STRENGTHENING THE POSITION OF PRODUCERS IN VALUE CHAINS:

The example of cocoa sectors in Cameroon, Indonesia, Madagascar and the Democratic Republic of Congo
INTRODUCTION

This study was conducted by Afdi on behalf of AgriCord to analyse the role and approaches adopted by farmers’ organizations (FOs) in structuring their value chain. It involves FO partners from Afdi, Trias and Asiadhrra in four countries: Cameroon, Indonesia, Madagascar and the Democratic Republic of Congo. Cocoa is a product with high added value, and it constitutes an income supplement for many producers, especially since the price of cocoa has risen by about 25% since the early 2000s. However, the bargaining power of producers remains limited vis-à-vis collectors, wholesalers and export companies. As a result, the producer’s share of remuneration in the cocoa value chain is not increasing. To remedy this, cooperatives seek to reduce the number of intermediaries and position themselves for marketing their members’ beans in order to improve the price they are getting. In turn, intermediaries compete with cooperatives in the services they offer to retain their members. Faced with this state of affairs, the agri-agencies wished to document and share the practices and role of partner farmers’ organizations in contributing to the structuring of cocoa chains.

The FOs involved in this study fit into a variety of contexts, in each of which the issues are different. Cameroon and Indonesia are two of the world’s largest cocoa producers. These states have put in place support policies focused, in the case of Indonesia, on the development of cocoa grinding, in that of Cameroon on increasing production with a view to export. On the other hand, Madagascar and the Democratic Republic of Congo are countries that produce very little cocoa and whose state structures are only marginally involved in the development of this area of production. In the Democratic Republic of Congo, despite its strong potential, cocoa production and the regulation of its market are not supported by the State. Madagascar has a comparative advantage in cocoa production. Its insularity has allowed the development of quality cocoa varieties, protected from diseases and parasites. This favourable framework for the organic and fair trade labelling of production has favoured the interest of private stakeholders attracted by the quality of this cocoa.

Cooperatives structure their membership base through the provision of support services for the production, processing and marketing of cocoa. The business strategies they develop have a strong impact on the value chain as they reduce the number of intermediaries involved. Moreover, their unions or confederations represent the interests of their members in the inter-professional bodies and consultation platforms that exist at the national level.

Through their services and their role as representatives of producers, cooperatives play a key role in structuring their sector. The aim of this study is to analyse the relations that FOs maintain with stakeholders in their environment, to identify areas of complementarity between the actions of these FOs and stakeholders, and to understand the success factors and difficulties the FOs encounter in their activities, particularly in the marketing of cocoa.

This document is the result of a bibliographic study based on available literature on cocoa and its market worldwide and in the countries under discussion, as well as of technical documents made available by the agri-agencies. A series of interviews conducted with staff and professionals from Afdi, Trias, Asiadhrra and their partner organisations round off the review of the literature. This document is intended for leaders and facilitators of the partnerships concerned, as well as for the network of agri-agencies.

The study includes a presentation of the cocoa industry worldwide and its specificities in the countries studied. It also includes information on partner FOs and a cross-analysis of the impact of their practices related to the enhanced position of producers in the cocoa value chain.
AN INTERNATIONAL NETWORK AND THREE AGRI-AGENCIES

The farmers’ organizations mentioned in this document are all partners of three agri-agencies that are members of the AgriCord international network.

**AgriCord**
AgriCord is an international network of «agri-agencies», non-governmental development cooperation organisations with structural links to small holders and rural organisations in their countries of origin (8 EU member states, Canada, Senegal and Asia). AgriCord and its member agricultural agencies provide support to farmers’ organizations in developing countries, covering both capacity building and practical operations.

www.agricord.org

**Afdi**
A French international solidarity association, Agriculteurs français et développement international (Afdi) is an agri-agency that builds partnerships between sectors within the French agricultural world and those in developing countries. Based in the region, it is made up of agricultural professionals who draw on their trade union, economic and social experience to pursue its three objectives: commitment to family farming, support for farmers’ organisations in developing countries and raising awareness of international development within the world of French agricultural.

www.afdi-opa.org

**AsiaDHRRA**
AsiaDHRRA is an agri-agency located in the Philippines, composed of social development organizations from ten Asian countries (Indonesia, Philippines, Malaysia, Thailand, Vietnam, Cambodia, Myanmar, South Korea, Taiwan-ROC and Japan). It works to promote just, free and peaceful rural communities in Asia. It aspires to be a catalyst for partnership relations, a facilitator of development in rural areas and a mobiliser of expertise to strengthen solidarity among Asian rural communities.

www.asiadhrra.org

**Trias**
Trias, a Belgian agri-agency, supports entrepreneurship projects in Asia, Africa and Latin America, in partnership with local organisations whose members are generally farmers’ families and small entrepreneurs.

Trias’ Belgian partner organisations provide their services in the fields of microfinance, market access and business management. Strengthening local entrepreneurship is an important part of all development projects initiated by this agri-agency.

www.trias.ngo
SUPPORTING FARMERS’ ORGANIZATIONS IN STRENGTHENING THE POSITION OF PRODUCERS IN VALUE CHAINS:

INTRODUCTION ........................................................................................................................................................................ 2

AN INTERNATIONAL NETWORK AND THREE AGRI-AGENCIES ........................................................................................................... 3

I / The role of FOs in the enhanced position of producers in the cocoa value chain - Lessons learned ........................................................ 6

II / Cocoa, a buoyant and organised market ........................................................................................................................................ 7
   A / Determining factors in cocoa prices ........................................................................................................................................... 7
   B / Stakeholders in the sector ............................................................................................................................................................ 8

III / Cocoa sectors in the countries studied and partner FOs ........................................................................................................ 10
   A / Cameroon ............................................................................................................................................................................. 11
      - Conaprococam - Cameroon’s National Confederation of Cocoa Producers ..............................................................................
   B / Indonesia .................................................................................................................................................................................. 14
      - Ngudi Mulyo ................................................................................................................................................................................
   C / Madagascar .................................................................................................................................................................................. 16
      - Union of Cooperatives Lazanny Sambrano (UCLS) ...................................................................................................................
   D / The Democratic Republic of Congo ........................................................................................................................................ 18
      - UUPINO-COOP, COOPEBAS and COOINDELO ....................................................................................................................... 18

IV / Roles and practices of farmers’ organizations in strengthening the role of producers in the cocoa value chain: .......................................................................................................................... 20
   A / Developing a range of services to build producer loyalty .................................................................................................. 20
      a) Producer services as an argument for customer loyalty .................................................................................................................. 20
      b) Training, a fundamental service provided by cooperatives ...................................................................................................... 20
      c) Other production support services ........................................................................................................................................... 21
   B / Fermentation and drying management for marketing purposes ................................................................................................ 23
      a) Fresh or dry sales ................................................................................................................................................................. 23
      b) Cocoa beans processing by cooperatives for better quality .................................................................................................... 23
      c) Monitoring inherent in maintaining quality ................................................................................................................................ 25
   C / Reducing the number of intermediaries to increase the price paid to producers ..................................................................... 25
      a) Sales at the individual level ........................................................................................................................................................... 25
      b) Grouped sales: sales at the local level ......................................................................................................................................... 25
      c) Grouped sales: export ................................................................................................................................................................. 26
      d) Cocoa certification to attract buyers and build producer loyalty ............................................................................................ 28
   D / Advocacy and representation of producers, an area of activity for the future ........................................................................ 29
      a) Bodies with varied objectives ....................................................................................................................................................... 29
      b) Tangible services for cooperatives and their members ............................................................................................................... 29
      c) A participation that is difficult .................................................................................................................................................... 29

Bibliography: .............................................................................................................................................................................. 30

Appendices: : ................................................................................................................................................................................ 31
Appendix 1: Contractual documents relating to SIDI’s pre-financing service .................................................................................. 31
Appendix 2: Transaction tracking documents – Basengele (Coopebas) ............................................................................................... 34
Appendix 3: Tenant farming agreement (COOINDELO) ..................................................................................................................... 36
Appendix 4: Sample letter of response to a Conaprococam tender and marketing year balance sheet – input savings ................................................................................................................................................................. 37
Appendix 5: Procedure for monitoring and quality control of cocoa - Cooindelo ................................................................................ 38
Appendix 6: Coopebas time sheets for processing sites - Coopebas ...................................................................................................... 40
Appendix 7: “Organic Agriculture” certification documents - UCLS ................................................................................................. 40
Appendix 8: UCLS-Ethiquable Sale Agreement .................................................................................................................................. 42
I / THE ROLE OF FO IN THE ENHANCED POSITION OF PRODUCERS IN THE COCOA VALUE CHAIN - LESSONS LEARNED

• A competitive service offering to build producer loyalty and ensure marketing:
There is very strong competition between cooperatives and intermediaries who collect beans. The importance of producer loyalty is such that intermediaries and cooperatives develop competitive services with producers in order to buy or collect their beans. For cooperatives, these services also help to improve the quality of the beans collected. This quality enhancement prevents batches from being downgraded and improves the negotiating capacity of FOs. The deployment of these services is thus of vital importance, enabling the retention of producers in order to increase the volumes marketed, improve their quality and thus the income of producers.

• Reducing the number of intermediaries: a structural change in the market
Through the grouping of production and the organisation of grouped sales, as well as their territorial influence and their ability to prospect for customers, cocoa cooperatives are committed to reducing the number of intermediaries between producers and buyers. This strategy provides better returns for producers, but its success remains dependent on the ability of cooperatives to be visible in markets and negotiate bean sales.

