

# A TASTE OF CÔTE D'IVOIRE'S COCOA TRADE

BY WILHELMINA MABOJA

THE WEST AFRICAN COUNTRY HAS ESTABLISHED ITSELF ON THE BACK OF THE WORLD'S ALMOST INSATIABLE DEMAND FOR CHOCOLATE. AS MORE MULTI-NATIONAL CHOCOLATE AND COCOA COMPANIES FLOCK TO ITS SHORES TO SET UP SHOP, A HANDFUL OF SMALL, LOCAL PLAYERS HAVE ALSO JUMPED ON THE VERY LUCRATIVE BANDWAGON

**S**ome of the finest chocolate in the world is available thanks to a unique region's ability to produce perfect cocoa beans. While the final product may be Swiss, Belgian or American, more often than not, the most important ingredient comes from Côte d'Ivoire.

According to an Ecobank report on the outlook for West Africa's 2016/17 Cocoa Season, Côte d'Ivoire currently has a 38% share of the world's cocoa production. Joan Penche, Investment Manager at Belgian social investment and micro-financing organisation Alterfin, says this points to the country's success at quickly establishing itself as a global cocoa bean exporter soon after its independence from France in the early '90s.

"Since the 1960s, Côte d'Ivoire has been the biggest cocoa producer in the world. However, they faced big problems during the political crisis between 2002 and 2011," he explains. "As a result, much of the raw cocoa was exported to neighbouring countries, such as Ghana and Burkina Faso, which in turn exported it elsewhere."



High unemployment levels, food shortages and closed banks and businesses hit Ivorians hard and at the height of the crisis, tens of thousands fled to neighbouring countries to avoid the bloody clashes over the country's leadership.

Since Alassane Ouattara took office in 2011, Côte d'Ivoire's economy has grown due to the relative political stability and, most importantly, the continued global cocoa export trade.

Ecobank has since predicted that West Africa's cocoa production outlook for the 2016/17 cocoa season – in Côte d'Ivoire alone – will be well over 1,75 million metric tonnes, which will be a record for the country. This compared with 1,5 million metric tonnes between 2015 and 2016.

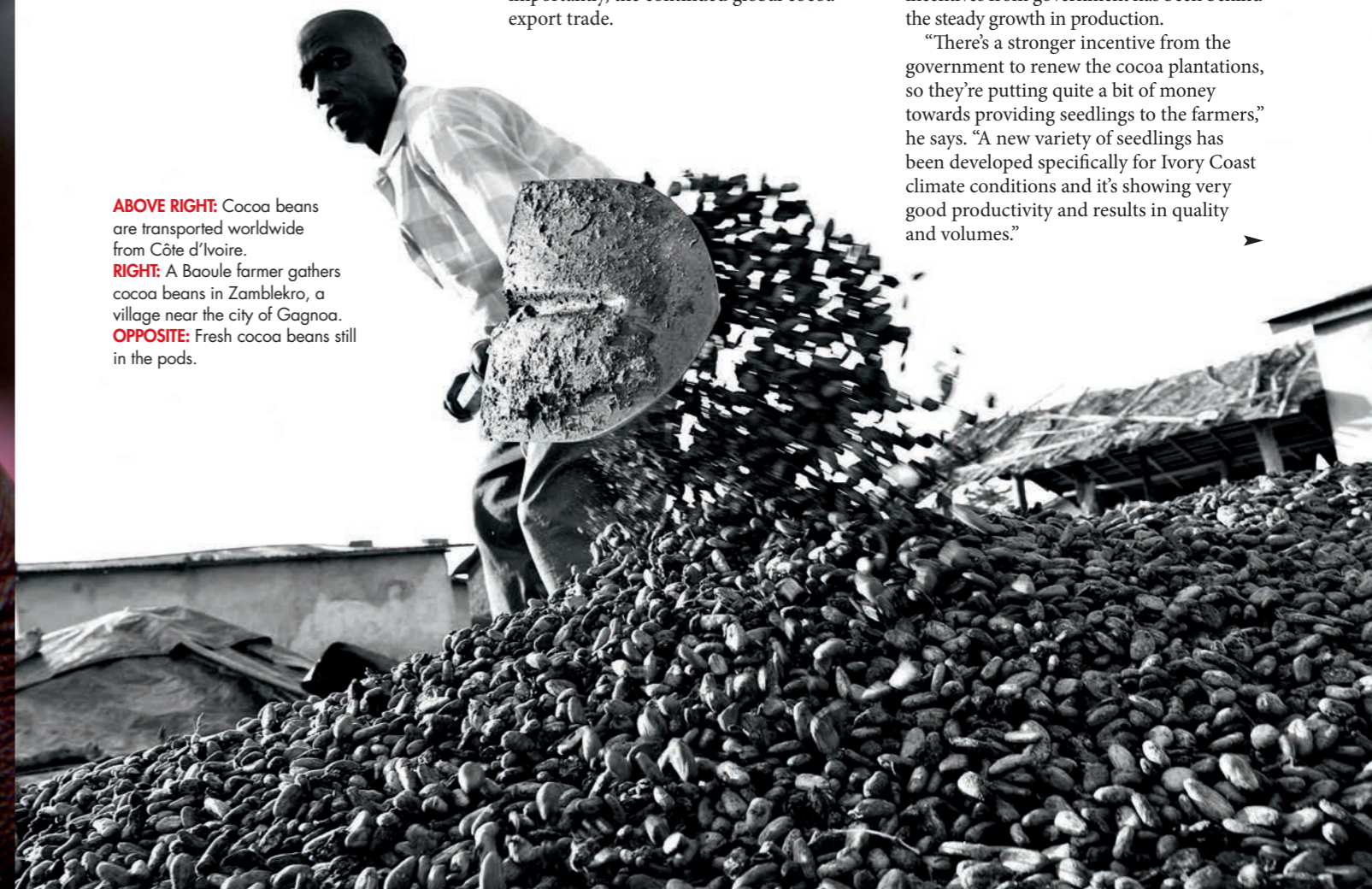
According to Penche, a combination of new cocoa plantations reaching fruition and better incentives from government has been behind the steady growth in production.

