

**Study on the state of farmer cooperatives  
in the cocoa sector of Côte d'Ivoire**  
**Draft Final Report**

As part of the future collaboration between cocoa farmers  
and the GISCO-planned project PRO PLANTEURS  
in Côte d'Ivoire

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## Contents

<b>0. SUMMARY OF RECOMMENDATIONS.....</b>	<b>5</b>
<b>1. PROJECT PRO PLANTEURS.....</b>	<b>13</b>
1.1 Sustainable cocoa forum (GISCO).....	13
1.2 Cocoa production in Côte d'Ivoire .....	13
1.3. Cocoa farmer organizations and their legal and institutional environment .....	14
1.4 Planned project PRO-PLANTEURS .....	15
<b>2. PURPOSE, OBJECTIVES AND APPROACHES OF THE STUDY .....</b>	<b>17</b>
2.1. Purpose .....	17
2.2. Objectives .....	17
2.3. Approach and methodology .....	18
<b>3. IMPLEMENTATION OF THE STUDY.....</b>	<b>20</b>
3.1. Involvement of stakeholders .....	21
3.2. Analysis at macro and meso level .....	21
3.3. Analysis at micro level.....	22
<b>4. ASSESSMENT OF THE LEGAL AND POLITICAL FRAMEWORK FOR COOPERATIVES (MACRO LEVEL) .....</b>	<b>29</b>
4.1. Definition of a cooperative and difference with a commercial company .....	29
4.2. Cooperative principles and cooperative benefits for members .....	30
4.3. Assessment of the OHADA Uniform Act on Cooperative law .....	32
4.4. Assessment of further issues of the legal framework for cooperatives .....	37
<b>5. ASSESSMENT OF THE INSTITUTIONAL FRAMEWORK FOR THE COOPERATIVE SECTOR (MESO LEVEL).....</b>	<b>39</b>
5.1. Assessment of public institutions.....	39
5.2. Assessment of cooperative organizations .....	47
<b>6. ASSESSMENT OF THE FRAMEWORK FOR QUALIFICATION AND SUPERVISION OF COOPERATIVES .....</b>	<b>51</b>
6.1. Assessment of training and consultation for cooperatives .....	51
6.2. Assessment of supervision and auditing of cooperatives .....	54
<b>7. ASSESSMENT OF 40 PRESELECTED COOPERATIVES (MICRO LEVEL) .....</b>	<b>56</b>
7.1. Results of the quantitative analysis .....	56
7.2. Results of the qualitative analysis (focus group meetings) .....	69
<b>8. SELECTION OF COOPERATIVES AS PARTNERS FOR PROJECT PP.....</b>	<b>71</b>
8.1. Selection criteria.....	71
8.2. Classification into proposed and not proposed cooperatives .....	72
8.3. Recommended plan of action for each proposed cooperative .....	76
8.4. Proposed qualification for strengthening the proposed cooperatives .....	78

## **List of annexes**

Annex 1: Analysis of the differences between simplified cooperatives (SCOPS) and cooperatives with board (SCOPCA) in the OHADA Uniform Act on cooperative law

Annex 2: Maps for orientation on 7 départements selected for implementation of the field research on cooperatives.

Annex 3: Proposed action plan for qualification of cooperatives and their framework in project PRO PLANTEURS

Annex 4: List of organizations and their representatives visited during the study

Annex 5: List of cooperatives agreed by CCC for coffee and cacao campaign 2014/2015

Annex 6: Lists provided by stakeholders with cooperatives recommended for inclusion in the analysis (CCC, DOPA, Cargill, UTZ, EDE)

Annex 7: Questionnaire for cooperatives used for the field research

Annex 8: Summary results of the questionnaires of 40 analysed cooperatives; Training record of proposed cooperatives.

Annex 9: Compact profiles of 40 analyzed cooperatives

Annex 10: Schedule of study visits to 40 preselected cooperatives

Remark: Underlined annexes are enclosed in the report and all others are provided in separate files

## List of used abbreviations

Acronym	French	English
ADR	Animateur de Développement Rural	Rural extension agent of ANADER
ANADER	Agence Nationale d'Appui au Développement Rural	National Agency for the support of Rural Development
BDSI	Fédération de l'industrie allemande de la confiserie	Association of the German Confectionery Industry
BMEL	Ministère Fédéral de l'Alimentation et de l'Agriculture	Federal Ministry of Food and Agriculture
BMZ	Ministère Fédéral de la Coopération économique et du Développement	Federal Ministry for Economic Cooperation and Development
BVLH	Fédération du commerce allemand de denrées alimentaires	Federal Association of the German Retail Grocery Trade
CCC	Le Conseil du Café-Cacao	Coffee and Cocoa Council
CCE	Renforcement des Capacités de Certification	Certification Capacity Enhancement
CFLP		Cocoa-Food Link Program (GIZ/BMZ/EU)
CNRA	Centre National de Recherche Agronomique	National Agricultural Research Center
CLP		Cocoa Livelihoods Program (WCF)
BSF/FBA	Ecole d'entrepreneuriat agricole	Farmer Business Schools
FIRCA	Fonds Interprofessionnel pour la Recherche et le Conseil Agricoles	Granting Fund for Research and Agricultural extension
GAIN		Global Alliance for Improved Nutrition
GAP/BPA	Bonne pratiques agricoles	Good agricultural practices
GISCO	Initiative Allemande pour le Cacao Durable	German Initiative on Sustainable Cocoa
GIZ		Deutsche Gesellschaft für Internationale Zusammenarbeit
ICRAF	Centre International pour la recherche en Agroforesterie	International Council for tea Research in Agroforestry
MINAGRI	Ministère de l'agriculture	Ministry of Agriculture
OHADA	Organisation pour l'Harmonisation en Afrique du Droit des Affaires	Organization for the Harmonization of Business Law in Africa
PDDA	Plan Directeur du Développement Agricole de la Côte d'Ivoire	Master Plan for Agricultural Development
PP	Project Pro Planteurs	
PPPP	Plateforme de Partenariat Public-Privé	Public-Private Partnership Platform
PROCACAO	Projet de formation professionnelle dans le secteur du cacao en Côte d'Ivoire	Professional training in the cocoa sector of Cote d'Ivoire (GIZ/LIDL)
PROFIAB	Promotion des Filières Agricoles et de Biodiversité	Promotion of agricultural value chains and Biodiversity (GIZ/BMZ)
SSAB		Sustainable Smallholders Agri-Business (SSAB)
TS	Technicien spécialisé	Extension agent of ANADER
UA	Acte uniforme	Uniform Act
WAEMU	Union Economique et Monétaire Ouest Africaine – UEMOA	West Africa Economic and Monetary Union
WCF	Fondation mondiale du cacao	World Cocoa Foundation

