Auditing cocoa in Côte d’Ivoire

Cocoa, especially from Côte d’Ivoire, has received a lot of media attention in recent years. The Washington Post recently published pieces focusing on the failure of certain certification systems attempting to solve cocoa’s core issues of child labour and deforestation in Côte d’Ivoire. Fairtrade and its certification body FLOCERT were not negatively reviewed in either article.

In this document, we would like to demonstrate how FLOCERT assures Fairtrade’s credibility when faced with risks specific to cocoa production in Côte d’Ivoire, such as deforestation, child labour, “rogue trading” and traceability. Furthermore, we would like to demonstrate how Fairtrade’s credibility is assured by our auditing practices, our unique set-up and structure, and our special focus on compliance risks in Côte d’Ivoire.

1. How FLOCERT addresses cocoa-specific risks in Côte d’Ivoire

Risk 1: Deforestation

West Africa has for some time suffered very high rates of deforestation due to a number of driving forces, not all of which are linked to cocoa production. However the respective governments are under pressure to show that cocoa is not a contributing factor. Côte d’Ivoire has extensive areas of land classified as protected forests. Historically, cocoa farmers had official permission to operate within the forest, with cocoa classified as an agroforestry product. However, the government has now banned any sourcing of cocoa claimed to be sustainable from protected areas.

In Fairtrade certification, the risk is not so much that members have their farms in protected areas (as these members are excluded from the cooperative and increased GPS mapping of farms makes this easier to identify). The risk is that non-members who source in protected areas supply members with this cocoa, and “banned” cocoa thereby enters the Fairtrade supply chain. This is why the management and segregation of non-member cocoa from that of members is a key aspect of the cocoa standard at producer level.

What does FLOCERT do to prevent cocoa from deforestation areas from being sold as Fairtrade?

As well as enforcing the segregation of Fairtrade and non-Fairtrade cocoa upon delivery, the small-scale producer standards (SPO) have added new compliance criteria on deforestation, which came into effect in 2019: “your members’ activities on production areas do not cause deforestation and do not destroy vegetation on protected areas or on High Carbon Stock forest areas”. FLOCERT has the following assurance activities in place:

- The biodiversity section is also included by default in our focused audits, where cooperatives have activities or delivery routes near protected areas. These are always checked in initial and renewal audits.
- Auditors check the location of all members against the latest SODEFOR maps of protected areas in Côte d’Ivoire.
- When a SPO is situated close to a protected area, the sampling of the farms to be visited automatically includes those closest to the forests or other protected areas.
- Where no members are listed as located within these areas, but production is taking place near these areas or routes to delivery points pass through protected areas, auditors sample sites to visit members in the vicinity.
- Delivery depot records are sampled to sense check the volume of cocoa against the size of the members’ production area.
- Where risks are identified of cocoa from protected areas being delivered with certified cocoa in established certified cocoa cooperatives, we ensure that the cooperatives implement a monitoring and traceability system addressing this risk and raising members’ awareness of the sanctions against such practices.

1 Please find both articles in full at the end of this paper.
Members are interviewed regarding the practices of mixing cocoa and delivering it on behalf of others.

**Risk 2: Child Labour**

The relatively high levels of child labour in cocoa in West Africa are not caused by members’ children being engaged in illegal work. Rather, non-members engage their children, and those of sharecroppers or employees, in prohibited work. Similarly, the worst forms of child labour are more common within protected areas, as has been observed with migrant youth working in camps.

How does FLOCERT check for child labour?

FLOCERT has very clear protocols with very thorough checks for auditors who observe children working or at risk of doing prohibited work. FLOCERT auditors are given intensive training on how to spot child labour and ask the right questions. Looking for signs of child labour is part of every audit, especially when inspecting the farms and fields. The auditors are trained specifically to distinguish illegal child labour from typical (non-detrimental, non-hazardous) child work. They also factor in that in some areas of Côte d’Ivoire, schooling takes place in shifts during the day.

- If an auditor sees a child who appears to be working, he or she finds the adult responsible for the child, be this a member, a worker or another community member, and determines if this qualifies as illegal child labour. The auditors also always crosscheck and triangulate the information they receive.
- If child labour had previously been identified at the audited producer organisation, the auditor checks with community members, such as schoolteachers, whether this is being addressed systemically and consistently. He or she also looks at the reports of the Monitoring Committee that the organisation should have in place, to check it is actively working on preventing, identifying and remedying cases.