"There's a stronger incentive from the government to renew the cocoa plantations, so they're putting quite a bit of money towards providing seedlings to the farmers," he says. "A new variety of seedlings has been developed specifically for Ivory Coast climate conditions and it's showing very good productivity and results in quality and volumes."

**ABOVE RIGHT:** Cocoa beans are transported worldwide from Côte d'Ivoire.

**RIGHT:** A Baoule farmer gathers cocoa beans in Zamblekro, a village near the city of Gagnoa.

**OPPOSITE:** Fresh cocoa beans still in the pods.





However, while cocoa bean output is rising, farmers' profits and workers' wages are not keeping pace.

The government incentives are under scrutiny, particularly since the majority of small-scale Ivorian cocoa farmers still live in poverty, with daily wages at between 2 000 and 3 000 West African CFA francs (roughly \$4-\$6), according to International Cocoa Initiative findings. This is just above the national minimum agricultural daily wage of 2 000 CFA francs.

The World Bank figures from 2015 indicated that 46,3% of Côte d'Ivoire's population lived under the national poverty line. Of a population of 22,7 million people,

10,4 million Ivorians made up the country's rural population in the same year.

The organisation reported that cocoa farmers receive only 6% of the price of chocolate paid by the chocolate consumer, and that many earn less than a dollar a day.

External costs are an added burden for farmers. International social enterprise True Price reports that cultivation, land use, labour and fertilisers can cost smallholder farmers up to 92% of their external costs, while the cost of transporting the cocoa beans from Côte d'Ivoire to Europe generally accounts

**“THE STARK REALITY IS THAT WHILE LARGE MULTI-NATIONALS ENJOY SWEET PROFITS, THE EXPERIENCE OF THE FARMERS AT THE BOTTOM OF THE GLOBAL SUPPLY CHAIN IS A BITTER ONE.”**

for, at most, 3%. Farmers' ability to make a substantial profit from the sale of cocoa beans is significantly hampered by the costs of cocoa farming.

In addition, the Ecobank report shows that raw bean exports account for 69% of Côte d'Ivoire's total cocoa market, with cocoa product exports accounting for only 31%. For a country that sits at the helm of world cocoa production, there's no reason why it shouldn't begin to process and manufacture its own chocolate and cocoa by-products.

According to Pierre Brunache Jr, Regional Director for West Africa at African Fertilizer

and Agribusiness Partnership (AFAP), it's all about economies of scale.

“Companies that process cocoa in Europe – notably in the Netherlands and Switzerland – have economies of scale. They don't only use cocoa imported from the Ivory Coast, but also from other regions, including Asia and Latin America,” he explains.

“When you're processing cocoa in Côte d'Ivoire on its own, you lose the return on investment. This means it would make more sense for the country to bring in hard currency by selling the raw materials instead of processing them.”

This is the reason multi-national consumer goods companies have established processing plants in the country.



**CLOCKWISE, FROM BELOW:** Cheap labour – often in the form of child workers from Mali and Burkina Faso – is common in Côte d'Ivoire. • Employees at the Cémoi chocolate factory in Abidjan. • A worker inspects bags of cocoa beans at a Cémoi warehouse.