## 0. SUMMARY OF RECOMMENDATIONS

In this chapter the main recommendations contained in the various parts of the analysis are summarized. This is intended to be effective instrument for the various stakeholders to draw the relevant conclusions from the study and to decide on the contributions by which they wish to support the future development of the cocoa cooperative sector in Cote d'Ivoire. The following comprehensive table provides for all recommendations the following information: systematic numbering, proposed priority level (A very high/short term, B high/medium term, C moderate/long term); area of intervention; the addressee; details of the recommendation; respective sub-chapter of this study, in which further information can be found.

Project PRO PLANTEURS (in the following project PP) has a focus on strengthening of cooperatives but it has no immediate mandate to contribute to overcoming the issues in the legal framework for cooperatives, which are outlined in parts 4 and 5 of this study. The study came to the conclusion that there is a necessity to intervene on Macro-and Meso (beside the Micro) level but these are beyond the scope of PRO-PLANTEURS. In the case of these recommendations a particular addressee cannot always be identified at this time and the addressees are then determined in general as "cooperative policy stakeholders". Such stakeholders comprise DOPA-MINAGRI, CCC or the Cooperative representative institutions. Therefore the respective stakeholders must be identified at macro and meso levels, which can support the activities regarding the legal framework for cooperatives. It is therefore suggested that GISCO, together with CCC and DOPA-MINAGRI discuss the issue of professionalising the cooperative sector on national level outside of the framework of PRO PLANTEURS. It is recommended that each relevant stakeholder in the public and in the private sector analyzes then its respective potential to resume the role of an addressee for the recommendations at macro and meso level.

In general it is recommended to facilitate this process of identifying initiatives and the respective actors by an excellent expert on cooperative legislation and policy to be assigned as an intermittent consultant to DOPA-MINAGRI.

1.	<b>Intervention area: Legal framework</b>			
	<u>Prio- rity</u>	<u>Addressee</u>	<u>Recommendations:</u>	<u>Cha pter</u>
1.1	B	Cooperative policy stakeholders	Consult the DOPA, court's clerks and cooperatives on the mentioned issues regarding the registration of cooperatives. As regards the unspecific timeframe for the processing of the application a clarification from the OHADA court may have to be sought.	4.3.
1.2	B	Cooperative policy stakeholders	Elaborate a brochure on the registration procedure (with a model statute attached to it), which enables future cooperative founders to register their cooperative very efficiently and less costly.	4.3.
1.3	A	Cooperative policy stakeholders	Consult the DOPA and court's clerks in establishing an approach where the checking of applications for registration involves also representatives from the cooperative sector (e.g. from the unions or future federations). After the training provided by project PP (see 8.4. below) they will be in apposition to assess whether the application is from a false or from a genuine cooperative.	4.3.
1.4	B	Cooperative policy stakeholders	Provide trainings and coaching for court's clerks and judges in order to make the registration of cooperatives conforming with the OHADA UA and to prevent the establishment of false cooperatives. These officers have a great role in the establishment of a strong and genuine cooperative movement.	4.3.
1.5	C	Cooperative policy stakeholders	Provide trainings jointly for court clerks and the relevant officers of DOPA in order to support an effective cooperation between them and the judges as well as a clear division of the respective responsibilities regarding registration and subsequent supervision. This can be complemented by consultations on formalizing modes of cooperation and of respective responsibilities in writing.	4.3.
1.6	C	Cooperative	Concerning the unclear or open issues in the OHADA UA to commission an	4.3.