**Risk 3: “Rogue Trading” / Revolving-Door Certification**

“Rogue trading”, also referred to as revolving-door certification, trading without integrity or with unsustainable certification, is an unfair trading practice where middle-men buyers actively set up new cooperatives within Fairtrade, when there is already an oversupply of certified volumes. This fraudulent behaviour allows these buyers to, for example, dictate or beat down the price of cocoa when buying from cooperatives which merely exist on paper. This severely harms farmers: they receive neither the Fairtrade Minimum Price nor the Fairtrade Premium. In many cases, the management of premium and compliance drives the cooperative’s democratic governance; in the absence of sales these processes fall away.

How does FLOCERT identify and deal with this kind of fraud?

Whilst preparing for and carrying out an initial cocoa producer audit, FLOCERT can easily identify cooperatives that have been set up with such bad intentions. FLOCERT does not certify such cooperatives. The application is denied:

- if members have no awareness of the activities of the recently formed cooperative, run by a few individuals.
- if there is no evidence that the General Assemblies have indeed been held, that the development plan for the use of the Fairtrade Premium has been agreed upon and that the activities completed are transparently reported to the farmers. (The members’ General Assembly as the cooperative’s highest decision-making authority, with equal voting rights for all members and a board chosen in free and fair democratic elections, is unique to Fairtrade in the sustainability standard arena.)
- The auditor also verifies that the Fairtrade Minimum Price or Premium has been paid. If a trader does not pay the minimum price (or market price, whichever is higher) and/or premium, FLOCERT will decertify the trader.

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2 This practice is identifiable in Fairtrade cocoa, coffee and banana supply chains.
To further resolve the issue of “revolving-door certification” or “unsustainable certification”, the Fairtrade Standards now require producers applying for certification to show that they have a buyer/market. Recent amendments in the Trader Standard also address concerns about double contracting. To avoid this, traders have been required to pay the Premium (and Fairtrade Minimum Price differential if applicable) on all volumes claimed to be sourced from a producer organisation, whether cocoa was actually sourced from them or not. This has prompted scrutiny of affected producers’ records and raised members’ awareness of the contracting practices by the board or other representatives of their organisations. Where the trader is unable to demonstrate that additional volumes were purchased from a certified source, or unable to effect product compensation, these volumes are no longer regarded as Fairtrade and in one case has led to decertification of the affected trader.

Risk 4: Traceability

Physical traceability is not compulsory in Fairtrade cocoa, as this is impractical in the processing and making of chocolate. Brands and consumers however demand this at producer level, wanting to know which beans are sourced from which physical sites.

How does FLOCERT audit traceability?

FLOCERT has an online traceability platform, Fairtrace, where each buyer records its purchase and the seller (producer or exporter) must verify that the details of this sale (volume, price, premium, date) are correct.

- The auditor gets this list before the audit and, to verify this, crosschecks evidence held at trader level (including contracts, invoices, delivery notes, bills of lading) and cooperative level (including weighing receipts, member lists, physical segregation at delivery depots, invoices).
- In Côte d’Ivoire, the same parties must register all Fairtrade sales on an online platform checked by auditors as another source of cross-verification for FLOCERT.

2 How FLOCERT audits and addresses systemic compliance issues in Côte d’Ivoire

Since Côte d’Ivoire is considered a high-risk region, certified organisations are highly likely to be audited annually and receive a higher number of unannounced audits. In 2018, 20% of all certified organisations in Côte d’Ivoire received unannounced audits versus our global average of 7%.

FLOCERT is engaged in a range of activities to address risks and the lack of participation by members in Côte d’Ivoire, including the following:

1. We have increased unannounced audits for additional risk management.
2. We are applying physical onsite audits based on risk factors which include premium received, number of NCs, Major NCs, etc.
3. We use a focused audit methodology, which requires that a non-compliance is systemically resolved by the organisation, and repeatedly focuses our assurance activities on these identified areas of weakness.
4. We are proactively engaging with the Conseil du Café-Cacao (CCC) to:
   ▪ apply the national legislation passed in July 2018 to further ensure the independence of cocoa producers from third parties and protect them from unsustainable trader practices and exploitation by third parties.
   ▪ apply additional scrutiny to the role of third-party consultants and trader agents in producers’ application and certification activities, for those aims shared with CCC regulations.

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3 In this practice, more than one contract is signed for Fairtrade cocoa, but only one is shown to auditors and reported to FLOCERT and the Conseil du Café-Cacao (CCC), or contracted volumes are amended verbally.
exchange information with the CCC to identify bad supply chain actors.

5. We have recruited further audit capacity in Côte d'Ivoire to cater for all the additional effort – we now have five auditors locally, as well as a further five non-Ivorian auditors.