• Formalizing relationships so as to make them lasting:
The formalisation of the relationships between cooperatives and their buyers helps to bring more transparency in the price and improve stakeholder confidence. The respect of the contracts concluded with customers leads to conduct business over several years. The same applies to the purchases of beans that FOs make from their members. The implementation of monitoring tools also ensures the smooth running of sales operations between producers and cooperatives. The monitoring of these tools by elected officials/managers ensures their implementation. In order to better illustrate the formalization of the links between stakeholders in the cases presented in the document, examples of such tools are presented in the appendix.

• Niche markets, a profitable but very restrictive strategy:
Certification and quality “labelling” of plantations gives cooperative members the opportunity to obtain better prices. They make the increase in cocoa prices conditional on compliance with specifications and on payment for them being maintained. The issue of producer retention and training is thus becoming crucial.

• Advocacy work to be carried out with the industry and State stakeholders:
The existence of a national cocoa sector policy facilitates trade in beans and the provision of adequate services to producers. The financing of support programmes, the presence of complementary stakeholders (research institutes, funding institutions, etc.) and market regulations are all elements that can favour the activities of cooperatives. In this context, their participation in the discussions and activities carried out in inter-professional bodies and bodies for consultation with the State is crucial in representing the interests of producers. These bodies can also offer horizontal services to FOs (visibility, price information, etc.).
Cocoa is a potentially high value-added agricultural sector in the five countries dominating production worldwide: Ivory Coast (1.5 million tons), Ghana (780,000 tons) – between them responsible for 60% of the world’s cocoa –, Indonesia (380,000 tons), Ecuador (230,000 tons) and Cameroon (220,000 tons) (1). Produced in the intertropical zone, cocoa processed and consumed in Europe, Russia and the United States mainly but also in China, India and Brazil for the last few years.

The International Cocoa Organization (ICCO) was established in 1973. It brought together cocoa-producing and -consuming countries with the aim of implementing the first International Cocoa Agreement signed in 1963. A total of seven international cocoa agreements have been signed by ICCO members. The organisation is thus working to develop a global and sustainable cocoa market, in particular by promoting the transparency of the sector: taxes, customs tariffs, production costs, market information, and the management of price risk linked to market fluctuations (2).

Cocoa prices are aligned with world prices. Structurally, its market has experienced long periods of overproduction and under-production due to the cocoa production cycle. Thus, changing demand, in relation to production capacity, determines the level of world prices. Over the past five years, the emergence of markets in China, India, Brazil and South Africa has led to an 7% increase in consumption, pushing prices up (3).

However, certain economic, political and climatic events may impact production and supply facilities in the short term, making cocoa prices more volatile. For example, political instability and difficulties in collecting cocoa in Ivory Coast, the world’s largest cocoa producer, led to a surge in cocoa prices in 2002-2003 (4).

According to the ICCO, cocoa prices fell by half between 2016 and 2017 as demand growth in emerging markets slowed. However, it remains about 25% higher than in 2000.

The following graph illustrates the evolution of world cocoa prices over a period of 12 years. It makes it possible to gauge the price fluctuation over this period of time but does not accurately reflect the price paid to producers. Indeed, this price corresponds to the price on the futures markets, which is, in general, slightly higher than the price paid to producers. The challenge for the producers, via their cooperative, is thus to obtain a selling price as close as possible to these world prices or a higher price for quality and/or certified cocoa.

The cocoa market is segmented according to the types of quality and the consumers and their tastes. The market for quality cocoa is very sensitive to deterioration in the quality of beans. Such deterioration is the main factor in the downgrading of beans in the markets. The quality of the beans is evaluated according to their defects, aroma, degree of fermentation and moisture content. These elements depend to a large extent on the post-harvests practices, which are carried out by the producers themselves.

In recent years, the development of organic farming and fair trade labels have helped to raise the prices obtained by producers. These new niche markets partly protect producers from price volatility and improve their earnings. In return, they require that precise guidelines be followed during the production, processing and packaging of cocoa beans and that FOs maintain a direct connection with specific buyers. This involves higher monitoring and quality control costs. Certified and quality-labelled cocoa accounted for 15% of the world cocoa market in 2016 according to the Syndicat du chocolat (French federation of companies involved in the production and selling of chocolate), including 0.5% for cocoa labelled «Organic Agriculture» (3).
The majority of cocoa producers practice diversified family farming. Cocoa is an important income supplement for them. They are generally unstructured and have limited bargaining power due to their financial needs, low market access and low volumes of beans that they have to sell. They have a low level of equipment, particularly when it comes to fermenting and drying their beans, which are steps necessary to achieving good quality cocoa. Producers market their beans individually or through cooperatives. They sell their beans to intermediaries or exporters, and more rarely to processors (5).

They face competition from large state plantations or private companies with better market access, production capacity and financing.

Producers generally sell their beans to collectors. These are paid on a commission basis by wholesalers and export companies that collect the beans on a larger scale, bringing together the already-mixed cocoa. Exporting companies have greater financial capacity than most wholesalers and are better able to offer various services to producers to secure their bean supply. The beans are sold by wholesalers to export companies and then on to traders.

Export companies and traders act as the interface between cocoa production areas in tropical countries and cocoa processing areas, mainly in Europe (48% of world consumption) and the United States (25% of world consumption). These stakeholders are the most concentrated level in the cocoa value chain. In 2013, the eight largest cocoa traders accounted for 60-80% of the world market: Barry Callebaut, ADM, Olam, Cargill, Ecom, Tounton, Blommer, Continaf.

Processors buy cocoa from traders and export companies. The six largest cocoa processors accounted for 40% of the world market: Mars, Nestlé, Ferrero, Mondelez, Hershey, Lindt & Sprüngli.

Some processors, who work with quality or certified cocoa, source small quantities of cocoa beans directly from the production areas.

The distributors operate in the cocoa consumption areas: Europe, Russia, the United States and for some years now China, India and Brazil.

---

**Distribution of the final added value of cocoa in 2015 (source: ICCO)**

- Producers: 44%
- Intermediaries: 43%
- Taxes and national board: 7%
- Customs fees: 1%
- Traders: 0%
- Processors: 1%
- Distributors: 1%

---
Cocoa, an intertropical crop consumed in Europe, United States of America, Russia and emerging markets:

Stakeholders’ organisation and beans circulation in cocoa value chain:

The national agricultural boards are state agencies that intervene in the organization and regulation of markets. Their aim is to enable better collaboration between the State and stakeholders in the various sectors.

Inter-brand organizations are groups of economic stakeholders involved in a sector. Their role is to foster dialogue and relations between the various players in a given sector.
### III / COCOA SECTORS IN THE COUNTRIES STUDIED AND PARTNER FOs

The partner cooperatives of the agri-agencies belong to sectors whose environments differ greatly: Cameroon and Indonesia are two of the world’s major cocoa producers and they have implemented support policies for the sector, while Madagascar and the Democratic Republic of Congo are countries that produce very little cocoa and whose state structures offer very little support for theirs. FOs therefore benefit from differing levels of support and have developed their activities accordingly.

**Countries and FOs studied in this document:**

<table>
<thead>
<tr>
<th>Country Context Data</th>
<th>Cameroon</th>
<th>Indonesia</th>
<th>Madagascar</th>
<th>Democratic Republic of Congo</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Production (t/year)</strong></td>
<td>220 000</td>
<td>320 000</td>
<td>8 000</td>
<td>6 000</td>
</tr>
<tr>
<td><strong>Share of agriculture in the national budget (%)</strong></td>
<td>3%</td>
<td>3,6%</td>
<td>7%</td>
<td>3,6%</td>
</tr>
<tr>
<td><strong>National Processing</strong></td>
<td>30,000 t/year - 15% of national production</td>
<td>Grinding capacity 900,000 t/year - Importation</td>
<td>Very low (a few tons) - Chocolats Robert</td>
<td>-</td>
</tr>
<tr>
<td><strong>UAA/producer (ha)</strong></td>
<td>2,5 à 5 ha</td>
<td>0,5 à 1,5 ha</td>
<td>1,4 ha</td>
<td>0,5 à 4 ha</td>
</tr>
<tr>
<td><strong>Yield (t/ha)</strong></td>
<td>0,3 à 0,4 t/ha</td>
<td>0,23 t/ha</td>
<td>0,5 à 0,7 t/ha</td>
<td>0,3 t/ha</td>
</tr>
<tr>
<td><strong>Proportion of producers in FO</strong></td>
<td>20 à 30 %</td>
<td>10 %</td>
<td>10 %</td>
<td>-</td>
</tr>
<tr>
<td><strong>Board</strong></td>
<td>Office national du café et du cacao</td>
<td>Dekaindo</td>
<td>Office national du cacao</td>
<td>-</td>
</tr>
<tr>
<td><strong>Joint trade organisation</strong></td>
<td>Conseil Interprofessionnel du café et du cacao</td>
<td>Groupement des acteurs du cacao de Madagascar</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