		policy stakeholder s	expert to point out these issues and to submit them to the OHADA court based in Abidjan on behalf of the Government for clarification. According to article 14 of the OHADA Treaty, the OHADA court is in charge of the common interpretation and application of OHADA's regulations, decisions and uniform acts. Its interpretations will be helpful not only for cooperatives involved in the project PP, but also to all cooperatives in the country and in the OHADA region in general.	
1.7	B	Cooperative policy stakeholder s	Based on the evolution of the further legal framework and considering available solutions in other regions of the world, elaborate, with the support of a legal expert, a compact guide addressing all legal issues including the ones mentioned above. The guide should be prepared in collaboration with public authorities and must meet their consent. It aims at elaborating a needs oriented and easily understandable instrument for cooperative information, promotion and qualification.	4.4.
1.8	C	Cooperative policy stakeholder s	Clarify the tax regime for cooperatives by consulting DOPA, the tax office, the Department for land issues, etc. to establish a tax regime of cooperatives, which is appropriate to their specific structure and purpose. This should include for example the treatment of patronage refunds as costs rather than distributed surplus (as is the case e.g. in Germany). The more appropriate tax regime can be a section in the proposed DOPA strategy for cooperative development.	5.1.
2.	<b>Intervention area: Public institutions</b>			
	<u>Prio- rity</u>	<u>Addressee/s</u>	<u>Recommendations:</u>	<u>Sub- cha pter</u>
2.1	C	Cooperative policy stakeholder s	Consult the MINAGRI towards changing the name of DOPA (Direction des organisations professionnelles agricoles/Department in charge of professional Agricultural Organisations) to Department in charge of promotion of cooperatives. The DOPA is aware that nearly all OPA are cooperatives and there is no need to focus on other legal types. The vision of the DOPA is even that all OPA in non-cooperative form become cooperatives. The effect of a change of the name lies in the clear focus of the department and all staff on development of cooperatives. The cooperative sector would then clearly know who is responsible and where to obtain technical assistance. This name change would also facilitate the role of the DOPA vis-à-vis the OHADA Court in case of necessary clarifications.	5.1.
2.2	B	Cooperative policy stakeholder s	Consult DOPA in the elaboration of a strategy for cooperative development. Such strategy can include approaches to strengthen the understanding of cooperatives of self-help organizations, to increase the membership among farmers, to improve the self-financing of cooperatives, to establish cooperative apexes and to encourage small and unprofitable cooperatives to merge or to join their forces within the framework of joint-ventures. Special attention can be paid to the issues of autonomy and independence of cooperatives, knowing that the cooperative principles are critical for establishing a solid cooperative movement.	5.1.
2.3	C	Cooperative policy stakeholder s	This strategy should be discussed and agreed with other MINAGRI departments so that can support it with their own sectorial strategies. In such a way the CCC, as well as the departments in charge of food crops, rice, and food processing, can convey the governance and qualification aspects of cooperatives to DOPA, and focus only on the technical issues regarding their own sector.	5.1.
2.4	B	Cooperative policy stakeholder s	Assist DOPA in the establishment of a strong and efficient system of supervision and assessment of cooperatives. The objective is to maintain and support the genuine cooperatives and to eliminate those which are not based on the UA and the cooperative principles. As mentioned above, this requires the elaboration of a better collaboration between DOPA and court clerks. In	5.1.

			<i>addition, it demands the establishment of a system for cooperative audit (see below).</i>	
2.5	C	Cooperative policy stakeholders	<i>Consult the DOPA to reconsider its opinion that cooperatives can be active only in one agricultural sector (single-purpose) while the OHADA UA allows multi-purpose cooperatives. Otherwise this position is an obstacle to the intention of project PP that cooperatives in the coffee and cocoa sector should diversify into the food crop sector.</i>	5.1.
2.6	C	Cooperative policy stakeholders	<i>Consult stakeholders on establishing an effective and comprehensive data base on cooperatives for which DOPA should be responsible. This will help to overcome the dependency of DOPA vis-a-vis the CCC to obtain data on cooperatives.</i>	5.1.
2.7	B	Cooperative policy stakeholders GIZ/CIM	<i>Consider placing of an excellent expert in the field of cooperative law and especially the OHADA UA on cooperatives at the disposal of public and private bodies. This intermittent expert should be attached to the DOPA, which is the main responsible organization for supervision and support of cooperatives. The expert can consult the clarification of the above mentioned points. The expert can also contribute to the training of trainers in the field of cooperative law, who will then consult the DOPA officers and cooperatives in the field. The expert shall also collaborate with the legal department of CCC and improve their awareness how legal issues of cooperatives affect their role as agents of the CCC. This expert will also help to improve the collaboration between CCC, DOPA and the courts with regard to the registration, supervision and support of cooperatives. This will help to use limited resources in an optimal manner and to reduce the costs of cooperatives in applying the OHADA UA regulations and the costs of government to supervise them.</i>	5.1.
2.8	B	Cooperative policy stakeholders	<i>Consult the department on land issues, the cooperatives and the service providers for processing of land certificates to create a bulk land certification managed by cooperatives for their actual and potential members. This would make this complicated procedure more transparent and affordable even for poor farmers.</i>	5.1.
2.9	C	Cooperative policy stakeholders	<i>Consult DOPA, the Department for land issues, and the tax office on how the timing of tax demands can be optimized for farmers who have just received their land certification.</i>	5.1.
2.10	B	Cooperative policy stakeholders	<i>Consult the CCC and the DOPA on the scope, contents and modes of a more effective cooperation between these two departments. Once again, it is not recommended that the CCC itself provides qualifications to cooperatives. Rather it should agree with the DOPA that DOPA either organizes such qualifications itself or it commissions them to appropriate service providers. Such potential organizations comprise for example ANADER, project ProCacao and various organizations in the private sector. The funding for these qualifications can be obtained from the budget of CCC, from processors and exporters which are engaged in PPP arrangements and with contributions from the benefiting cooperatives themselves.</i>	5.1.
2.11	B	Cooperative policy stakeholders GIZ/CIM	<i>Allow CCC to benefit from the recommended placing of an excellent expert in the field of cooperative law and especially the OHADA UA on cooperatives (see above). This intermittent expert should be attached to the DOPA, which is the main responsible organization for supervision and support of cooperatives. The expert shall also collaborate with the legal department of CCC and improve their awareness how legal issues of cooperatives affect their role as agents of the CCC. This expert will also help to improve the collaboration between CCC, DOPA and the courts with regard to the registration, supervision and support of cooperatives.</i>	5.1.
2.12	B	CCC	<i>Reconsider the existing policy of provision of free of charge production inputs to the cooperatives. This should be replaced with support to establishing a sustainable system of supply of production inputs through cooperatives which fulfils the actual demand of all farmers. If cooperatives can purchase produc-</i>	7.1.