How FLOCERT’s role as single certifier for Fairtrade strengthens our credibility

FLOCERT acts as the single certifier for the Fairtrade system. In contrast, other third-party certification schemes employ several certification bodies. For example, under another third-party sustainability scheme, 12 certification bodies are accredited for cocoa producer audits in Côte d’Ivoire. In practice, this means that:

- each of these has a different ISO accreditor, Competence Management System and processes.
- as they are competitors, there is little to no exchange between these certification bodies on harmonising any aspect of auditing and certification.
- due to competition and consequent pressure on certification fees, there is a risk of quality being compromised due to less time spent on audit and certification activities.
- hidden costs, such as costs of travel to audits, are billed on top of the certification fees. Producers may end up paying more than what was initially conveyed.
- given the competition, there is a danger that certification bodies who need to maintain their client base are lenient in enforcing strict sanctions. At the other extreme, there is the risk of too much strictness, especially when faced with a media crisis.

What does FLOCERT do to prevent misbehaviour towards and by auditors?

FLOCERT auditors are monitored closely and their audit findings are evaluated by two more FLOCERT personnel. Moreover, there are strict rules in place to ensure impartiality, and auditors are bound to FLOCERT’s Code of Conduct.

FLOCERT also has a procedure in place allowing for the easy reporting of allegations and complaints. This can be done by any party, including but not limited to a Fairtrade organisation, a non-governmental organisation, a labour union, a worker or a member of the media or public, via FLOCERT’s website. For 2018, we received 19 complaints on auditor performance (out of 3,001 audits our auditors carried out), which were all investigated by FLOCERT’s Credibility Assurance Unit, and in one case resulted in follow-up action. The correct handling of complaints by FLOCERT is checked by the external accreditation body DAkkS.

FLOCERT operates a comprehensive competence management and maintenance process for all auditors and staff, including onsite and offsite training modules, annual report evaluations, feedback cycles, onsite auditor observation and performance reviews. This is a cornerstone of good practice in quality management at audit level.
Chocolate companies sell 'certified' cocoa. But some farms use child labor, harm protected forests.

Utz, the largest certifier, found "alarming" problems at four firms responsible for approving a large portion of the world's cocoa.

A worker holds dried cocoa beans outside a co-op facility in Ivory Coast. (Salwan Georges/The Washington Post)

By Peter Whoriskey

Oct. 23, 2019 at 2:44 p.m. GMT+2

The leading organization responsible for policing standards in the world's cocoa industry has regularly approved cocoa from West African farms that use child labor or have contributed to deforestation of the region, interviews and research show.

Utz Certified, a Dutch organization responsible for the audits covering hundreds of thousands of cocoa farms, has had significant lapses in its compliance reviews, casting doubt on the claims by major chocolate companies that the monitoring efforts are eliminating those abuses.

For years, the world's largest chocolate companies - including Mars, Nestlé, Hershey and others - have advertised that their supply chain has been cleared of abuses because they had been "certified" by one of three auditing organizations: Utz Certified, Fairtrade or Rainforest Alliance.

Many consumers willingly pay more for chocolate made from certified cocoa, and most of the large companies have pledged to certify most or all of their supply. But problems at Utz Certified, which has approved more cocoa than any other auditing organization, undermines those claims, according to interviews and records reviewed by The Washington Post.

U.S. weighs ban on Ivory Coast cocoa imports due to child labor
While the Utz guidelines are supposed to prevent environmental degradation, a former employee told The Post that many Utz farms were located inside nationally protected forests in Ivory Coast and, in response to questions, an Utz spokesperson confirmed that it has recently discovered more than 4,900 Utz farms located there.

Though Utz has rules against child labor, research reports co-sponsored by the organization in 2013 and 2017 found that Utz certified farms in Ivory Coast were more likely than other farms to have child laborers, with children putting in more work deemed dangerous, such as working with machetes and insecticides.

And earlier this year, Utz discovered significant problems at four auditing firms responsible for approving a large portion of the world's certified chocolate. The auditing firms cited for problems had conducted audits for most of the farms in Ivory Coast, the world's largest single source of certified cocoa.

In 2017, Utz certified 1.5 million tons of cocoa, or about two-thirds of the world's supply of certified cocoa, according to industry statistics. Every year, it certifies the crops from hundreds of thousands of West African farmers.

"Consumers believe that by buying certified cocoa they are doing something good for the environment, or children, or farmers," said François Ruf, a researcher based in Ivory Coast and a co-author of a 2013 study co-sponsored by Utz. "But that is a fiction."

A Post story in June documented widespread child labor on West African cocoa farms, including working with machetes and pesticides, despite years of promises by the chocolate industry to eradicate it. The industry also has been blamed for a role in the region's epochal deforestation. The certification programs, which the major chocolate companies embraced several years ago, were supposed to address those problems.

Hershey, Nestlé and Mars promised nearly two decades ago to stop using cocoa harvested by children. Yet much of the chocolate you buy starts with child labor.