**FO data reviewed in the document**

<table>
<thead>
<tr>
<th>Farmers’ organization</th>
<th>Confédération des producteurs de cacao du Cameroon</th>
<th>Ngudi Mulyo</th>
<th>Union des cooperatives du Lazan’ny Sambirano</th>
<th>Coopebas, Cooindelo, Upino-coop</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Creation date</strong></td>
<td>2002</td>
<td>2007</td>
<td>2009</td>
<td>2010 - 2011</td>
</tr>
<tr>
<td><strong>Level of action</strong></td>
<td>National</td>
<td>District</td>
<td>Regional</td>
<td>Regional</td>
</tr>
<tr>
<td><strong>Number of cooperatives/members</strong></td>
<td>23 cooperatives – 10,000 members</td>
<td>10 cooperatives – 1,300 members</td>
<td>23 cooperatives – 420 members</td>
<td>57 farmers’ organizations – 1,029 members</td>
</tr>
<tr>
<td><strong>Production of the cooperative (t/year) - Share in national production (%)</strong></td>
<td>11 500 t/year – 5,2 %</td>
<td>1 000 t/year – 0,3 %</td>
<td>250 t/year – 3%</td>
<td>350 t/year – 5,8%</td>
</tr>
<tr>
<td><strong>Share of production marketed by the cooperative (%)</strong></td>
<td>15 %</td>
<td>1,5 %</td>
<td>40 %</td>
<td>38,5 %</td>
</tr>
<tr>
<td><strong>Agri-agency partner</strong></td>
<td>Afdi</td>
<td>Asiadhrra</td>
<td>Afdi</td>
<td>Trias</td>
</tr>
</tbody>
</table>
Profile:
• 5th largest producer worldwide - 220,000 t/year
• 3% of the national budget is allocated to agriculture
• 15% of production is processed locally by industries and artisans
• Average size/producer: 2.5 to 5 ha/producer
• Average yield: 0.3 to 0.4 t/ha
• 20 to 30% of producers are part of FOs
• National Boards: Office National du Café et du Cacao
• Joint trade organisation: Interprofessional Council of Coffee and Cocoa

More than 95% of cocoa production is carried out by family farmers
Until the 1990s, the cocoa industry was heavily regulated by the State. It approved bean collectors, supported price stabilization mechanisms and organised cocoa exports. Since then, the sector has been deregulated and government supervision has diminished considerably. The abandonment of this regulation has led to an improvement in the price of cocoa paid to producers by reducing levies, but has also made the price more volatile.

Cocoa remains an important sector in Cameroon. It now represents 19% of national exports and around 600,000 jobs, directly or indirectly. In Cameroon, the State supports the sector and aims to produce 600,000 tonnes of additional cocoa by 2020 by planting an additional 400,000 hectares (6).

A levy is levied on cocoa traded and exported. Among other things, it funds the Fund for Coffee and Cocoa development (FODECC). The Ministry of Agriculture (Minader) coordinates the sector support programmes financed by this fund.

The National Coffee and Cocoa Board also benefits from these levies. It is responsible for quality control of cocoa for export and monitoring of production and marketing. In practice it is not very active in these last two aspects and focuses instead on quality control of beans.

The cocoa joint trade organisation, the Cocoa and Coffee Joint Trade Council also receives funding for its programmes through these levies. Founded in 1992, it brings together producers, processors and exporters to improve the sector’s comparative advantages. It is mandated to represent stakeholders in the sector, manage the Caisse Mutuelle de Caution et de Garanties Professionnelles (insurance fund), regulate the marketing of beans and make proposals for reforming production and marketing systems. To this end, it implements structural programmes concerning the marketing of beans, producers’ access to financing, crop certification, local processing and adaptation to climate change.

After the deregulation of the sector, the State resumed a programme previously run by the French ministry for overseas aid by grouping the farmers in FOs to help them deal with exporters and adapt to this deregulation. From this initiative was born Conaprocam. This confederation quickly set up an input supply service to compensate for the shortcomings of SODECAO, the state agency responsible for supplying producers with inputs before deregulation. The bulk purchase of inputs became one of the core activities of the confederation before its decline. Since then, Conaprocam has sought to revive this service and restore confidence between its members and their grass-roots cooperatives in order to face competition from collectors who offer input credits to its members in exchange for beans.

The confederation has also developed an important training system for its members through farmers’ school fields in its network of cooperatives. Peer support producers, trained by experts, disseminate the practices involved in production, plantation maintenance, cocoa fermentation-drying and sensitize producers regarding the organizational issues related to the life of cooperatives. In addition, cooperatives produce improved cocoa seedlings to ensure the renewal of their members’ plantations.

Grassroots cooperatives sell their members’ beans on the communal markets (collective selling service), thus greatly improving producers’ earnings. Thus in 2016, the salary differential recorded was 50 to 250 FCFA/kg (0.08 to €0.38/kg) compared to an individual sale. At the same time, the confederation is looking for foreign customers (traders, processors) to further reduce the number of intermediaries with producers: for example, the organisation has sent several samples of beans to Valrhona, which has shown an interest in the product and is ready to buy cocoa directly from Conaprocam.

CONAPROCAM
Cameroon’s National Confederation of Cocoa Producers

Creation date: 2002
Number of cooperatives: 23 producer cooperatives (federations) and 10,000 members
Production: 11,500 t – 5.2 % of national production
Share of production marketed by the cooperative: 15 %
Main services: Group purchases of inputs, nursery, farmers’ school fields, group selling

Services in bold are described in section IV of this document.
THE AFDI-CONAPROCAM PARTNERSHIP:

The partnership with Afdi began in 2003, shortly after the creation of Conaprocam, and covers several areas. Afdi strengthens Conaprocam’s organizational capacity. It has supported (and continues to support) the confederation, its federations and grassroots organisations in the transition to the status of cooperatives in order to comply with the 2013 OHADA Uniform Act. It supports Conaprocam in raising awareness among its members and potential members concerning the values and functioning of cooperatives in order to boost interest and commitment.

The agri-agency also supports the confederation in the design and deployment of its services. When the Minader wished to grant a revolving fund to the Conaprocam group input purchasing service, Afdi helped the elected farmer representatives to define the service’s decision-making scheme (identification of needs, call for tender, loan, reimbursement) and to raise awareness among members of the federations in order to elicit their support. It also provided accounting training for elected officials of federations and grassroots organizations to ensure the smooth running of group purchases.

Finally, Afdi facilitates the networking of the confederation with European processors and customers in order to support the marketing of the cooperatives’ beans.

The partnership with Conaprocam represents 3,296 hours of technical training since 2012, 3,000 members informed each year by elected officials on issues of internal governance and the application of the OHADA Uniform Act on Cooperative Societies (Act No. 92/0006, 14/08/1992).

« Afdi’s support has been very important to us. The briefings given by its professionals to the co-ops have strengthened the group input purchasing service and enhanced of our members’ commitment. »

Alexis Koundi, President of Conaprocam
Cocoa cultivation developed in Indonesia in the late 1970s. Improved rice yields have enabled producers to diversify their crops and increased cocoa prices have stimulated cocoa bean cultivation. In 2010, production reached 844,626 tonnes of beans but has fallen to 320,000 t/year since 2013. Since then, the country has introduced customs incentives to encourage the development of a bean grinding industry and has become a net importer of cocoa beans. At the same time, it encourages the use of Indonesian beans by imposing lower levies on them than on imported beans (1).

However, cocoa cultivation has fallen considerably out of favour with producers, and has been replaced by oil palm and rubber, which have become more lucrative since 2015 (7).

The Dewan Kakao Indonesia (Dekindo) is an agency founded in 2007 by important industrial actors in the sector with the government and various associations of cocoa stakeholders: producers, industrialists, research. Its aim is to promote and develop the national cocoa sector by promoting synergies between stakeholders and by making proposals to the government. Producers are represented by the Indonesian Cocoa Farmers Association.
Ngudi Mulyo is a union of associations that aims to improve the incomes of its member producers. To this end, it has developed a range of services to support its members in the production, fermentation and drying of their products: training, equipment, organizational support.

The union is part of the Gunungkidul Producers’ Forum, a regional institution for dialogue between producers and the government on production issues. It also created a group in 2016 called Galih to market its members’ cocoa. 140 members participated in the first organised group sale. Their income has risen from 1,000 to 2,000 rupees (0.06 to €0.13/kg).

Through Dekaindo, Ngudi Mulyo has mobilized the support of the Indonesian Coffee and Cocoa Research Institute (ICCRI) to improve the quality of the beans produced by its members. Similarly, it is now trying to mobilize the expertise of the Indonesian Cocoa and Chocolate Industry Association to improve the processed cocoa products it sells.

**ASIDHRRRA AND NGUDI MULYO:**

Asidhrrra assists Ngudi Mulyo in capacities building of its members. In particular, it has supported the organisation and its members with training courses on cocoa production and primary processing practices. It helps Ngudi Mulyo’s in its awareness-raising campaign around the formation of member production groups aimed at improving farmers’ yields and the quality of the beans they produce.

« Ngudi Mulyo has enabled me to achieve greater autonomy. Its cocoa project has provided me with the knowledge and skills to produce quality cocoa and maintain my plantation. »

Sri MURTIRAHAYU, member of Ngudi Mulyo
C / MADAGASCAR

Profile:
- 8,000 t/year – Production located in the Sambirano region
- 7% of the national budget is devoted to agriculture
- Low local processing capacity (Chocolats Robert)
- Average size/producer: 1.4 ha
- Average yield: 0.5 to 0.7 t/ha
- 10% of producers are grouped in FOs
- National Board: Conseil National du Cacao
- Inter-branch organisation: Groupement des Acteurs du Cacao de Madagascar

The majority of production is carried out by family producers

Cocoa was introduced to Madagascar at the beginning of the 20th century. Producers gradually took to cultivating cocoa on the fringes of colonial plantations. The high number of varieties producing quality cocoa in Madagascar’s plantations has enabled cocoa farmers to enjoy a great reputation among processors (8).

The quality of Malagasy cocoa is essential to its marketing, as all of the island’s production is labelled «quality cocoa». This quality makes it possible to attract customers and obtain a better price than for consumer cocoa. Also, the maintenance of cocoa quality is crucial for Madagascar. In this context, a large proportion of Madagascar’s plantations are certified «Organic Agriculture» or «Fair Trade».

The Malagasy State invests very little in the cocoa sector, due to a lack of stability and resources. There is, however, a Conseil National du Cacao (National Council of Cocoa), which is responsible for bringing together private and state stakeholders to regulate and oversee the sector. This council has for example defined the quality standards of Madagascar’s cocoa. The local authorities are also responsible for organising communal markets for the sale of beans.