			<i>tion inputs in bulk they can offer them to their members at attractive prices. In addition, the cooperatives achieve a margin which contributes to their sustainability.</i>	
2.13	B	CCC	<i>Reconsider the apparent deficit to support the establishment of nurseries at the level of cooperatives. This should be replaced with a two tier system, where improved plant material is produced at national research institutions and is then multiplied at nurseries which are run by selected cooperatives. These nurseries should be subject to inspections in order to ensure quality. The nurseries enable cooperatives not only to provide an important service to their members, but can also help to achieve income, which contributes to their sustainability.</i>	7.1.
<b>3.</b>	<b>Intervention area: Cooperative institutions</b>			
	<u>Prio- rity</u>	<u>Addressee/s</u>	<u>Recommendations:</u>	<u>Sub- cha pter</u>
3.1	C	Cooperative policy stakeholder s	<i>Use the benefits of cooperative apex bodies by helping to establish them.</i>	5.2.
3.2	C	Cooperative policy stakeholder s	<i>Further analyse the existing cases of apex organizations at union and association level in order to identify the optimal structure and direction of development: e.g. sectoral or regional; type of services; collaboration with other apexes. On this basis one can consult the existing cooperative unions and associations in improving their performance, strengthening participation of members and ensuring self-financing. Then in a second step the feasibility of establishing cooperative federations and a confederation can be analyzed and if found feasible and viable can be supported.</i>	5.2.
3.3	B	Cooperative policy stakeholder s	<i>Consult stakeholders on the feasibility and sustainability of introducing a cooperative audit service in the country. Two main options for this can be identified and evaluated: private auditors who have been trained on the specific features of cooperatives; audit services provided by cooperative federations (when they have been established)</i>	5.2.
3.4	B	Cooperative policy stakeholder s	<i>The above mentioned strategy for cooperative development to be drafted by DOPA in collaboration with other relevant public bodies and the cooperative movement shall include the issue of creating and strengthening apexes in the cooperative sector as well as the issue of cooperative auditing.</i>	5.2.
3.5	B	Cooperative policy stakeholder s	<i>Stakeholders with support of cooperative experts and national audit experts develop an approach for cooperative audit as an extension of the financial audit which is executed by registered auditors. Then auditors who are already providing financial audits of cooperatives and are interested to provide this additional service are trained on implementation of cooperative audits. In developing the approach experiences from other countries (East Africa, Germany etc.) shall be incorporated.</i>	6.2.
<b>4.</b>	<b>Intervention area: Qualification of cooperatives</b>			
<u>4.1</u>	<u>Prio- rity</u>	<u>Addressee/s</u>	<u>Recommendations:</u>	<u>Sub- cha pter</u>
4.2	A	Project PP	<i>Provide training to cooperatives, not only to leaders, but also to members. The training which is recommended shall not only be related on the legal and governance aspects of the cooperative, but also on the understanding of the cooperative principles and which practical guidance they provide for the activities of the cooperative and for the rights and obligations of members. This will help members to better appreciate the benefits of their membership and to easier accept the obligations attached with it. Training and subsequent coaching for office holders shall also consist of practical exercises</i>	4.3.

			<i>such as role plays in order to provide them with the personal skills which are demanded from effective cooperative leaders. Consequently, it is recommended to offer trainings and consultations which go beyond the training offered by Technoserve and by project PROCACAO / ANADER.</i>	
4.3	B	Project PP	<i>Include in the trainings for cooperatives how to negotiate and conclude fair contracts with business partners (e.g. cocoa buyers and exporters), which safeguard their needs as enterprises and at the same time the economic interests of their members. It is recommended to include this in the trainings for cooperatives in project PP.</i>	4.4.
4.4	B	Project PP	<i>Assist cooperatives in obtaining land certificates for their members in bulk and at reduced costs in order to remove one general bottleneck for increased membership. This will be especially of great benefit for women and youths.</i>	4.4.
4.5	B	Project PP	<i>Include the issue of bulk land certification of members into the trainings provided for cooperatives.</i>	5.1.
4.6	A	Project PP	<i>Employ for the project PP target groups such training approaches which are most appropriate for the intended changes. To this end a concrete proposal has been developed, which is based on the approach to utilize the respective strengths of the currently available training offers of Technoserve and ProCacao / ANADER.</i>	6.1.
4.7	B	Project PP	<i>Involve representatives of public bodies into the intended trainings, as trainers (after attending training of trainers courses), observers or at least as participants. The relevant public bodies are for example: CCC and DOPA (both from the head office and the regional offices), court clerks, notaries who consult cooperatives on their articles of association; representatives of cooperative unions from Abidjan. This will contribute to the necessary cohesion between the public, cooperative and private enterprise sectors.</i>	6.1.
4.8	B	Project PP	<i>Produce a series of compact brochures which provide easily understandable and practical information on legal and organizational issues concerning cooperatives (e.g. on registration, on taxation of cooperatives, on establishing a cooperative union, on merging of weak cooperatives in the same area, on cooperative audit).</i>	6.1.
4.9	B	Project PP	<i>Consult cooperatives on the benefits of obtaining cooperative audits in conjunction with financial audits which are conducted by registered auditors. Cooperatives must be informed that the additional costs of the cooperative audit are compensated by improved management of the cooperative and by strengthened trust from the side of members, creditors and the public. It is recommended to propose to large cooperatives of the simplified type to obtain the cooperative audit as a minimum measure of external supervision.</i>	6.2.
4.10	A	Project PP	<i>Qualify cooperatives on the consequences of the OHADA UA for their structure (e.g. function of supervisory committee) and business (e.g. establishment of resource networks between cooperatives). Without such qualification it must be expected that most cooperatives will continue their previous routines even under the new legal regime of OHADA UA.</i>	7.1.
4.11	C	Project PP	<i>Qualify cooperatives on the benefits and obligations of using vertical structures like cooperative unions. This can lead to a new division of tasks between cooperatives at the primary and secondary level and consequently to more productivity and market power.</i>	7.1.
4.12	B	Project PP	<i>Further explore during the base line study the actual division of tasks between sections and cooperatives and to identify ways in which it can be further optimized. On the basis of the results qualify cooperatives on an optimal structure and tasks to be performed at the section level. The section leaders shall also receive specific qualification inputs, since they are the important link between cooperative and members.</i>	7.1.
4.13	A	Project PP	<i>Qualify cooperatives about the respective approaches to attract new members and to clarify the status of existing members.</i>	7.1.