"You now have to ask, 'what is the point of "certification" of cocoa?' " said Etelle Higonnet, senior campaign director for Mighty Earth, an environmental group trying to stop deforestation. "They're trashing the forests, and they don't pay farmers a living income."
She said the group had asked Utz officials before about certified farms being carved out of protected forests, but didn't get an answer. The admission that more than 4,900 certified Utz farms were located inside protected forests is outrageous, she said.

Utz declined to offer specifics about the problems at each of the four auditing firms in Ivory Coast, citing confidentiality agreements. But in a March letter, a portion of which was disclosed to The Post, Utz found that one inspecting firm had "insufficient audit activities, repetitive bad audit management practices, and poor certification decisions which are alarming."

The problems, the Utz letter said, "put at risk the credibility of the certification decision and therefore the credibility of the UTZ program."

A cocoa cooperative facility features a Rainforest Alliance Certified logo and murals that warn against child labor. (Salwan Georges/The Washington Post)

Deficiencies found at two other auditing firms were deemed of equal severity - described as a "yellow card" - and the infractions at the fourth were categorized as even graver by Utz officials, a so-called "red card."

In response to questions regarding these troubles, officials with Utz Certified, which last year merged with Rainforest Alliance, emphasized that the problems were discovered during "normal monitoring." The monitoring did not lead to sanctions of any farmers or co-ops, and no approvals for any batch of cocoa were rescinded.

Regarding the finding of more child labor on its farms, Utz said: "The whole picture is a bit more complicated." It said that there were more reports of child labor on Utz farms because those farmers have "more awareness" of the problem. Researchers who conducted the survey, however, said that they took steps in their questionnaire to eliminate any such effects.

Utz officials also noted that while the organization had approved 4,900 farms located inside nationally protected forests according to the most recent maps, that represents only a small portion of the roughly 423,000 farms it approves in Ivory Coast annually. The map review that identified Utz farms inside the protected forests, however, is only partially complete.

Senators call for DHS crackdown on cocoa imports made with child labor
Finally, asked about reports from former Utz employees who said auditors are sometimes solicited with bribes, and other times threatened with violence, the Utz officials indicated that corruption in the system was limited.

"In its fifteen-year history, UTZ Certified has investigated only isolated cases of corruption," the organization said in a statement.

"We acknowledge that things must change," the organization said in a statement to The Post. "A certification system must adapt and innovate in order to create more impact and provide more value to producers and companies. We have worked consistently to improve our standards, assurance mechanisms and associated interventions - and will continue to do so."

'Unquestionably a challenge'

The chocolate companies that have boasted of their commitment to buying certified cocoa emphasized, in response to this story, that the certification efforts have helped in less measurable ways - they've trained farmers, for example - and that their efforts to halt environmental and labor abuses go beyond certification. Three of the companies issued statements in response to this story.

**Hershey**: "Auditing cocoa farms in West Africa, which represents millions of farmers spread across more than 100,000 square miles, is unquestionably a challenge. Before certifiers went into West Africa several years ago, it had never been attempted. The fact that it is a challenge and the processes aren't perfect doesn't mean the work is not worthwhile."

**Ferrero**: In addition to certification efforts, "Ferrero Group has monitoring and control systems … and invests in community-based initiatives that address the systemic issues driving deforestation and child labor: poverty, lack of basic necessities, and other social problems."

**Mars**: "Our aim is to ensure 100 percent of our cocoa is responsibly sourced and traceable by 2025 and we will continue to work with farming communities, suppliers, governments and others to do so. In 2018, Mars launched its Cocoa for Generations strategy, calling for more demanding standards than certification sets today."

Officials with Nestlé declined to comment.
The chocolate industry began to embrace certification programs about 10 years ago as a response to two nightmarish public relations issues: First, more than 2 million child laborers were reported to be working on cocoa farms in West Africa, and second, satellite images suggested that those farms were responsible for some of the region's cataclysmic wreckage of tropical forests.

"We think that this is what we are supposed to do as a responsible world citizen," a Mars official said in April 2009 as it announced that it was moving toward 100 percent certified cocoa. Mars and most of the other companies continue to tout similar certification goals.

Deforestation among cocoa farms. (Salwan Georges/The Washington Post)

Cocoa is considered certified if one of three nonprofit organizations - Utz Certified, Rainforest Alliance and Fairtrade - are willing to grant it their label - their seal of approval. The organizations set out rules for farms to follow and then authorize independent auditing firms to check for compliance. In the end, certification offers a little to everyone: Farmers who comply with the rules can advertise that their cocoa is certified and fetch a price premium of as much as 10 percent or more; companies pay a little extra for the cocoa, but it adds some oversight to their cocoa supply chain; and consumers feel better about their chocolate.