The industry is above all driven by private stakeholders attracted by a quality product. The emergence of traders with little regard for the quality of beans is a threat to the stability of this market. Preserving this quality is therefore a key issue on the island. The private stakeholders in the sector (producers, processors, exporters) work together in the Groupement des Acteurs du Cacao de Madagascar. This allows its members to benefit from Malagasy cocoa’s higher visibility among foreign customers and from information regarding the world cocoa market (prices, ICCO news).
The UCLS is a union of cooperatives whose aim is to improve the living conditions of its members by promoting and marketing their beans.

It trains and supports its members in the certification of their plots. To this end, it has appointed internal auditors in each cooperative. They are responsible for advising and monitoring producers in the production of beans. They also check the quality of the beans after fermentation and drying.

The union of cooperatives also meets the material needs of producers by building shared fermentation and drying equipment (fermentation boxes, dryers) to meet the demand of its customers for dried beans: In each cooperative, temporary employees take charge of this initial processing of the members’ beans. Elected cooperative officials are responsible for the operation of fermentation and drying sites. For example, they define the amount of beans that each member must sell to the cooperative to meet the customer’s demand: this amount is referred to as a «quota».

The UCLS, who has been marketing its members’ beans to Ethiquable since 2010, is developing commercial relationships with new customers. The cooperative’s commercial activity and the certification of production enable producers to obtain a higher price than those available on national markets: 13,500 ariary/kg instead of 9,500 ariary/kg (€3.55/kg instead of €2.5/kg) in 2016. The reputation of Madagascar’s cocoa and the high standards demanded by buyers of certified beans mean that the cooperative has to provide a quality product. For this reason, the union of cooperatives only uses its members’ beans to fulfil its contracts. Compliance with contracts and the quality of its production have enabled the union to maintain and renew relations with its client year after year.

**THE AFDI-UCLS PARTNERSHIP:**

Afdi provides support to the UCLS on technical, economic and organizational issues. In particular, it has assisted elected officials in drawing up shared rules for the use of bean processing units, in the training of producers and in the marketing of beans.

It supported the cooperative in the setting of sales quotas for beans and in the prospecting for new clients. Thanks to the Afdi’s efforts, the UCLS has been able to get closer to a socially responsible investment firm, Sidi, in order to benefit from pre-financing to fulfil the contracts it enters into with Ethiquable (Appendix 1: Contractual documents related to SIDI’s pre-financing service).

« Being a member of the UCLS is important because it allows us, the producers, to get a higher price than the local prices. Currently, we are earning 7,000 Ar/kg (€1.86/kg) with UCLS vs 5,000 Ar/kg (€1.33/kg) with local collectors »

Vivien RAZAFAFIMANDIM, member of the UCLS
Profile:

- National production of 6,000 t/year
- 3.6% of the national budget is devoted to agriculture
- No processing takes place within the country
- Average size/producer: 0.5 to 4 ha
- Average yield: 0.3 t/ha
- 10% of producers are members of FOs

Family producers: 75% of production, medium-sized companies: 5% of production, Industrial plantations: 20%

Cocoa was introduced into the DRC during colonization. During this period, it was cultivated on only a few colonial plantations. It was relaunched in the 1980s with the creation of production clusters, without much success. Family farmers took to cultivating cocoa on the fringes of these areas. However, the attempt to revive the sector failed as a result of the successive wars that the country went through (9).

In 2014, the Congolese government announced the implementation of a plan to revive the cocoa industry. The country is still a small cocoa producer in global terms, with only 6,000 t of cocoa produced each year despite huge production potential. The State’s investment in the sector remains virtually nil, despite the number of institutions that could feasibly provide support to cocoa producers: research centres, agricultural centres, rural centres, national agricultural credit funds, special credit funds, etc.

There is no public/private or joint trade consultation platform to deal with the problems encountered in the sector. The lack of willingness and capacity to structure the sector and the weak coordination between stakeholders do not allow it to be regulated or supported. In this context, cooperatives have significant difficulties in carrying out their administrative and certification procedures, etc., to which must be added the major dysfunctions within the State.
Upino-Coop, Coopebas and Cooindelo are three cocoa cooperatives located in the Mai Ndombe region. They are working to train their member producers in the technical cocoa processes, from production to processing through the use of school fields. They are also invaluable spaces for producers to be informed and become aware of cooperative values. At the same time, they have developed an improved cocoa seed propagation service to meet the needs of their producers in terms of quality plant material. They contract with some of their members to propagate the seeds on a part of their patches.

In addition, the three cooperatives handle the fermentation and drying of their members’ beans before exporting a portion of them. This allows them to ensure that they have quality beans at the time of sale. They therefore pay particular attention to maintaining quality in order to meet the requirements of their client, a European trader. Thus, on average, the kilo of exported beans was 2 to 4 times more expensive than locally sold beans. In 2016, a kilo sold locally was sold at $0.8/kg compared to $1.8/kg for export, or even $3/kg in some cases.

UPINO-COOP, COOPEBAS AND COOINDELO

Creation date: 2010-2011

Number of cooperatives/members: 57 FO members and 425 producers

Production: 200 t – 3.3% of national production

Share of members’ production marketed by the three cooperatives: 38.5%

Main services: Propagation of improved seeds, farmers’ school fields, fermentation and drying of beans, group selling

TRIAS, COOPEBAS, UPINO-COOP AND COOINDELO

The agri-agency Trias provides technical, economic and organizational support to these three cooperatives. In particular, Trias advises elected officials and technical staff of cooperatives in the drawing up estimate operational accounts. Cooperatives use these accounts to ensure that their bean collection and marketing campaigns run smoothly.

Trias also participates in the prospecting for local or foreign customers and helps cooperatives to pre-finance the purchase of cocoa beans through a revolving fund. Trias aims to have cooperatives set up revolving equity capital in order to bring them towards financial autonomy.

To this end, Trias strengthens the organisational capacities of elected officials and cooperative members through a coaching programme based on “Leadership Trajectory” methodology. This method improves their ability to plan, monitor and evaluate their activities and to develop and implement clear procedures for the management and control of their material and human resources (Appendix 2: Transaction tracking documents – buying/selling to producers – Basengele (Coopebas)).

« I love this system, this way of working. Now we sell the beans to the cooperative, but we also make a profit when the cooperative sells this cocoa to international buyers. It’s like double pay »

Mr Constant, Congolese cocoa producer
In the 4 countries studied, cocoa producers have come together and organised themselves in order to strengthen their position vis-à-vis the other economic actors in the sector, who benefit overall from a greater portion of the added value produced. Thus, cocoa farmers’ organizations play an important economic role within their sector. In most cases, they manage to compete with intermediaries in the collection of beans in order to recover their share of added value and redistribute it to their member producers. However, supplies of beans from producers are still limited. Indeed, group sales require longer lead times than individual sales and it is difficult for producers to entrust their beans to cooperatives without immediate payment. Cooperatives therefore face competition from intermediaries who, every week, collect the beans directly from producers and pay them immediately.

To make up for this, some cooperatives are developing pre-financing mechanisms that pay producers for their beans on the basis of an advance, supplemented by a rebate. The financial resources of farmers’ organizations determine the volumes that they can secure in this way. Also, in order to secure a larger volume of beans, cooperatives are developing support services for producers in order to increase their loyalty and secure their bean supplies: training, input supply, equipment, primary processing, marketing, etc. In order to do so, cooperatives are also developing support services for producers. Here again, farmers’ organizations are in competition with intermediaries who offer services to cocoa farmers to obtain their beans at lower cost (input credits, consumer credit, equipment, training, etc.). They must therefore develop more advantageous services for producers in order to secure the largest possible volume of beans.

One important outcome of this strategy oriented towards services on the part of farmers’ organizations is the development of direct links with foreign buyers for the export of beans. At present, no cooperative exports all of its members’ beans and different marketing practices coexist at different levels (village, town, international). The mix of marketing strategies in FOs leads to the development of different services for producers, such as fermentation and drying of their beans or pre-financing of collection.

### A / Developing a range of services to build producer loyalty

In a context of high prices, giving support services is an additional way for cooperatives and intermediaries (collectors, wholesalers, export companies) to build producer loyalty and thereby secure or increase the volumes of beans collected. These services can include training, provision of equipment, supply of inputs and credits.

**a) Training, a fundamental service provided by cooperatives**

In the context of such competition, production support is an essential service for cocoa cooperatives. It meets the basic needs of their members: how to produce more, preserve and renew plantations and meet the demands of the market? Cooperatives provide answers to these questions through various services such as training.

Training is a service systematically provided by cooperatives. It can be set up in several ways: one-off training courses, school fields, and family farm counselling. Conaprocam and the three Congolese cooperatives train their members in school fields based on practical teaching taking place on plantations.
Most co-ops also provide input procurement services. These generally concern the supply of improved seeds or quality seedlings to producers through the establishment of cooperatives’ in-house nurseries. They are managed by co-op members on terms and conditions specific to each cooperative.

**Focus: Conaprocam’s school fields for small farmers**

Conaprocam has developed a network of 48 school fields, provided by 30 peer support producers to meet the need for training of producers at the local level. It was thus able to train nearly 945 producers in one year.

The small farmer school is a participatory development tool that is based not only on technical training of producers but also on strengthening their capacity to make decisions regarding the integrated management of their fields under agroecological and socio-economic conditions. Small farmer schools use learning techniques developed through non-formal adult education. The topics of the training courses deal with the technical processes involved in bean production, plantation maintenance and use of inputs. Producers can thus receive theoretical instruction and put it into practice on the spot in order to obtain maximum benefit.