4.14	A	Project PP	Qualify cooperatives about the many approaches to increase the membership among farmers and to channel the non-member business into member business. This comprises more effective methods for recruiting new members right inside the villages and especially among women and young farmers.	7.1.
4.15	A	Project PP	Qualify cooperatives on how to convince their members to fulfil their obligation to pay for their minimum shares or even obtain additional voluntary shares. Cooperatives shall be made understand that they are caught in a vicious circle if they do not receive sufficient capital from their members and then are unable to fulfil the expectations of these same members. Instead of depending on advances and external loans for their liquidity needs cooperatives shall be made understand that first of all they have to utilize self-financing in an optimal manner.	7.1.
4.16	A	Project PP	Qualify cooperatives on benefits of increased membership of women as cocoa farmers and/or food crop farmers; on approaches to create awareness among members and to attract female members; on approaches to establish a food crops marketing business within the cooperative. Likewise the project shall inform cocoa producing women and food crop producing women in the area about either as individuals or as local women groups on the benefits of becoming members. With the right approaches and methods it seems feasible to convince women and cooperatives that an increased membership of female producers creates a win-win situation for women and cooperatives.	7.1.
4.17	A	Project PP	Qualify cooperatives in identifying, entering and securing markets for food crops in the rural centers and in Abidjan.	7.1.
4.18	A	Project PP	Start pilot activities for increased membership of female producers and young producers in some selected cooperatives, test approaches, analyse the results and then disseminate useful approaches to other cooperatives.	7.1.
4.19	B	Project PP	Qualify cooperatives on the need and benefit of developing female and young members into leadership positions. The upcoming leaders themselves shall receive training for example to take up positions as members of the Supervisory Committee. Here they obtain an insight into the cooperative which enables them to take over leadership position in the Board of Directors later on.	7.1.
4.20	B	Project PP	Arrange training in soft skills for cooperative leaders, such as moderation techniques, participative methods for members meetings, conflict resolution etc. These elements can be integrated into existing qualification offers, but only by facilitators who have been qualified themselves for these issues.	7.1.
4.21	C	Project PP	Cover in consultations for cooperatives information and guidance on understanding of by laws. This should include approaches to use the new legal framework in order to strengthen the structure and improve the business of the cooperatives.	7.1.
4.22	B	Project PP	Qualify cooperatives on the benefits of pursuing certification for the cocoa production of their members in conjunction with the commercial partners of the cooperatives. This should be done with a view not only on the premium to be achieved but also with regard to the increased production volume and improved product quality under a certified production environment. Here the project PP needs to demonstrate through documentation of production costs and results (it can be a by-product of the FFS training), that certified production is profitable even when taking into account the higher production costs. Such information can be integrated in FFS trainings and in information events with farmers.	7.1.
4.23	B	Project PP	Consult cooperatives to engage into long-term agreements with buyers of their choice to obtain return on the investments for certifications. In such agreements the minimum volume of certified and ordinary cocoa beans to be supplied during the coming years shall be fixed. Such long term sales contracts represent the stable basis on which the development of the cooperative can be systematically planned and achieved.	7.1.
4.24	B	Project PP	Qualify cooperatives on importance of self-financing for the development of the cooperative. This first of all in the form of fully paid obligatory member shares and additional voluntary shares. In many cooperatives this move alone	7.1.