Of the three certification groups, Utz, the Dutch label, rapidly became the leader in cocoa, at least in part because the organization had aimed at making Utz attractive enough to reach beyond the niche markets.

The organization began as a certification label for coffee - the original name was Utz Kapeh, a phrase that means "good coffee" in a Mayan language. It moved into cocoa in 2008.

The goal was to bring sustainability to mainstream cocoa production, with chief executive Han de Groot saying, "making a meaningful impact would only be possible if we could reach massive volumes." Accordingly, the organization took several steps to entice big companies.

For one thing, the price of Utz cocoa was right: The "premium" that cocoa buyers paid for Utz certified cocoa was significantly lower than what buyers paid for Fairtrade cocoa - sometimes just half as much, according to figures published by the labels. Several food industry executives served on the Utz board, among them two former executives from Cargill, a major cocoa buyer.
Last year, about 65 percent of the world's certified cocoa bore the Utz label.

"When you buy Utz Certified," according to the organization's slogan, "you are helping build a better future."

**Four auditing firms cited**

While the word "certification" may suggest rigorous enforcement, however, the inspections are patchy and the incentives for fraud considerable, according to interviews with former Utz employees.

The recent trouble in Ivory Coast highlighted just how critical these problems can be.

Ivory Coast is the main source of Utz certified cocoa, and the four auditing firms cited by Utz for auditing problems were responsible for about 90 percent of the Utz farms there, according to figures provided to The Post.

Two of those auditing firms are based in Africa - AfriCert and Bureau Norme Audit; two others, Control Union and Bureau Veritas, are based in Europe. The auditing companies involved revealed little about why they received warnings from Utz.

Utz "found that our local auditors had failed to investigate thoroughly the non-compliances found," Udi Gabay, regional manager in Africa for Control Union, the auditing firm received the most severe warning from Utz, said in a statement. "This was the result [of] a lack of supervision by local management."

Control Union is seeking to be reauthorized as an Utz inspector.

A representative of AfriCert referred questions to Utz Certified.

A Bureau Veritas representative, said that there had been "weaknesses at the auditors level."

A representative of Bureau Norme Audit said the firm remains a fully certified auditor for Utz.

The sanctions do not "mean that all activities (audits, certification decisions) were conducted incorrectly," Utz said in a statement.
Even when the auditing firms are operating properly, however, the inspection system allows many farms to go unchecked.

At Utz - as at other certifiers - when a group of farmers seeks certification, only a small sample of the farms are actually inspected. For a typical co-op of 1,000 farmers seeking Utz certification, for example, auditors might only inspect about 32. Audits are generally announced in advance, a practice that allows farmers to hide evidence of any deviations from the rules.

Once at the farm, inspectors often face an array of challenges, according to former employees, beginning with the fact that farmers have a substantial financial incentive to fool the auditors: If they pass muster with Utz, they may receive about $80 extra per metric ton of cocoa they sell.

Lenneke Braam, who until June was head of standards and assurance at Utz and Rainforest Alliance, noted that the pressures on auditors can be extreme, including not just enticements such as bribes, but also death threats.

"How many I cannot say," she said of the death threats. "But it happens."

At the root of the problem is the desperation of the farmers, said Lucas Simons, who was global program director at Utz in 2008. The question, he said, is whether the high-minded certification guidelines drafted in Europe or the United States can be enforced in a setting where illiteracy and poverty are widespread, and where basic infrastructure - roads and electricity - are often missing.

"These people are poor - for them it's a matter of survival," Simons explained. "If people cannot read or write, if they make just 70 cents a day, and we come with 35 pages of requirements that they must meet, we are not creating a sustainable economy."

**Marginal difference between farms**

Even some of Utz's own research provides further evidence that the inspection system is weak: In key ways, the farms that it approves in West Africa are little different from those that are not certified.
Twice, in 2013 and again in 2017, researchers from Wageningen University & Research surveyed hundreds of farmers in Ivory Coast and compared farmers certified by Utz to those who were not certified.

The results were not flattering.

On the issue of child labor, the Utz-certified farmers had more child laborers than farmers who lacked certification. About 14 percent of noncertified farmers told surveyors they had child labor; about 16 percent of Utz-certified farmers did.

On environmental issues, the researchers studied general practices, planting of shade trees and waste management. There were some ways that Utz farms looked better: Utz farmers were more likely to have planted shade trees, which are a recommended means to counter deforestation. The researchers also credited the certification program with disseminating agricultural knowledge beyond Utz farms.

But overall, the studies found, the "levels of impacts have generally been marginal for certified farmers."

"There remains a gap between what certification alone has been expected to deliver and [what] actually has been delivered," according to an academic paper the researchers published. Other researchers were more blunt.

