



## COMPLIANCE OF IVORIAN AGRICULTURAL COOPERATIVES WITH THE EUROPEAN REGULATION ON DEFORESTATION (RDUE) – URGENT MEASURES TO BE IMPLEMENTED

The Ivorian Fair Trade Network (RICE), the Association of Coffee and Cocoa Producers (ASPCA-CC) and the Agricultural Trade Union Center of Côte d'Ivoire (CESA-CI) respectively bring together 80, 386, and 600 member cooperatives, representing more than 500,000 producers. These organizations are coming together to advocate for support for cooperatives in the context of the implementation of the EUR.

This document is organized in two parts. The first part is a position paper for an effective preparation of cooperatives for the European Union Deforestation Regulation (EUDR). The second part, is a policy brief, based on the study —"*Analysis of the challenges and quantification of the costs of the implementation of physical traceability and deforestation monitoring for cocoa cooperatives in Côte d'Ivoire*"— a policy brief on the issue of the costs of implementing the EUR.

This document shows the importance of taking measures to support agricultural cooperatives, in the sector of implementation the EUDR in Côte d'Ivoire and makes proposals.



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## **Urgent measures to bring Ivorian agricultural cooperatives into compliance with the European Union's regulation on deforestation**

The European Union Deforestation Regulation (EUDR) is a major regulation for the preservation of the environment, which our member organisations are committed to implementing.

However, compliance with the EUDR requires a rapid and relevant adaptation of the operation of each cooperative in order to guarantee the sustainability of their activities, while effectively contributing to the protection of the environment. Indeed, if they are not adequately prepared, many cooperatives will fold, thus causing a negative impact on the living conditions of producers and on the preservation of the environment.

We take note of the postponement of the implementation of the EUDR by twelve (12) months. This additional period is an opportunity to express the real concerns of cooperatives regarding the EUDR and to propose actions to support them in their compliance.

The main concerns raised by our members are:

- **Lack of clear and accessible information for producers** : Producers and cooperatives need to understand the concrete implications of the regulations on their daily activities especially with regard to traceability and compliance with national laws.
- **The costs of cooperatives' compliance**: Studies estimating the costs of cooperatives' compliance with the EUDR reveal high amounts of investment and management, which are not within the reach of the majority of cooperatives.
- **Risk of exclusion of producers and cooperatives**: Cooperatives fear being excluded from partners' supply chains, because they do not have the technical and financial resources to prove their compliance.

We make the following proposals:

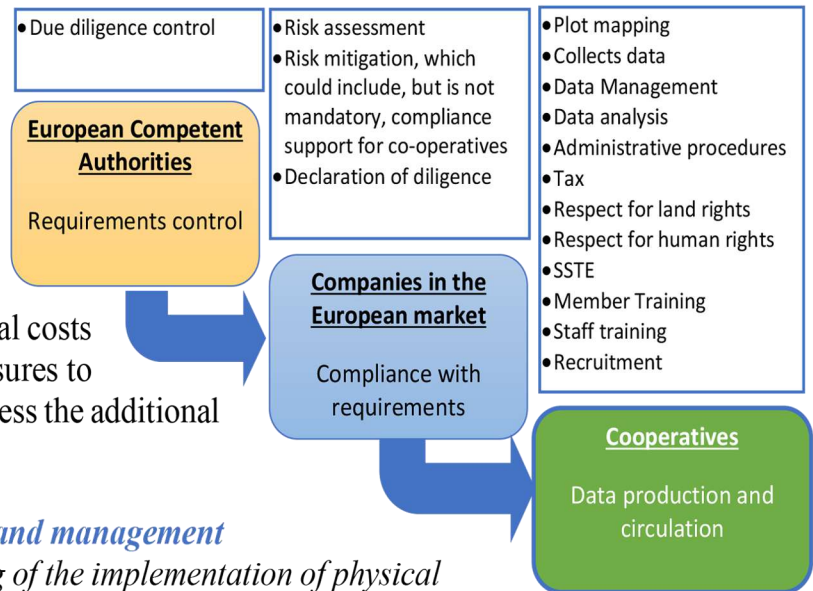
- The RICE, ASPCA-CC and CESA-CI wish to engage with the Delegation of the European Union Cote D'Ivoire in information and awareness-raising actions for our members;
- To ensure that the burden of the EUDR does not fall mainly on the cooperatives, the European Union should open discussions on compliance costs. These costs must be clearly established and passed on between the actors in the value chains;
- To reduce the risk of exclusion of cooperatives, multi-year contracts should be a key point in the implementation of Article 11 on risk mitigation;
- To avoid duplication of efforts, the cooperatives want the ARS 1000 standard and private voluntary standards to be taken into account as compliance criteria.