			<i>will double the amount of share capital. For the members fully paid shares demonstrate their commitment and trust towards the cooperative and support the members' demand for useful and beneficial services. As for the cooperative it is the easiest and cheapest way of financing and reduces dependence on external sources of funding (buyers, banks).</i>	
4.25	C	Project PP	<i>Support that personnel planning is part of the management trainings to be conducted for representatives of the cooperatives. Then cooperatives should not be consulted to merely reduce the staff but rather to increase the business through diversification, expanding of membership etc. and then maintain the existing staff.</i>	7.1.
4.26	B	Project PP	<i>Use the example of few cooperatives with female directors to convince cooperative leaders to accept female directors and to motivate female members to become qualified and then stand for election for positions in the cooperative bodies.</i>	7.1.
4.27	B	Project PP	<i>Qualify cooperatives on the benefit and requirements of establishing a supply system for production inputs to their members. This can greatly contribute to the sustainability of the cooperatives.</i>	7.1.
4.28	B	Project PP	<i>Qualify cooperatives on the benefit and requirements of establishing plant nurseries at cooperative level. This can greatly contribute to the necessary rehabilitation of cocoa plantations and to the expected increase of productivity and income.</i>	7.1.
4.29	C	Project PP	<i>Analyse the legal framework and requirements for micro-finance services to be run by cooperatives. Qualify cooperatives on the benefits, feasibility and requirements of establishing micro-finance services to their members. These should be established, run and inspected on the basis of the respective legal framework for micro finance institutions and only in those cooperatives which can provide such services in a sustainable manner. The project PP should then cooperate with relevant micro-finance development institutions in Cote d'Ivoire, which provide the required training and consultations to those cooperatives, which are interested to establish such services. On the other hand cooperatives without permission or without ability to run micro-finance services should be consulted to discontinue this service.</i>	7.1.
4.30	B	Project PP	<i>Qualify cooperatives on the need to actively provide more awareness raising and to introduce effective monitoring of members to prevent the worst forms of child labour. This should be directed especially at such cooperatives which have not yet been sufficiently active in this area.</i>	7.1.
4.31	B	Project PP	<i>To provide information, training and consultations to cooperatives on the need to actively advice their members against cocoa planting in protected areas and in providing sanctions to farmers offending this rule.</i>	7.1.
4.32	C	Project PP	<i>Qualify cooperatives on the benefits of sharing their management abilities and skills to improve the social cohesion in the villages. This can regard for example contributions to establishing women and youth groups and to provide motivational trainings to them to become cocoa farmers. This should then be integrated into the efforts of the cooperatives to attract more members among the target groups women and youths.</i>	7.1.
4.33	C	Project PP	<i>Enable cooperatives on how to identify shortages or excess of infrastructure in the cooperatives in one region. Then cooperatives are qualified to explore possibilities how possible excess facilities can be shared in such a way that the deficits in other cooperatives are covered. This applies to storages for cocoa beans at village and at cooperative level. It also applies to means of transport especially for the collection of cocoa beans from the sections at village level to the cooperative main storage. It is expected that this move not only leads to reduced handling costs in each cooperatives but also initiates the collaboration between them. On the basis the possibility to establish a cooperative union among the cooperatives in one area can be explored. Analyse further the processing facilities such as fermentation places at section level in the selected cooperatives and explore ways for their further up-</i>	7.1.

			<i>grading.</i>	
4.34	A	Project PP	<p>Accommodate the establishment of synergies with the ongoing training program for cooperatives in consistency with the vision of the Ivorian Government. In order to strengthen the effectiveness of the promotion of cooperatives supplement this base by developing further contents and methods for qualification on legal aspects, institutional, diversification, governance as well as cooperative ethics.</p> <p>Establish a collaboration framework for the qualification efforts with specific roles for the two main qualification providers :</p> <p>Role of Technoserve: Training on the basis of the usual curricula; Focus on marketing management, financial management, operation management, personnel management, planning; suggestion of 2 Training sessions of 28 days divided in 2 modules during 3 months) for total of 40 Participants from 20 cooperatives.</p> <p>Role of PRO-CACAO / ANADER: Coordination post-training coaching of cooperatives by trained experts of ANADER; Support of co-operatives on the legal issues, institutional development, diversification as well as on the ethical principles of cooperatives</p> <p>In case such a collaborative approach is not feasible or is not accepted as an alternative the training providers could qualify different groups of cooperatives with their respective approaches. The impact achieved by the different approaches can then be evaluated and can be compared.</p>	8.4.
4.35	A	Project PP	<p>Follow a collaborative vision, which envisages an approach that is collaborative, open, participatory and sustainable and avoids directive interventions. Such an approach is characterized by: open process with high degree of participation of target groups; meetings of cooperatives by region every 6 months, in order to facilitate the discussions and exchanges of experience between the cooperatives; dissemination of information and training tools to targets groups and partners of the project; internal coordination of post-training coaching in collaboration with PRO-CACAO/ANADER.</p>	8.4.
4.36	A	Project PP	<p>In order to fulfill the training needs provide the following additional training contents, i.e. in addition to the regular offers of Technoserve and ProCacao/ANADER: legal management of cooperatives; right in the cooperatives; functionality of cooperatives; diversification towards food crops; integration of women and youths; development of cooperative unions and cooperative federations.</p>	8.4.
4.37	A	Project PP	<p>Follow up the training events with intensive coaching of the participants on the spot inside the respective cooperatives. The coaching is to be provided as appropriate by agents of Technoserve and ANADER in collaboration with PRO-CACAO after appropriate training of trainers.</p>	8.4.
4.38	A	Project PP	<p>Implement strengthening of the capacities of cooperatives in a synergy of the efforts of all available and appropriate offers for qualification of cooperatives in Cote d'Ivoire (including Technoserve and Pro Cacao/ANADER) as well as the own experts of the Project PP.</p> <p>Observe the annexed proposal for the detailed action plan for qualification of cooperatives and their framework (annex 3).</p>	8.4.

## 1. PROJECT PRO PLANTEURS

### 1.1 German Initiative on Sustainable Cocoa (GISCO)

The German Initiative on Sustainable Cocoa (GISCO) is a multi-stakeholder initiative started by the Federal Ministry for Economic Cooperation and Development (BMZ) together with industry associations and civil society organizations in 2012. It responds to the responsibility of Germany as one of the largest cocoa processors in the world. Currently the forum comprises a total of more than 60 members from four sectors:

- Public sector: the BMZ and the Federal Ministry of Food and Agriculture (BMEL),
- Processing industry: the Association of the German Confectionery Industry (BDSI) and about 40 companies of various sizes,
- Retail sector: the Federal Association of the German Retail Grocery Trade (BVLH) and several large scale member companies
- Civil society: 12 NGOs and other civil society members such as Fairtrade, Jacobs Foundation, Rainforest, Uirevi.

GISCO<sup>1</sup> aims at improving living conditions of cocoa farmers and their families, to conserve and protect natural resources and biodiversity in cocoa producing countries as well as to increase cultivation and commercialization of sustainably produced cocoa. It brings together the above member organizations on one side with producer organisations and producer countries on the other side. GISCO cooperates with cocoa producing countries as they implement the sector's sustainability strategies and development plans. At its Annual General Meeting on 13 May 2014 GISCO has defined its mandate more concretely and acquired the status of a self-supporting association with legal capacity.