Charity Ryerson, co-founder of the nonprofit Corporate Accountability Lab, visited five cocoa villages in Ivory Coast over the past year and found little evidence of anyone checking that "certified" farms were operating according to standards. For example, she said, a checklist requiring clean bathrooms was fully checked in one report even though none of the farms have bathrooms.

"From our experience talking to farmers, it was clear that certification meant almost nothing," Ryerson said. "It's an open secret in the Ivory Coast that almost no one checks the certified farms for compliance."

"Certification misleads consumers to believe that farmers earn a living wage, their children go to school, and labor conditions are decent. From the perspective of a farmer living in abject poverty, this is morally outrageous."
The trouble with chocolate

A decade after Mars and other chocolate makers vowed to stop rampant deforestation, the problem has gotten worse

Story by Steven Mufson | Photos by Salwan Georges
Oct. 29, 2019

ELIZABETHTOWN, Pa. — Mars Inc., maker of M&M's, Milky Way and other stalwarts of the nation's Halloween candy bag, vowed in 2009 to switch entirely to sustainable cocoa to combat deforestation, a major contributor to climate change.

But as the United States stocks up for trick-or-treating, Mars and other global chocolate makers are far from meeting that ambitious goal. Over the past decade, deforestation has accelerated in West Africa, the source of two-thirds of the world's cocoa. By one estimate, the loss of tropical rainforests last year sped up more in Ghana and Ivory Coast than anywhere else in the world.

“Anytime someone bites on a chocolate bar in the United States, a tree is being cut down,” said Eric Agnero, an environmental activist in Abidjan, the economic capital of Ivory Coast. “If we continue like that, in two, three, four years there will be no more forests.”

Worldwide, the pace of deforestation is alarming. In 2017, 40 football fields of tropical forests were lost every minute, spurred by growing demand not only for cocoa, but also for palm oil, soybeans, timber, beef and rubber, according to Global Forest Watch, a nonprofit organization with online data and tools for gathering and monitoring forests.

Recent wildfires have focused attention on the Amazon rainforest in Brazil, but West Africa is another major trouble spot. Ivory Coast has lost 80 percent of its forests over the past 50 years. And in Ghana, trees have been chopped down across an area the size of New Jersey, according to an estimate by the minister of lands and natural resources.
Although illegal mining accounts for some of the destruction, much of it is the work of hundreds of thousands of poor cocoa farmers seeking to expand their plots by felling mature trees, often in national parks and protected forests.

Left to rot, those trees no longer capture and store carbon dioxide but instead release it into the atmosphere. According to the Woods Hole Research Center, tropical deforestation is currently responsible for about 10 percent of global greenhouse gas emissions.

The failure to make progress against deforestation has tarnished the image and credibility of the chocolate industry at a time when it is already under fire for its practices in West Africa. The Washington Post reported in June about the use of child labor in West African cocoa fields, which has persisted despite promises decades ago to stop it.

Last year, Mars postponed its target date for switching entirely to sustainably produced cocoa from 2020 to 2025.

“Zero deforestation cocoa only exists where all the forest has already disappeared,” wrote Francois Ruf, an economist with CIRAD, a French agricultural research and international cooperation organization.

Traders, certification firms and the Ivorian and Ghanaian governments are struggling alongside chocolate companies to find a strategy that works. Mars, for example, has paid tens of millions of dollars extra for certified cocoa, and millions more to certification firms such as Rainforest Alliance.

Now, however, it’s skeptical that such firms can deliver, given the difficulty of monitoring the thousands of cocoa farmers scratching out harvests on small plots.
Cocoa farmers have chopped down vast swaths of old forests to make way for more cocoa plants near the city of Bangolo, Ivory Coast.

“The myth over the last 10 years was that certification would solve the problem of deforestation,” says Barry Parkin, chief procurement and sustainability officer at Mars. “In most cases, it was a little bit helpful. But it is not solving the core issues or assuring that your cocoa is deforestation-free.”

For cocoa farmer Coulibaly Abou, deforestation is not a climate catastrophe. It’s a living.

Since 2006, he has carved out a parcel for himself, knocking down tall trees and clearing brush to plant short cocoa trees. When the pods containing cocoa beans are ripe, he picks them, cuts them open, discards the white pulp, and spreads the wet beans on the ground to ferment and dry. It takes more than 400 beans to make a pound of chocolate, according to Sucden, a commodities trading firm.
“Everything here was once forest,” Abou, 35, said earlier this year as he walked along a shady path that connects his cocoa farm with the tiny hamlet of Gloplou in western Ivory Coast. He pointed to some of the once-towering trees that had been cut down, their wide trunks left to rot.