The two weeks’ training undergone by peer support producers is essential to the effective dissemination of technical processes. The ability to pay the peer support producers and monitor what they do ensures the efficaciousness of this service.

**b) Other production support services:**

Most co-ops also provide input procurement services. These generally concern the supply of improved seeds or quality seedlings to producers through the establishment of cooperatives’ in-house nurseries. They are managed by co-op members on terms and conditions specific to each cooperative.

**Focus: The propagation of improved seeds in DRC**

In the Democratic Republic of Congo, cocoa cooperatives have developed improved seed propagation plots with the aid of their producers.

To do this, they buy improved pods from the Yangambi Inera (research centre) and plant their beans in nurseries. The nurseries are placed in co-op school fields. They are maintained by producers in training on their peer support producer’s (trainer) school fields.

Once the seedlings are sufficiently developed, volunteer producers plant them on part of their plot. After three years, the young plants start to produce pods. From then on, for two years, the volunteers commit to maintaining these seedlings, while the cooperatives commit to sharing the improved pods they produce to their members. The voluntary producers will then be able to make use of the seedlings.

The cooperative and the volunteers are then linked through a «sharecropping contract» which sets out the commitments of voluntary producers and cooperatives (Appendix 3): Tenant farming model).
Conaprocam has developed another input supply service: a group purchasing service for pesticides. In doing so, it took over a service that was provided by SODECAO, a former Cameroonian state institution.

**Focus: Conaprocam’s bulk purchases of inputs**

In some cases, the services offered by cooperatives are the main factor determining membership. Ensuring the sustainability of these services is therefore essential. This is the case of Conaprocam, for example, which carried out group purchases of inputs from 2003 to 2010 through levies on sales of beans known as «input savings». (Appendix 4: Sample letter of response to a Conaprocam tender and sample marketing year balance sheet – input savings)

In 2007, Conaprocam used a loan from the Ministry of Agriculture to make bulk purchases of inputs. Difficulties with reimbursements, linked in particular to the problems of communication between the stakeholders involved, put an end to the establishment of this service at the national level. In its original form of «input savings», this scheme, which allows the service to be refinanced at each sale, now only operates within a few cooperatives. This service has been maintained in these co-ops thanks to the trust among the elected officials and members of these co-ops. This relationship of trust is built in particular around the supply of quality inputs at wholesale prices, negotiated by the cooperative and made available to producers on time. Intermediaries have developed input credit systems with members of other cooperatives, leading to a decrease in the loyalty of members of these cooperatives.

Contractualisation and the development of a transparent system for monitoring transactions should make it possible to establish the various responsibilities involved in setting up this mechanism. But this requires the application of past contracts, awareness raising among producers and elected officials regarding the issues around loan repayment, as well as the establishment of a relationship of trust.
More exceptionally, cooperatives can convince producers to change the way they organise their work. This is the case in Indonesia, for example, with the Ngudi Mulyo cooperative.

Focus: The formation of productive clusters within Ngudi Mulyo

The Ngudi Mulyo cooperative encourages its members to come together in production groups of five or more producers in order to pool their knowledge, their working capacity and to take control for themselves of the technical processes they apply in the production and initial processing of their beans.

A ‘cluster’ leader is appointed by the members of the group and is responsible for controlling the production arrangements applied by them. The same applies to his deputy, who is responsible for monitoring the quality of the beans produced and processed.

B / Fermentation and drying management for marketing purposes

a) Fresh or dry sales

In addition to the crop variety, the quality of the cocoa depends on the practices adopted from harvest to packaging, especially during processing. In three of the four cases studied, cocoa is sold soon after harvest by producers through individual sales. It is neither fermented nor dried. Fermentation and drying are compulsory for producers only in Indonesia. In the other countries studied, wholesalers, export companies and their collectors take care of these steps to ensure the quality of the final product.

In Madagascar and Cameroon, cocoa can also be sold dry by producers, particularly in local markets. Initial processing is rarely rewarded by customers. Usually, dry cocoa is only bought at three times the price of fresh cocoa because the fermentation-drying process divides cocoa volumes by three. In addition, producers are poorly equipped and not always trained to ferment and dry cocoa. Furthermore, financial needs may lead them to accelerate fermentation and/or drying of the beans in order to sell their production faster, to the detriment of product quality. This results in cocoa of varying quality from one producer to another. While good quality cocoa is not rewarded with premiums, poor quality leads to downgrading or rejection of lots.

Individual fermentation and drying:

Inadequate equipments
Poor knowledge of technological itinerary
Significant financial requirement

b) Cocoa beans processing by cooperatives for better quality

However, cocoa of good quality is not the subject of premiums, but poor quality leads to downgrading or rejection of lots. The scale of processing of members’ production depends on the local market and whether or not customers value this processing. In Indonesia, for example, cocoa producers are legally obliged to ferment and dry their cocoa beans before selling them on the local market. Conversely, in Madagascar, producers have little incentive from traders to process cocoa for sale on local markets.

None of the cooperatives process all their members’ beans. Processing by producers requires adequate training in order to guarantee the quality of the final product. This is provided in cooperatives by the school-fields activities described above. They may, however, stir the beans of their members after checking their quality. Mixing allows them to homogenize the quality of the members’ production.

Conaprocam’s case:

Reducing downgrading
Smoothing farmers’ incomes
Focus: Fermentation and drying of beans in Indonesia

For several years, Indonesia has been facing a strong demand for beans from domestic industrial grinders. Indeed, because of the customs measures taken since 2010, it is more economically advantageous for the grinding industry to source supplies of Indonesian beans.

However, with the fall in production at national level, competition between collectors has increased. They have gradually reduced their demands in terms of cocoa quality. In the face of the resulting deterioration in quality, the government made fermentation and drying of cocoa beans by producers mandatory and set a quality standard for Indonesian cocoa. In this way, the government is stepping in to prevent the deterioration of bean quality caused by collectors.

Ngudi Mulyo trains its members not only in the techniques for fermenting and drying cocoa beans, but also in evaluating the quality of cocoa and sorting the beans according to current standards. Producers are also trained to store and package their beans properly. At the same time, the cooperative union equips the productive clusters with fermentation tanks, dryers and ovens in order to apply the technical arrangements that have been taught. The deputy of each cluster ensures that the members adopt good fermentation and drying practices.

The initial processing of the beans is carried out by cooperatives as part of contractual relations with domestic or foreign buyers. The implementation of a fermentation and drying process within cooperatives has several advantages. It makes it possible to obtain a homogeneous product by stirring the beans of different producers in the fermentation tanks of cooperatives. In so doing, cooperative responsibility for these operations helps to improve the overall quality of the cocoa sold. It also makes it possible to monitor the proposed product and to ensure that it is properly fermented and dried.

Cooperatives invest in community facilities to reduce the cost of these operations for producers. The temporary staff of the cooperatives are responsible for the fermentation and drying of cocoa.

UCLS’, COOPEBAS’, UPINO-COOP’s and COOINDELO’s cases:

The management of a processing site for beans requires traceability within the different fermentation vats/drying areas/batch lots. Traceability makes it possible to determine the distribution of income between producers on the one hand, and to ensure internal quality control of beans on the other. Thus, producers are paid according to their share of the total volume processed and sold by the cooperative. Thus, producers are remunerated according to their share of the total volume processed and sold by the cooperative.

Focus: Collective processing of beans in Madagascar

In Madagascar, the UCLS supports the setting up of collective equipment for fermentation and drying of beans among its member cooperatives. Thanks to the mixing of the beans of the members of the cooperatives and their processing by qualified personnel, it ensures that quality cocoa is obtained. This requires training for its members and staff, but allows it to meet the requirements of its client, Ethiquable, and to fulfil its contracts.

Afdi has supported the union in raising funds to equip its cooperatives with fermentation-drying equipment and helped with their collective management. It has helped elected officials and technical staff to establish production quotas for each cooperative in order to distribute sales profits fairly. It has also supported the union in the development of tools to trace producers’ batches and ensure that they receive fair payment.
c) Monitoring inherent in maintaining quality

Traceability is concomitant with quality controls. These include sorting operations carried out before processing the beans, control the moisture at the end of processing and general quality at the time of sale. Several stakeholders are involved in this quality control and custody chain: producers, cooperative staff and managers, as well as customers.

Intern quality control in Coopebas, Cooindeo and Upino-Coop’s cooperatives:

Focus: Internal quality control in the DRC

In the Democratic Republic of Congo, these quality control operations receive particular attention within cooperatives. As in Madagascar, the beans exported by cooperatives are processed in collective facilities. Each has a manager and a quality manager who work to improve and maintain the quality of processed and sold beans (Appendix 4: Procedure for monitoring and quality control of cocoa - Cooindelo). The monitoring by elected officials of this work done by employees remains important in order to ensure its regularity (Appendix 6: Time sheets for manufacturing locations - Coopebas). Cooperatives are now thinking about the possibility of giving a quality bonus to co-op managers if they do well.

---

C / Reducing the number of intermediaries to increase the price paid to producers

a) Sales at the individual level

On an individual scale, producers sell their production to collectors or, more rarely, to wholesalers or export companies. The beans are sold post-harvest by the producers, i.e. not fermented or dried. Exporting companies, wholesalers and collectors often offer a range of services to producers to ensure priority and even exclusivity in the purchase of their beans. This may include credit, input provision, training, etc. In doing so, these intermediaries compete with cooperatives in their support activities for cocoa producers and in the area of marketing.