In general GISCO has the following agenda: develops quality criteria for effective and sustainable project approaches; supports direct implementation of sustainable cultivation methods; networks and cooperates with already existing initiatives which support sustainable cocoa production; enables exchange, communication and knowledge transfer; offers services and guidelines in the field of sustainability in cocoa, especially for member companies; Informs the public about sustainability approaches, successes and progresses in the cocoa producing regions.

GISCO carries out projects of its own (such as project PRO PLANTEURS) and supports pilot projects of its members which comprise especially the following activities: systematic training measures for cocoa farmers with a special focus on women and young professionals; disseminating knowledge about good production practices and applying these – “best practice” for sustainability; Disseminating business knowledge and skills; development or optimization of traceability systems; reduction of complexity and costs for the implementation of standards; diversifying the sources of income of cocoa smallholders through other crops, commodities and services in order to increase the income from agriculture and to increase food security; accompanying measures to support basic education and to improve health and the nutritional status of cocoa farmers and their families.

In Cote d'Ivoire GISCO closely cooperates with the Ivorian government through its Conseil du Café-Cacao (CCC)<sup>2</sup>. In this context the BMEL and BMZ signed a “Joined declaration of intent for the cocoa sector” with the country on 29 April 2014. On 1 April 2015 GISCO and the Ivorian Government signed the cooperation agreement on joint implementation of project PRO-PLANTEURS. As from 2015 the project will promote up to 20,000 cocoa producers as well as their organizations (cooperatives). For details on the project PRO-PLANTEURS see below 1.4.

### 1.2 Cocoa production in Côte d'Ivoire

About 4.3 million tons of cocoa are produced worldwide annually and 58 percent of it is imported to Europe, where Germany alone processes 11 percent of the total harvest. The largest producer of

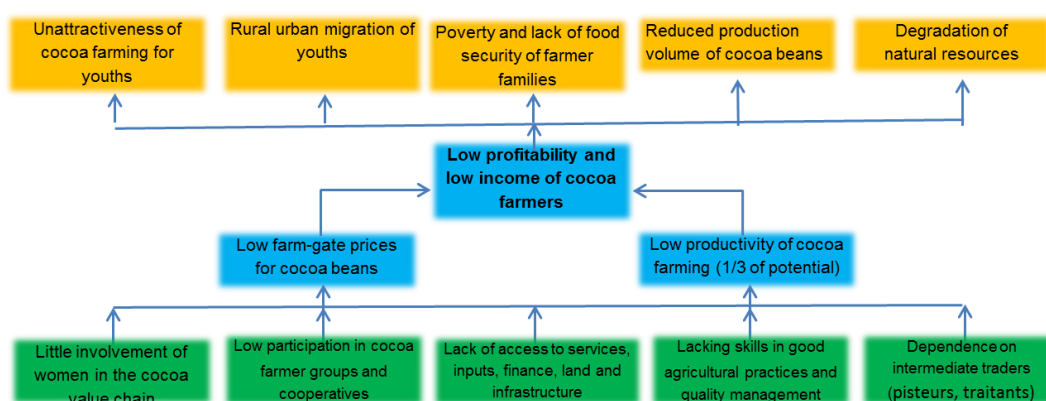
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<sup>1</sup> For more details see the website of GISCO: <http://www.kakaoforum.de/en/startseite.html>

<sup>2</sup> For detailed description of the CCC see below.

cocoa is Côte d'Ivoire with an estimated production of 1.74 million tons in 2013/2014, representing about 39 percent of the global production<sup>3</sup>. Nearly all cocoa is exported and this commodity accounts for 34 percent of export earnings in 2009 (combining cocoa beans, cocoa butter, cocoa powder)<sup>4</sup>. In 2011 54 percent of cocoa imported to Germany originated from Côte d'Ivoire. The world demand for cocoa measured in volume of grindings increased from 3.38 million tons in 2004/2005 to 4.26 million tons estimated for 2014/2015.

Nearly 95 percent of all cocoa is grown by smallholders on land from 1 to 3 hectares. Many of them rely only on cocoa for their income. Most farmers live below the poverty line and are disadvantaged by their dependency on this raw material, their remoteness, lack of infrastructure, and difficult access to technical support, inputs and financial services. In more detail the main problems in the cocoa value chain in Côte d'Ivoire can be identified as follows (see graph on next page). They culminate in the core problem of low profitability and low income of the cocoa farmers.



This problem analysis is surprising considering the fact that cocoa beans are in such high and steadily increasing international demand and represent the main source of export income of Cote d'Ivoire. Ever more cocoa farmers who retire are not replaced by the young generation, which seeks income in the urban areas or from other commodities. It is even argued that the above issues lead to the disillusionment of cocoa farmers constitute a threat to the future of the cocoa culture in Cote d'Ivoire<sup>5</sup>. As regards the cooperatives of cocoa farmers one has to ask whether cooperatives are part of the imminent problems or part of the possible solution.

### 1.3. Cocoa farmer organizations and their legal and institutional environment

There are about over 1,500 registered cooperatives in the country<sup>6</sup>, and about 50% of cocoa farmers are members. According to the opinion of the Ministry of Agriculture (MINAGRI) most of them are not functioning as farmer organizations or as economic entities or both.<sup>7</sup> Deficits such as managerial weakness, lack of know-how, lack of funds and infrastructure, mistrust, unattractiveness for new members prevent them from becoming professional and profitable cooperative businesses. In general three types of farmer organizations can be distinguished:

- 32 cooperatives<sup>8</sup> are exporting cocoa beans on their own to the international market,
- most cooperatives are exclusive suppliers for exporters in their certification programmes, taking advantage of pre-financed inputs, infrastructure, advice and training to allow proper operations.