The additional farmland has enabled Abou to support his wife and six children, although just barely. They live in a two-room hut, one of about 20 in the village. After a bumper cocoa crop last year, the state-owned monopoly slashed prices by 36 percent. This year, the stingy prices have combined with a poor crop to leave Abou with just $600 in earnings.

“We do all the work manually and we get just a small amount of money,” he lamented as one of his children cried in the background. “When these kids do not go to school, they start asking us why we are not sending them. It is so hard for us.”

1.1.1 Big Chocolate

Nearly 5,000 miles and a world away, in a factory in the heart of Pennsylvania dairy country, Mars transforms the beans grown by Ivory Coast farmers such as Abou. The beans are roasted, milled and blended. Bitter nibs burst into a panoply of flavors. The factory is infused with the aroma of chocolate.

In a pristine room with high ceilings, the liquefied chocolate is poured into molds for Dove bars and fed into wrapping machines. A mechanical arm sucks up the finished candies and drops them into bags.

Mars prides itself on its sensitivity to climate change. In 2009, it was the first global chocolate company to pledge to use only sustainable cocoa. Five years later, it became the first U.S. company to join RE100, a group of companies vowing to get all of their electricity from renewable sources.

Founded a century ago around a kitchen table, Mars, based in McLean, Va., is still family owned and operates 150 factories in more than 80 countries. It purchases enough solar and wind power to meet the needs of its operations in Belgium, Brazil, Lithuania, the
United Kingdom and the United States, and, since 2007, has cut its emissions by 25 percent.

Parkin said managing for climate change makes good business sense. “The emergence of more efficient solar and wind means we can source renewable energy at a lower cost than fossil fuels. This is not fanciful anymore,” he said. “Every deal we’ve done, we’ve saved money.”

Mars — which also makes Wrigley’s gum, Uncle Ben’s rice and Pedigree pet food — looks beyond its own operations when calculating its carbon footprint. Unlike two-thirds of the 50 largest food and beverage companies in the United States and Canada, Mars looks at its entire supply chain, including the land-use decisions of West African farmers.

By that method, Mars says it emits 25 million tons of carbon a year. The vast majority — three-quarters of emissions — comes from agriculture, with 8 million tons coming from deforestation alone.

That task of doing something about it has fallen mainly on Parkin. In many companies, the sustainability chief is a public relations executive. But Parkin is head of both procurement and sustainability, merging two tasks that are often at odds.

At Mars, executives worry about the destructive effects of global warming on the agricultural commodities they need to buy. In addition to battling deforestation, the company has called for “a serious price on carbon,” Parkin said. Mars has joined a campaign to lobby Congress to establish an “ambitious” carbon pricing system that would tax emitters.

Under a tax of $50 per ton, Parkin said, Mars would owe more than $1 billion a year. Congress has shown little interest in the idea. But Parkin nonetheless thinks “there will be a competitive advantage in having a smaller carbon footprint than our competitors.”
Mars and other members of the World Cocoa Foundation also have begun to urge West African farmers to plant cocoa trees in the shade of older trees rather than cut them down.

But the idea has never been popular among farmers. Shade reduces the size of cocoa harvests and delays first yields. And some farmers, especially those illegally occupying land, fear that loggers would cut down the trees anyway without paying for them.

Satellite photos and data collected by the University of Maryland show the forest cover continuing to shrink.

1.1.2 Corruption is ‘pervasive’

The giant chocolate companies are not solely to blame for not stopping deforestation. Environmentalists accuse governments, too.

Ivory Coast has created national parks and set aside other forests, but has not protected them. About 40 percent of the country’s cocoa crop comes from those areas, said Etelle Higonnet of Mighty Earth, a U.S.-based environmental group that issued a report called “Chocolate’s Dark Secret.” The Marahoué National Park alone has 30,000 illegal inhabitants, according to one estimate, including small farmers and refugees from the poor, drought-ridden and strife-torn countries of Burkina Faso, Mali and Niger.

And as unrest rocked Ivory Coast in the early 2000s, stopping deforestation slipped down the government’s list of priorities.

Earlier this year, Vivid Economics, a consulting firm working with the Ivorian Ministry of Planning and Development, warned that “total loss of rural forest remains likely within a decade” in the country’s southwest region. At current rates, the report added, the entire forest in Biolequin, a major reservoir of virgin forest, could “disappear in less than a decade.”

Corruption is “pervasive,” according to the financial auditing firm KPMG, which told investors that Ivory Coast ranks 108th out of 176 countries. The distribution system for
cocoa, too, “is often erratic and is subject to corruption and capricious political interference,” according to a 2017 World Bank report.

Small farmers occupy the lowest rung of the cocoa beans’ journey. They sell to middlemen, known as “pisteurs,” who transport and sell bags of cocoa beans to cooperatives. The cooperatives then sell to large international trading houses such as Olam, Cargill and Barry Callebaut, which then sell to chocolate companies such as Mars.