Individual marketing:

b) Grouped sales: sales at the local level

Cooperatives organise group sales at the local level. By combining the volumes of beans produced, they centralize supply to attract demand for pre-agreed sales. The buyers present are often wholesalers or employees of export companies. By arranging these sales, they reduce the number of intermediaries, and the larger number of competing buyers allows cooperatives to negotiate better prices for producers. In Cameroon, prices obtained in group sales organised by Conaprocam are higher by a margin of 50 to 250 FCFA/kg (€0.08 to €0.38/kg)
Collective marketing - Municipal markets:

Local authorities may be involved in setting up such local markets. This can provide a favourable legal framework for the sale of cooperatives such as in Madagascar, where the ban on buying beans outside market days has led to a reduction in the theft of beans from plantations and limited purchases «at knock-down prices» by collectors.

However, the establishment of these markets can sometimes be detrimental to cooperatives. In Cameroon, since the establishment of local markets, Conaprocam believes that it has had less control over the sales of its members’ beans. The organization of auction days is sometimes refused, forcing growers to sell their beans individually, the districts of some markets do not correspond to those of the grassroots organizations, etc. Local advocacy can smooth the path to the setting up and adaptation of effective local markets.

Focus: Ngudi Mulyo and the Indonesian grinding industry

In Indonesia, Ngudi Mulyo markets the higher quality beans of its members to local processors, including PT Pagilaran. This represents a small volume and a small proportion of its members’ output.

To this end, in 2016 Ngudi Mulyo created GALIH, an organisation to improve the quality of cocoa beans in the main production areas. This grouping is small-scale cooperative, which in the district of Gunungkidul has managed to market dry cocoa beans. Thus, GALIH is responsible for negotiating sales contracts with buyers and supporting them in the quality control of cocoa. Even if this activity concerns cocoa for consumption, compliance with the processor’s quality requirements and low cocoa transport costs make it possible to obtain a higher price – about 1,000 to 2,000 rupees/kg ($0.06 to $0.13/kg) higher, according to 2016 figures – than from the other outlets for the cooperative’s cocoa.

c) Grouped sales: export

Exporting is an opportunity for cooperatives to improve producers’ incomes. It makes it possible to bypass national players downstream of the industry, thus limiting the number of intermediaries between producers and customers.

Exporting requires market access because processors and traders are often located in Europe, the United States or emerging markets. Exporting by cooperatives depends on their ability to contact customers, which can be improved through the use of new information and communication technologies (ICTs) such as websites. The ability to offer goods that meet the requirements of potential buyers and to deal, at least in part, with export procedures also facilitates transactions.
Collective marketing - Exportation:

In the cooperatives studied, the input of Afdi brings a real added value to producers’ incomes in a market with high prices. It is therefore an asset for cooperatives that thus manage to retain their producers through these contracts. Thus, the volumes of exported beans now account for 43% of the total production of Coopebas, Cooindelo and Upino-Coop and 40% of UCLS production. In the Democratic Republic of Congo, cooperative exports are limited by the demand of its client, the Ethiquable cooperative. Customers interested in quality cocoa buy only small quantities of cocoa, ranging from a few tons for individual processors (chocolatiers) to around 100 tons for industrial processors. In an insecure market, where formal relations between players would benefit from being strengthened, some producers may also choose to retain part of their beans in order to keep a margin of flexibility in sales. The support of partners or financial institutions often allows cooperatives to increase the volumes of exported beans and facilitate contacts with potential buyers.

Focus: Support from Afdi in the prospecting for clients

Conoprocam and the chocolate maker Valrhona:

In 2009, a first contact was established on the initiative of two Afdi administrators. In 2014, a sample of beans from the confederation was brought to Valrhona to test their quality and aroma. Convinced, the company opened its export counter to Conoprocam so that new samples could be sent. The information provided by Afdi on the functioning of the cooperative, its activities and Cameroon’s cocoa sector has contributed to the company’s visibility.

At the end of 2016, the company’s sourcer responsible for relations with Conoprocam undertook a mission in Cameroon to meet the cooperatives interested in a possible contract, to test the aroma of the beans on site and to come to a tacit agreement with the producers on a fermentation-drying method for the beans that was adapted to the company’s requirements.

Since then, Conoprocam and the company have been negotiating an initial sale of 25 tons of beans, which will serve as a test for a longer-term commercial relationship. Valrhona wants to ensure the homogeneity of the product offered by the confederation and its logistical ability to collect the beans. Afdi and Conoprocam are working to develop a pre-financing system for collection that could involve a socially responsible investment firm, i.e. Sidi.

The UCLS and the Dutch importer Cocoanect:

The first contact between Afdi, the UCLS and Cocoanect took place during a prospecting mission by a Cocoanect employee to Madagascar in August 2016. Cocoanect was part of a specific approach to buying cocoa beans from cooperatives.

Beginning with this first meeting, beyond Afdi’s practical role in providing information about the cooperative and its activities – in particular through exchanges with the Afdi employee providing local support to the UCLS – Cocoanect greatly appreciated Afdi’s approach and added value they provided through their support for the organizational strengthening of the FO. This Afdi-Cocoanect business relationship facilitated the client’s choice to enter into a first contract with the UCLS in November 2016 for a container (12 tons) that was delivered in March 2017. Afdi ensured that the cooperative obtained a satisfactory price, and did not intervene further in the trade negotiations.

Cocoanect should commit to higher volumes from the 2017-2018 crop if contracts with chocolate makers in Japan and the United States materialize.
Focus: A sales agent in Kinshasa

In the Democratic Republic of Congo, cocoa cooperatives employ a sales agent based in Kinshasa who is responsible for prospecting for customers, negotiating sales of beans and handling their export. For several years, cooperatives have been selling about 150 tons of beans per year to a European trader.

Trias makes working capital available to its cooperative partners for the purchase of beans from producers and for their export. To ensure the continuity of the service, estimated crop accounts are drawn up by the farmers’ leaders with the support of a Trias adviser. These estimated accounts are based on the calculation of the collection, processing and transport costs for beans. The cooperative buys the low-cost beans from the producers to ensure that they obtain added value by reselling them later. After the sale of the beans by the cooperative, the service charges are deducted from the profits made and the rest of the sum goes to the producers in the form of rebates or payments to member shareholders.

d) Cocoa certification to attract buyers and build producer loyalty

Certification is an asset for cooperatives that are able to maintain relationships with clients who recognise and reward it. However, it requires real monitoring by elected officials and an efficient system of training for producers. In addition, this requires producers to be aware of the implications of this change in farming methods in order to fully take it on board.

Focus: Certification in Madagascar

In Madagascar, several processors come directly to Madagascar to obtain a quality cocoa that meets their requirements. They are often the ones who do the prospecting for sources of supply. The UCLS has maintained commercial relations with the Ethiquable cooperative for several years. The company has instigated the certification of the Malagasy union’s productions under the labels «organic agriculture» and «fair trade» (Appendix 7: “Organic Agriculture” certification documents – UCLS).

The labelling of productions ensures higher prices and a better quality of life. Ethiquable pays the UCLS 50% more than the market price. Thus, the company paid €3.8/kg in 2016 while the average price was €2.5/kg. Of this amount, a minimum of €3.55/kg was given to the producer. The rest paid for the operation of the cooperative and the certification of the plantations. In the same year, Cocoanect, a Dutch company, bought a certified cocoa sample at a price of €3.25/kg, i.e. 30% above the market price (Appendix 8: UCLS-Ethiquable contract of sale). Sale of the beans allows the union to finance collection, processing and marketing operations (use of a freight forwarding company) but also to pay for the renewal of the certification of production, the tax bills of its member cooperatives, while still allowing a net profit to be generated.

Certification is carried out at the level of cooperatives. A network of internal controllers has been developed within cooperatives to ensure the identification of labelled plots, as well as training, monitoring and advice for producers. Monitoring and continuous training of internal auditors is an important factor in the success of the certification process.

Afdi has supported the UCLS in training producers and raising awareness about issues and techniques around organic farming through training courses, the provision of equipment, exchanges, etc. Afdi has also lent its support in the certification process in which the union’s cooperatives were involved by providing them with a volunteer and then by making their head of mission available to train the cooperative’s internal auditors in certification standards. Since then, it has supported cooperatives in monitoring producers and the traceability of bags.

In order to ensure the purchase of the beans from producers, the UCLS and its customers use pre-financing provided by Sidi, a socially responsible investment firm. The customer advances 20% of the contract amount and Sidi advances the rest. Once the payment for the beans has been obtained, the cooperatives distribute the volumes to be collected. The beans are purchased from the producers thanks to this financial advance and are delivered to the customer who then reimburses Sidi. This partnering with a financing institution was supported by Afdi, which participated in the negotiation of the necessary credit. Sidi supports the UCLS in its financial management and in the management of the funds they advance to them.
Focus: The mobilization of skills by Ngudi Mulyo

Thanks to Dekaindo, Ngudi Mulyo has been able to mobilize the expertise of the Indonesian Coffee and Cocoa Research Institute to improve the training of producers concerning technical arrangements for cocoa production and processing.

Currently, Ngudi Mulyo is also trying to mobilize the Indonesian Cocoa Industry and Chocolate Association to improve its processes for the production of cocoa products (chocolate bars, cocoa powder).

Some joint trade associations also offer support programs for producers. Participation in these inter-professions can thus allow cooperatives to benefit from additional resources to improve the scope of some of their initiatives.

a) Bodies with varied objectives

Two types of consultative platforms are to be found in the countries studied. There are platforms for consultation between the State and private actors on the one hand, and joint trade organisations on the other. The former are usually integrated into national cocoa-related national boards or councils. Examples include Dekaindo in Indonesia, the CNC in Madagascar, or the ONCC in Cameroon.

The latter are independent bodies that bring together the various private sector stakeholders to meet various objectives. Generally speaking, the aims of cocoa joint trade organisations are to discuss problems encountered in the sector, promote national cocoa production and gather and disseminate information on markets to their members. But they may also develop support programmes for the sector or offer their expertise by advising governments on policies (regulation, monitoring, programmes, etc.).