# THE COSTS OF DUE DILIGENCE FOR COOPERATIVES AND THE ROLE OF FAIR TRADE

In Côte d'Ivoire, bringing cooperatives into compliance with the European Union Deforestation Regulation (EUDR) will require investments of an average of 75,000 to 100,000 Euros (49 to 65 million CFA francs) per cooperative. Clarification of these costs and their distribution in value chains will help to better support cooperatives in their preparation for the EUDR. In addition, fair trade is a means by which cooperatives can invest and structure themselves to comply with the EUDR while maintaining their autonomy.

**Introduction:** The European Union's Deforestation Regulation requires cooperatives' business partners to ensure that products placed on the European market do not contribute to deforestation. However, these products leave the producer's plot, go through the cooperative before reaching the exporter. For cooperatives, the implications are therefore organisational, technical and, above all, financial. This policy note establishes the urgency of clarifying the actual costs of the EUDR for cooperatives and proposes measures to facilitate the compliance of cooperatives and address the additional costs.

Figure 1: The EUDR's charges towards cooperatives



## Cooperatives need to invest in equipment, staff and management

The study "Analysis of the challenges and costing of the implementation of physical traceability and deforestation monitoring for cocoa cooperatives in Côte d'Ivoire", estimates the costs of compliance with the EUDR based on the costs of certification. Data from 7 cooperatives, including 6 fair trade, 3 certified Rain Forest Alliance and one without certification were used for this analysis.

Figure 2: Requirements for cooperatives and constraints

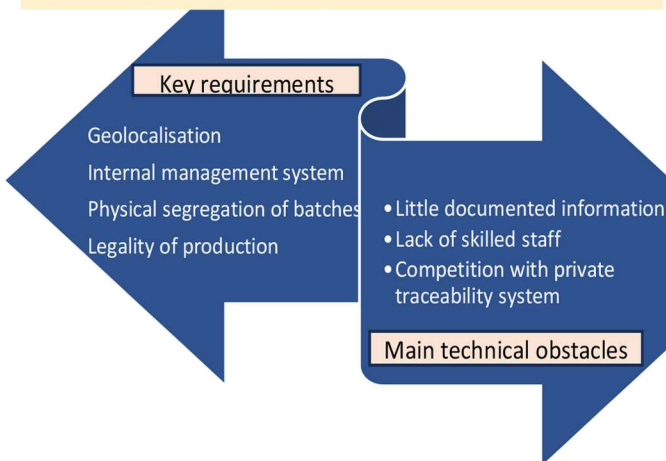


Table 1: Estimated compliance costs

Category	Item of expenditure	Costs
Investment costs	Initial Audit	24,000 to 37,000 Euros
	External expertise	
	Software	
	Collection Material	
	Data collection	
Recurring costs	Data storage	50,500 to 62,000 Euros
	Additional salary	
	Traceability management	
	Bag	
	Software License	
	Updating databases	
	Legal documentation	

## The economic viability of cooperatives in the face of the costs of the EUDR

The results show investment costs of 24,000 to 37,000 Euros and annual recurring costs: 50,550 to 62,000 Euros; i.e. between 75,000 and 100,000 Euros in total (49 to 65 million FCFA). These costs do not include the costs of risk mitigation measures that cooperatives will also need to implement. By way of comparison, for more than ten years—the cooperatives worked with only 0.12 Euro (80 FCFA/kg) for the collection of cocoa. And for it to be economically viable, the 2QC program provided for a marketing of at least 1000 T, generating 120,000 Euros (80 million FCFA). The additional costs of the EUDR would therefore swallow up 60 to 80% of the resources of a viable cooperative and would certainly cause a financial imbalance for most of them. Many cooperatives could therefore fold not because they are not compliant, but because of a lack of resources to adapt.



## *The costs and opportunities of cooperatives need to be established, including those of risk mitigation, the African Sustainable Cocoa Standard (ARS 1000) and the National Traceability System (NTS)*

We believe additional studies and clear and inclusive exchanges with the European Union and local authorities on the costs associated with the EUDR would help greatly. These exchanges will also need to cover the costs of mitigating the risks referred to in Article 11 of the EUDR. By considering the NTS and the ARS 1000 as instruments that should facilitate compliance with the EUDR, it will be useful to explore, in coordination with the regulator, the exemptions or cost savings caused.