In 2015, French chocolate manufacturer Cémoi opened a factory in Abidjan with the aim of producing up to 10 000 tonnes of chocolate a year to service the local market. With an annual turnover of €750 million and its purchase of up to 145 000 tonnes of cocoa beans per year, Cémoi's just one of a handful of big multi-national players.

Barry Callebaut, one of the world's largest cocoa processors, owns a large market share, generating roughly \$6,8 billion in annual sales and operating out of more than 30 countries, including Côte d'Ivoire where it employs 500 local people.

Similarly, American corporation Cargill has had a relationship with Côte d'Ivoire since 1997 for the production and supply of cocoa liquor, cocoa butter and powder.

### CASHING IN FAIRLY

In a move to protect its producers, the Ivorian government, alongside the Conseil du Café-Cacao, have put schemes in place that guarantee a fixed price for raw material for the entire year. Fairtrade cocoa is another means of making cocoa farming more sustainable. The Fairtrade global strategy aims to alleviate poverty and to invest in sustainable development, particularly for farmers and their communities.

According to the Conseil du Café-Cacao, which is responsible for the regulation, stabilisation and development of the coffee and cocoa trade in Côte d'Ivoire, this year's price has been set at 1 100 Ivorian francs per kilogram of cocoa beans produced – up 10% from last year.



**ABOVE:** A cocoa farmer collects pods in Gagnoa.

Where Fairtrade is concerned, Ivorian farmers in co-operatives such as Entreprise Coopérative Kimbre (an Ivorian co-operative union consisting of small-scale producers of cocoa and coffee for export) stand to benefit not only from the local fixed price of cocoa, but also from Fairtrade Premiums, an additional premium paid by cocoa bean buyers who buy from Fairtrade-certified businesses and small-scale farmers. The Fairtrade Premiums farmers receive allow them to invest in their businesses and communities, boost their bargaining power and go a long way towards improving the quality and quantities of their crop. Most countries decide on their own Fairtrade

Minimum Price and Premium relative to their markets, while organisations such as Fairtrade International set it at \$200 dollars per tonne of cocoa beans sold. Although progress is slow, Fairtrade is essential in efforts to improve small-scale cocoa farmers' livelihoods.

While the Ouattara administration continues to clamp down on illegal cocoa plantations and works to boost cocoa bean production, the cocoa farmers at the bottom of the supply chain remain at the mercy of the global market and vulnerable to any volatility.

Fairtrade-style initiatives and the pioneering efforts of local chocolate manufacturers offer hope that Ivorian farmers will one day receive fair remuneration for their produce. 🇨🇮

## Taking the lead

A handful of small, local players are forging a unique path for future Ivorian chocolatiers to follow

The move to establish cocoa production plants in Côte d'Ivoire also coincides with the rise of local chocolatiers such as Axel Immanuel. Giving up his job as a banker to pursue chocolate making, he founded Instant Chocolate in 2015 and is introducing Ivorians to handcrafted, organic chocolate made in Côte d'Ivoire. Despite having a team of only three, Instant Chocolate produced just over a tonne of chocolate in 2015. Immanuel plans to cater to the emerging middle class.

“My target market is Africa first,” he says. “The challenge is that there aren't many people making chocolate in Côte

d'Ivoire, so the market is very big.” Instant Chocolate also plans to introduce what Immanuel says will be the most affordable handcrafted organic chocolate bar in Africa. Priced at \$1, it will also target the lower end of the market, where chocolate is still seen as a luxury.

It's not an easy road, however. Instant Chocolate's first challenge was to earn the trust of a target market that's a lot more familiar with the taste of industrially manufactured chocolate. “[My people] have never seen an Ivorian making chocolate, so they were afraid it might not be the best quality,” says Immanuel, adding that

the legacy of international chocolate brands such as Cadbury and Nestlé made this even harder.

Since establishing his small business, he's been named Young Entrepreneur of the Year by President Ouattara in 2015, as well as top Chocolatier of Côte d'Ivoire.

Like Immanuel, Dana Mroueh, founder of Mon Choco, has taken the local route to produce 100% raw, handcrafted chocolate for the Ivorian sweet tooth.

“Our first clients are Ivorian,” says Mroueh, who moved from Paris to Côte d'Ivoire and proceeded to produce the first

Mon Choco chocolate bar made from Ivorian cocoa beans in February last year. “We then export to France, Nigeria and Senegal, but in small quantities,” she says. Despite having a small team of only six, Mon Choco managed to produce just over a tonne of chocolate last year. Its small size means that progress in creating employment for Ivorians will be slower, and not at the scale larger businesses can create. Determined to do what she can, however, Mroueh works directly with a handful of cocoa farmers to ensure the business remains authentically local.