In Ghana, the Ghana Cocoa Board (Cocobod) is the intermediary between farmers and foreign buyers. Last year, Cocobod squeezed the nation’s farmers by lowering prices below international market rates. Agnero, the activist, said that is pushing farmers deeper into the forests to enlarge their crops.

Ghana defends its record. It cites a tree-planting campaign by young Ghanaians as well as an alphabet soup of other strategies. In July, the country signed a deal with the World Bank, freeing up $50 million to combat deforestation.

“Ghana is, indeed, not alone in this fight to keep the forest heritage for the present and future generations,” the Forestry Commission said.

In Ivory Coast, Alain-Richard Donwahi, the minister of water and forests, said in an email that a new forest code adopted in July by the National Assembly would create a “legal framework” to protect forests. However, he said, the $1 billion cost remains a “major challenge” and help from the private sector will be “essential.”

The code calls for clearing all people out of the least-damaged forests; there, Donwahi said, “no human presence is tolerated.” In forests with some degradation, people will be removed over three years. And where damage is greatest, farmers will be resettled.

But ousting farmers from forest land has been a struggle. After Ivory Coast tried to drive farmers out of protected areas in 2016, Human Rights Watch said evictees had “suffered
extortion and physical abuse by forest conservation authorities,” who demanded “gifts” — sometimes in cash and other times in livestock.

“While conserving forests can play an important role in combating climate change, environmental protection measures should respect the human rights of people living in protected forests,” Human Rights Watch said.

Donwahi said “human rights will be respected” in implementing the new policy. But he called on chocolate manufacturers to do more.

“It is well known that cocoa beans supplying factories of chocolate companies is one of the major deforestation causes” in Ivory Coast, he said.

1.1.3 ‘Chocolate’s dark secret’

In 2011, Mars’s Dove Chocolate gained the Rainforest Alliance’s seal of approval, which assures consumers that the cocoa came from farms that did not use child labor, harm wildlife or chop down trees. Dove’s Silky Smooth Dark Chocolate began sporting the alliance’s green frog seal in January 2012.

Then the Rainforest Alliance revealed that its certification system had failed; it could not vouch for every cocoa shipment. In Ivory Coast, it suspended or fired four auditing firms responsible for 90 percent of certifications awarded last year.

“We have discovered that noncertified cocoa has potentially been entering certified supply chains,” the group said on its website. It did not specify when the lapse took place.

It was a blow to Rainforest Alliance, which trains auditing groups and pays them to inspect cocoa farms and cooperatives. Using soccer-style penalty cards, Rainforest Alliance last year issued several yellow cards to auditors and one red card.

The breakdown occurred chiefly among auditors approved by UTZ, a Dutch certification program that merged with Rainforest Alliance last year. The sole red card — for
“repetitive” and “structural” flaws — went to Control Union, which last year issued 20 percent of all certifications in Ivory Coast for UTZ. Only 13 of 24 UTZ certification auditors in the two countries have been approved this year.

Today, Rainforest Alliance certifies about half of Ivory Coast’s cocoa. The other half is purchased by companies such as Nestlé and Mondelez, which rely on their own standards and sourcing programs.

Rainforest Alliance chief executive Han de Groot said the company can trace certified cocoa beans back from ships to farms. But industry experts said that would require a census, surveys and satellite maps that aren’t available. De Groot conceded that unreliable GPS coordinates for farms and forests have been a problem.

One major chocolate company, Barry Callebaut, says that it has built its own database with information on 185,000 farmers, their families, their trees and the outlines of their land. It says it has 300 people monitoring practices on the farms, and that it has developed a method of planting trees that would use drones to shoot seeds into the ground at a rate of 100,000 a day.

“This is revolutionary,” said Pablo Perversi, the company’s chief of innovation, sustainability and quality. But he said ending deforestation “is not really the role of the companies.” He said “a lot” of the responsibility belongs to the government.

Next year, chocolate companies in Ivory Coast plan to use GPS coordinates to map about 1 million of the country’s 1.6 million farms, said Richard Scobey, a longtime World Bank official who now heads the World Cocoa Foundation. That would help companies and international groups detect new encroachment on forests.

Ruf, the French agricultural expert, has decried the “declarations and zero deforestation slogans,” writing that “nothing has changed.”

Mars is cautious, too.
“Supply chains, the engines of global growth, are broken,” Parkin said in September 2018 at the international climate conference in Poland. “We can no longer treat these as commodities of unknown origin and unknown climate impact. You’ve got to radically change how you source these materials.”

*Peter Whoriskey in Ivory Coast contributed to this report.*