### *Fair trade, an instrument for compliance and empowerment of cooperatives*

The fair trade certified cooperatives in the study have a high level of compliance with the EUDR based on three main levers:

**Relational leverage:** Cooperatives that benefit from fair, stable and remunerative business relationships can make sufficient development investments.

**Financial leverage:** Fair trade cooperatives, thanks to premiums, have significantly higher investment capacities than other cooperatives.

**Organizational lever:** The requirements of the various labels in terms of legality, governance, management and traceability are a solid foundation for compliance with the EUR.

Niveau de conformité des coopératives en fonction de leur situation

Type de coopérative	Certifiée équitable Bénéficiaire d'un programme d'appui	Certifiée équitable Non bénéficiaire d'un programme d'appui	Non certifiée Non bénéficiaire d'un programme d'appui
Système de gestion interne	●●●●●	●●●●●	●●●●●
Traçabilité	●●●●●	●●●●●	●●●●●
Légalité	●●●●●	●●●●●	●●●●●

Fair trade allows cooperatives to acquire additional resources to engage autonomously in the EUDR. The role and use of certification is outlined in the EUDR guidance document. In addition to being a tool to prove compliance with the EUDR, Fair Trade guarantees the autonomy of cooperatives through remunerative prices that cover the costs of sustainable production and community investments.

**Conclusion:** Cooperatives are entities that belong to producers. They play an important role in sustainability, community development and poverty alleviation. The fear is that that due to a lack of preparation, these entities will be vulnerable to the EUDR. The 12-month postponement of the regulation is an opportunity for stakeholders to therefore clarify the costs of this regulation for cooperatives and to consider the contribution of fair trade in the preparation of the cooperatives.

### *Recommendations:*

- 1- Open dialogue with all stakeholders in the cocoa value chain on the costs of EUDR compliance and ensure that these costs are distributed throughout the value chain,
- 2- Include long-term commercial relations and bonuses as good practices for the empowerment of cooperatives with a view to their compliance with the regulation of the EUDR.
- 3- Register and accept the ARS 1000 and the National Traceability System as a cost-saving approach to compliance with the EUDR.
- 4- Promote fair trade in Côte d'Ivoire by setting up incentives.



The Ivorian Fair Trade Network (RICE) is the association of fair trade certified cooperatives in Côte d'Ivoire. Since its creation in 2009, RICE has been working for the economic, social and environmental development of cooperatives and producers. To date, RICE has 80 member cooperatives.

The network's missions are divided into three (3) axes:

- ❖ Represent and defend the interests of cooperatives and their members;
- ❖ Strengthen the capacities of producers and their organizations through awareness-raising, training and networking with other partner organizations.
- ❖ To promote the principles and values of fair trade and create a framework for exchange between producers and other actors in the agricultural sectors, RICE has initiated and has already organized three editions of the National and Regional Fair Trade Days in Côte d'Ivoire.



The Association of Coffee-Cocoa Producers of Côte d'Ivoire (ASPCA-CC) is an association created in 2021 and composed of 400 cooperative societies spread over the 13 regional delegations of Coffee-Cocoa of Côte d'Ivoire. The purpose of the ASPCACC is to:

- ❖ Work for the efficiency of its members through workshops;
- ❖ Organize seminars for its members;
- ❖ Look for financial partners in the agricultural field;
- ❖ To promote the moral and financial development of its members;
- ❖ To work towards the economic, social and environmental sustainability of its members



The Agricultural Trade Union Center of Côte d'Ivoire (CESA-CI) is a group of several organizations of agricultural producers, legally constituted and whose ambition is to have a real influence in the definition and management of agricultural policies in our country.

Composed of legal entities (697 cooperatives, 36 trade unions, 31 associations) and natural persons (3,500 member members), the CESA-CI's missions are to contribute to:

- ❖ Defending the interests and rights of agricultural producers
- ❖ Contributing to the successful marketing of agricultural products
- ❖ Raising awareness of the quality of agricultural products
- ❖ Ensure compliance with the field prices indicated by the Ivorian Government
- ❖ Contribute to any policy and/or project to improve the living and working conditions of agricultural producers
- ❖ Serve as an interface between any decision-maker and the agricultural base

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**Reference:**

1. " *Analysis of the challenges and costing of the implementation of physical traceability and deforestation monitoring for cocoa cooperatives in Côte d'Ivoire*"  
<https://www.commerceequitable.org/wp-content/uploads/synthese-cacao-cout-traca-vf.pdf>,  
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