Joint trade organisations and platforms for consultation with governments, although often limited to an advisory role with governments, can give cooperatives greater visibility in representing the interests of their members and advocating for themselves. They may also participate in the setting up of formal or informal agreements and standards in the production, adding of value and the marketing of cocoa. In doing so, they contribute to the regulation of the cocoa market.

b) Tangible services for cooperatives and their members

Participating in these consultation platforms can be a real asset for cocoa cooperatives. At the very least, this allows them to have a voice within their organisation, to benefit from their visibility as well as from a flow of information about the markets. In addition, they can forge links with other actors such as research institutes or processors. These links may, in some cases, lead to partnerships or joint initiatives.

Focus: The mobilization of skills by Ngudi Mulyo

The stakeholders in the cocoa sectors studied are generally involved in consultative bodies with varied objectives. Except in the Democratic Republic of the Congo, these stakeholders are involved in discussions, and sometimes even in initiatives to boost their sector.

The involvement of farmers’ organizations in these consultation forums is still weak. Their difficulties in preparing farmers’ leaders and being able to make proposals result in a lack of coordination of their actions and advocacy, which weakens their contribution to the discussions and projects carried out by joint trade organisations and national boards.

Increasing the participation of producer organisations in joint trade organisations remains a major challenge to their ability to strengthen the position of their members in the cocoa value chain. While the scope for dialogue between stakeholders in the chain may seem limited, joint trade organisations can provide a forum for the development of partnerships or commercial relations between cooperatives and potential buyers.
The present study is based on bibliographical work carried out on the basis of the reports and technical documents of the agri-agencies, data from FAOSTAT and the following sources:

(1) Friedel Hütz-Adams, Claudia Huber, Renforcer la compétitivité de la production et augmenter le revenu des producteurs de cacao en Afrique de l’Ouest et en Afrique centrale, Institut Südwind, 2017 ;

(2) International Cocoa Organization : https://www.icco.org ;

(3) Syndicat National du Chocolat, Dossier de presse Chocolat, 2016 http://www.alliance7.com/dossier-de-presse-chocolat/ ;


(5) Antonie Fountain, Friedel Hütz-Adams, Baromètre du cacao 2015, ICCO, 2015 ;

(6) Omer Mbadi, Cacao : comment la filière camerounaise cherche à sortir de la crise, Jeune Afrique, 2017 ;


(8) Razanakoto, Le cacao de Madagascar, ICCO, 2009 ;

(9) Laurens Lars Peter Rademakers, Etude de base du secteur cacao, République Démocratique du Congo, SNV Kinshasa, 2014 ;
Appendices

Appendix 1: Contractual documents relating to SIDI’s pre-financing service

Appendix 2: Transaction tracking documents – Basengele (Coopebas)

Appendix 3: Tenant farming agreement (COOINDELO)

Appendix 4: Sample letter of response to a Conaprocam tender and marketing year balance sheet – input..... savings

Appendix 5: Procedure for monitoring and quality control of cocoa - Cooindelo

Appendix 6: Coopebas time sheets for processing sites - Coopebas

Appendix 7: “Organic Agriculture” certification documents - UCLS

Appendix 8: UCLS-Ethiquable Sale Agreement
Appendix 1: Contractual documents relating to SIDI's pre-financing service

Document 1: Pre-financing contract

Pre-financing contract for organic and ESR 2017 cocoa beans

**Date:** 1 April 2017

**Contract reference of the buyer:** [reference]

<table>
<thead>
<tr>
<th>Buyer:</th>
<th>Seller:</th>
</tr>
</thead>
<tbody>
<tr>
<td>[Buyer's name]</td>
<td>[Cocoa cooperative name]</td>
</tr>
<tr>
<td>[Address]</td>
<td>[Address/telephone contact]</td>
</tr>
</tbody>
</table>

1. **Amount of pre-financing**

[X] euro (+/-80% of [price per kg] euro*2*[total weight in kg] of cocoa beans) paid in two tranches:
- First tranche: [X1] euro paid before 20 April 2017
- Second tranche: [X] euro paid after departure of the previous 25 t container

2. **Purpose of pre-financing**

Collection of cocoa beans from the producers of [name of the cocoa cooperative])

3. **Quantity, quality and price**

Pre-financing relates to the contract of sale [contract number] for 50 t of cocoa beans

4. **Pre-financing conditions**

Due date: 30 November 2017
The balance will be paid upon receipt of the shipping documents in France, once the amount of this pre-financing has been deducted.

5. **Special conditions**

Litigation-Termination: this pre-financing does not include a paragraph on disputes and termination conditions because the collaboration between [the buyer] and [the cocoa cooperative] is primarily based on a moral commitment.

**Paris, 1 April 2017**

In duplicate

The buyer: ________________________________

The seller: ________________________________
For a total amount of ________.
The deadline for this acknowledgement of debt: [date]

I, the undersigned,
Family name:
First name:
Nationality:
Son of:
Date of birth:  Place of birth:
Type and number of the proof of identity:  Date:  Date of copy:
Expiry date of the proof of identity:
Home address:
Mailing address:
Telephone:

Acting on behalf of:
Position within [name of cooperative]:
Legal status of [name of cooperative]:
Registration number of [name of cooperative]:
Head office:
Telephone:

I ACKNOWLEDGE I OWE:
____________, a limited partnership limited by shares, having its registered office at
____________, City, Country, and represented by ____________ (position),

the sum of __________________________ due to the financing obtained for the purchase
of cocoa beans from member growers for its client ____________, based in ________.

AND EXPRESSLY AUTHORIZE MY CREDITOR
To carry out against me, on the assets of the commissioning party, any legal proceedings or
appropriate enforcement procedure with a view to the recovery of all or part of the said debt.

In witness whereof, I hereby deliver this letter for the purpose of serving and asserting what is
rightful.

Done in duplicate at __________, this ______ day of __________.
[Name of the cooperative], located at [address], represented by [name, position], hereby authorises and requests its client [Name], based at [address], that payment of the contract for the purchase of cocoa beans mentioned below be made directly to [name of the creditor organisation] based at [address].

<table>
<thead>
<tr>
<th>Contract number:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Volume:</td>
<td></td>
</tr>
<tr>
<td>Type of cocoa:</td>
<td></td>
</tr>
<tr>
<td>Delivery date:</td>
<td></td>
</tr>
<tr>
<td>Authorisation to pay to [Name of creditor organisation]:</td>
<td></td>
</tr>
<tr>
<td>Dates of payment to [Name of creditor organisation]</td>
<td></td>
</tr>
</tbody>
</table>

This authorisation shall be granted as part of the pre-financing by [Name of creditor body] to [Name of cooperative] for the 2016 cocoa crop year. The endorsement of this/these contract(s) of sale by [Name of the creditor organisation] is one of the contractual conditions for [Name of the cooperative] to obtain financing from [Name of the creditor organization] and will be used to repay the debt of [Name of the cooperative] to [Name of the creditor organisation].

This document is signed in triplicate, the first copy for [Name of the creditor organisation], the second copy for [Name of client] and the third copy for [Name of cooperative].

Done at __________, this _______ day of __________.

Cooperative  Creditor  Client
Appendix 2: Transaction tracking documents – Basengele (Coopebas)

Document 1: Purchase diary for producers

**PURCHASE LOCATION:**

<table>
<thead>
<tr>
<th>Bag number: SA Date</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Date</th>
<th>Name of producer</th>
<th>Price per kg</th>
<th>Kg of fresh cocoa</th>
<th>Purchase Price</th>
<th>Signature of producer</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Document 2: Bag traceability

**COCOA PACKAGING BAG AFTER DRYING**

<table>
<thead>
<tr>
<th>COOPEBAS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bag number: SA date</td>
</tr>
<tr>
<td>Batch: fermentation vat date 1st day</td>
</tr>
</tbody>
</table>
[Name of local cooperative]  
[Name of regional cooperative]  
Producer's cocoa sales diary  

Name of producer  
Village  
Grass Roots Organization:……………………………………………………………….........

### Season A 2017

<table>
<thead>
<tr>
<th>Date</th>
<th>Quantity of Wet Beans in KG</th>
<th>Unit Price</th>
<th>Total price</th>
<th>No. of the loaded case</th>
<th>Signature of buyer</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Season B 2017

<table>
<thead>
<tr>
<th>Date</th>
<th>Quantity of Wet Beans in KG</th>
<th>Unit Price</th>
<th>Total price</th>
<th>No. of the loaded case</th>
<th>Signature of buyer</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Appendix 3: Tenant farming agreement (COOINDELO)

TENANT FARMER AGREEMENT AMENDED DURING THE WORKSHOP ON STRATEGY CONCERNING THE UPGRADING OF COCOA SEED PROPAGATION PLANTATIONS AND THE DISSEMINATION OF COCOA SEEDS

Between the cooperative: INDENGE LONKoke "COOÎNDELO", which has its registered head office in ISONGO. In the BOLIA area. Territory of INONGO.

And Mr: .......................................................... Cocoa seed propagator.

Art 1. Mr: .........................................................., landowner, agrees to collaborate with the COOÎNDELO cooperative for the propagation of cocoa seeds of the hybrid variety (CRY) from the YANGAMBI research centre (CRY), which are provided as part of the project Appui aux Coopératives Cacaoyères en RD Congo (Support for cocoa cooperatives in DR Congo), known under the acronym ACCC.

Art 2. It is agreed that propagation will take place in the village of: ............................................. Members’ group: ............................................. Bolia area, in the plot of the following size: ............... ares belonging to Mr: ..........................................................

Art 3. Mr: .......................................................... agrees to collaborate with the COOÎNDELO cooperative to manage the plot for the propagation of cocoa seeds until the end of the fourth harvest season after 3/4 of the seed plantation plants have been harvested.

They are required to maintain the maintenance schedule on a quarterly basis as defined by both parties.

Art 4. The COOÎNDELO cooperative is called upon to pay the propagator the sum of 5,000 FC (in cash or in kind) after conducting each quarterly maintenance check according to the following schedule: March, June, September and December of each year: i.e. an annual amount of 20,000 CDF

Art 5. The propagator undertakes not to carry out operations that are not related to seed propagation in the propagation fields.

Art 6. After two maintenance checks, the COOÎNDELO cooperative is entitled to suspend the collaboration and to exclude from the cooperative (and the OB that is a member of the cooperative) any propagator who does not live up to their commitments. ???

Art 7. In the event of a dispute, both parties agree to an amicable settlement. In the event of failure, they may appeal to the competent authority in charge of land management (sector head, court, etc.) for arbitration.

Done at......................................................; on / / 2017

THE LANDOWNER FOR THE COOPERATIVE
PROPAGATOR CHAIRMAN OF THE MANAGEMENT BOARD
Appendix 4: Sample letter of response to a Conaprocam tender and marketing year balance sheet – input savings

Document 1: Conaprocam Invitation to Tender

Place, Date

CONFEDERATION NATIONALE
DES PRODUCTEURS DE CACAO
DU CAMEROUN “CONAPROCAM”
[Address]

REFERENCE: [reference]
Object: SUBMISSION FOR NATIONAL TENDER
N°____________________
FOR THE PURCHASE OF PRODUCTS FOR
PREVENTING BROWN COCOA ROT

Dear Sir(s),

In response to your national call for tenders mentioned above, we would like hereby to make available to you our offer for the market mentioned in the margin.

<table>
<thead>
<tr>
<th>DESCRIPTION</th>
<th>CHARACTERISTICS</th>
<th>PACKING</th>
<th>UNIT PRICE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

We look forward to hearing from and to pursuing this matter further.

Your sincerely,

[Signature]

Document 2: Review of the marketing year – Input savings

Marketing review 2017/2018

Cooperative:........................................................................................................Area:...................................................
PCA:..............................Contact :.................Sales agent:.................................Contact :........

<table>
<thead>
<tr>
<th>N o.</th>
<th>Market Date</th>
<th>Tonnage (kg)</th>
<th>Market price</th>
<th>Total amount</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>G1</td>
<td>G2</td>
<td>HS</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Samples (... FCFA/kg)</th>
<th>Nam expo</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inputs</td>
<td></td>
</tr>
<tr>
<td>Cooperative</td>
<td></td>
</tr>
<tr>
<td>Conaprocam</td>
<td></td>
</tr>
<tr>
<td>Savings</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
</tr>
</tbody>
</table>

Signature of Sales Manager Signature of PCA
### Appendix 5: Procedure for monitoring and quality control of cocoa - Cooindelo

#### Subject: Cocoa quality monitoring and control system

<table>
<thead>
<tr>
<th>Subject</th>
<th>[Name of regional cooperative]</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dates</td>
<td></td>
</tr>
<tr>
<td>Locations</td>
<td></td>
</tr>
<tr>
<td>Author</td>
<td></td>
</tr>
</tbody>
</table>

1. **Field monitoring**
   - By purchasing wet beans from producers (members and informed non-members):
     - Not the members’ children
   - Tools: Producer's cocoa diary and cooperative purchase sheet or notebook with fermentation tank identification details. At every sale and purchase. *Production traceability.*

2. **Treatment**
   - Time sheet of site workers: tools time sheet/every day
   2.1. Fermentation: 8 days
   - Monitor compliance with regard to bean turning days with numbering of the initial box:
     - **Unannounced visits of officials (Cogest, Manager) and TAs**
   - Tools: Monitoring table for turning days and analysis report regarding the progress of fermentation (every day)
   2.2. Drying: 7 days
   - Unannounced visits of officials and TA during drying
   - Tools: Analysis report on the seventh day (cutting of beans and moisture content). Every seventh day

3. **Site Storage**
   - Marking of merchantable cocoa bags (origin, quantity, packing date) / each day of storage
   - Presence of hangars for site supervisors (COGEST responsibility)
   - Arrangement of cocoa bags on pallets
   - Absence of products other than cocoa
   - Ventilation of the depot
   - Absence of moisture

4. **Transportation: Depot sites to terminal**
   - Cocoa packing slip: origin, quantity, quality, sender, carrier, vehicle condition, consignee and remarks (shipping status and receipt of product) / each shipment

5. **Storage in the terminal depot**
   - Arrangement of cocoa bags on pallets
   - Absence of products other than cocoa
   - Ventilation of the depot
   - Absence of moisture
   - Tools: updated stock sheet
5. Transport: terminal depot to the whaler

- Boat inspection (no water leakage, no oil or lubricant leaks or other products)
- Cocoa packing slip: origin, quantity, quality, sender, carrier and observation (shipping status and receipt of the product).
- Taking of a sample from the lot to be shipped.
- Batch analysis report and batch numbering/manager.

- Keep a sample of the lot
- Tools: Shipping slip, analytical report

6. Evaluation of the system:
   - System evaluation report. Cogest/each season

Appendix 6: Coopebas time sheets for processing sites - Coopebas

[Name of the local cooperative]

[Name of regional cooperative]

**PROCESSING SITE:**

Time sheet of processing site workers

<table>
<thead>
<tr>
<th>No.</th>
<th>Date</th>
<th>Family name and first name</th>
<th>Arrival time</th>
<th>Departure time</th>
<th>Tasks performed</th>
<th>Signature</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Supporting document issued by ECOCERT PLC
CERTIFICATE

Supporting document issued by ECOCERT PLC – BP 47 – L’ISLE-JOURDAIN-France

Based on current EOS certification program
COFRAC Accreditation No. 5-0074 Certification of Products and Services, list of accredited sites and scopes available at www.cofrac.fr

This document confirms that the operator [COOPERATIVE NAME]

Main activity:

Secondary activity(ies):

has submitted its activities to monitoring and complies with the requirements of the ECOCERT ORGANIC STANDARD recognised as equivalent to the provisions of EC Regulation 834/2007. Products may be marketed according to the certification categories specified below:

Date of inspection:

<table>
<thead>
<tr>
<th>Commercial products</th>
<th>Certification Category</th>
<th>Period of validity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cocoa beans</td>
<td>Organic</td>
<td>Date</td>
</tr>
<tr>
<td>Merchantable cocoa</td>
<td>Organic</td>
<td>Date</td>
</tr>
</tbody>
</table>

End of document – Total: 1 page (s)

The authenticity and validity of this document can be verified at www.ecocert.com

Done at Name and position of the official from the certifying body

Date: Signature

Document 2: Producer database

<table>
<thead>
<tr>
<th>Name of the Producer</th>
<th>Number of Plots</th>
<th>Location of Plots</th>
<th>Size</th>
<th>Annual Production:</th>
<th>Associated Crops</th>
<th>South</th>
<th>East</th>
<th>Date Referencing</th>
<th>C.I</th>
</tr>
</thead>
</table>
Appendix 8: UCLS-Ethiquable Sale Agreement

Purchase contract for organic and ESR 2017 cocoa beans

Date: 

<table>
<thead>
<tr>
<th>Buyer:</th>
<th>Seller:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Name</td>
<td>Name</td>
</tr>
<tr>
<td>Mailing Address</td>
<td>Mailing Address</td>
</tr>
<tr>
<td>Tel:</td>
<td>Tel:</td>
</tr>
<tr>
<td>Code P. cert</td>
<td>ESR ID</td>
</tr>
</tbody>
</table>

**Product and quality:** Certified organic (Ecocert) and fair trade (ESR) certified cocoa beans, 2017 harvest, healthy and fermented (minimum 80% fermented beans), type GRADE 1 with the following characteristics:
- Moisture < 7.5%;
- Grain size 100-110;
- Violet beans < 8%;
- Slate-coloured beans < 3%;
- Mouldy beans < 1%;
- Broken beans < 1%;
- Defective beans (mites, sprouts, flat) < 1%.

**Quantities:** X tons of cocoa beans (0.5% tolerance by weight) or X 25 t containers

**FOB [load port] price:** X euro/kg of cocoa beans (includes a minimum field edge price to producers of X ariarys/kg + an organic premium of X ariarys/kg + an ESR premium of X ariarys/kg) + FOB and technical support cost, i.e. a total of X ariarys/kg (at the rate of X ariarys/euro on [date]).

New York Stock Exchange Reference Price = X USD/ton of dry cocoa beans

**Shipping date:** -

**Destination port:** -

**Payment:** Pre-financing by [name of creditor organization] before collection of cocoa beans

Payment of the balance upon receipt of shipping documents

**Insurance:** Covered by the buyer

**Disputes:** Cocoa beans must comply with the specification sheet attached to the contract. As the partnership is based on a moral commitment of the various parties, any disputes will be settled between the parties without the intervention of a third party on the basis of dialogue after consideration of the responsibilities of each party.

**Documents to be provided to [Purchaser’s name]:**
- Original invoice (made out to the buyer), BL, Form A, Certificate of Analysis
- Specify on the invoice "ESR fair trade conditions", "products from Ecocert Organic Farming", ESR development premium on a separate line.

Done at _____, this _____ day of _____, in duplicate

The buyer: 

For [company name] 

Family name First name

Signature

The seller: 

For [name of cooperative] 

Family name

Signature
Document produced by Yannick Saint-Paul, Afdi project officer.
With the support of AgriCord, AFD and the Belgian Development Cooperation - DGD, Federal Public Service (Foreign Affairs, Foreign Trade and Development Cooperation)
December 2017