<sup>3</sup> Source: ICCO Quarterly Bulletin of Cocoa Statistics, Vol. XL, No. 4, Cocoa year 2013/14, Published:28-11-2014

<sup>4</sup> See Observatory of economic complexity: <http://atlas.media.mit.edu/profile/country/civ/>

<sup>5</sup> See Fair Labor Association, Assessment of the current situation of women and young farmers and the nutritional status of their families in two cocoa producing communities in Cote d'Ivoire, 2015, p.5.

<sup>6</sup> See Ministry of Agriculture: <http://www.agriculture.gouv.ci/>

<sup>7</sup> According to the Conseil du Café-Cacao, 52% of the cocoa farmers are organised in cooperatives

<sup>8</sup> See Conseil du Café-Cacao: <http://www.conseilcafecacao.ci/>

- Other farmer organisations are not directly connected to exporters and cannot function properly due to the lack of working capital to prefinance purchases from their members and lack of facilities for intermediate storage, further drying and transport. They depend on loans or advances from local traders or exporters.

The intermediate traders take advantage of the lacking liquidity of farmer organizations. They purchase cocoa against cash payment directly from those farmers who are in need of cash for their daily expenditures. In this way only a small part of the produce can be marketed through cooperatives.

As regards farmer-based organizations the project PRO-PLANTEURS aims at strengthening them in order to enhance higher productivity, better quality, and higher incomes of their farmer members. This is planned through building the capacities of their management teams, focussing on women and young farmer as members, supporting farmer organisations to organise trainings and extension service, facilitate diversification activities (food crops) and providing access to inputs, post-harvest techniques and marketing. The professionalization of the farmer organisations is intended to be in line with the common cooperative law of the "Organisation for the harmonisation of business laws in Africa (OHADA)"<sup>9</sup>.

MINAGRI and the CCC follow a policy which aims at organising cocoa farmers as members of farmer organizations which are formalized as cooperative societies according to OHADA. The Uniform Act on the right of cooperative societies (AUSCOOP) was adopted on 10 December 2010 in Lomé, Togo and applies to all cooperatives in the member states except for cooperatives with financial services. It defines two types of cooperatives: the simplified cooperative without internal bodies and the cooperative with Board of Directors. The law provides a comprehensive body of regulations for each of these types, and is based on the seven cooperative principles as contained in the statement on cooperative identity of the ICA of 1995. The extent at which the Uniform Act is accepted and applied widely differs in the member states.

The public body in charge of cooperative policy and legal regulations is the Direction des Organisations Professionnelles Agricoles (DOPA) of the Ministry for Agriculture. It aims at qualifying leaders of cooperatives, improving framework conditions and making establishment and supervision of cooperatives more effective. In the private sector more than 100 associations and 4 federations represent the interests of cooperatives and to a varying degree provide services to their members. The roles and service offers of associations and federations for their member cooperatives as well as their relationship vis-à-vis the government bodies are not immediately obvious. However, the hypothesis can be made that their roles and performance does not fully respond to the needs of the cocoa cooperative sector, demanding a thorough analysis and assessment.

## 1.4 Planned project PRO-PLANTEURS

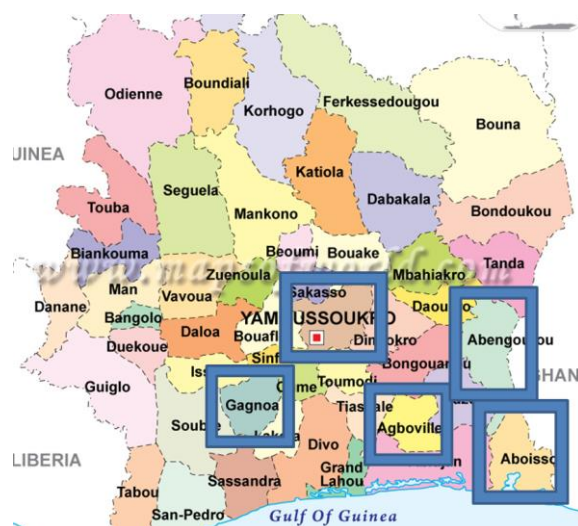
In order to intensify the promotion of cocoa farmers in Côte d'Ivoire and to establish an important pilot project GISCO is planning the project PRO-PLANTEURS. It will be co-financed by private sector members of GISCO, the German Government and the Conseil du Café-Cacao (CCC). The project PRO-PLANTEURS aims to professionalise farmer families and their farmer organizations in sustainable cocoa production. Intermediaries are up to 50 farmers' organizations while beneficiaries are up to 20,000 farmer families as their members, representing up to 100,000 people. The main target group are women and young farmers in order to overcome social imbalances and to make cocoa farming more attractive for young people. It is expected that the project PRO-PLANTEURS will respond to the issues in the cocoa sector mentioned above and help to reverse the apparent disillusionment of cocoa farmers. Considering the important role of cooperatives in the project there is also the hypothesis that they are part of the solution rather than of the problem.

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<sup>9</sup> Organisation pour l'Harmonisation en Afrique du Droit des Affaires ; The Organization for the Harmonization of Business Law in Africa (OHADA) was established on the basis of a Treaty signed in Port Louis (Mauritius) on October 17, 1993. With the main objective to harmonize business law in Africa, the institution includes seventeen member states including Côte d'Ivoire. The formula used to harmonize business law is the adoption of Uniform acts (UA) for various legal areas, which are directly and completely to be applied by each member state see <http://www.ohada.org/etats-parties.html>

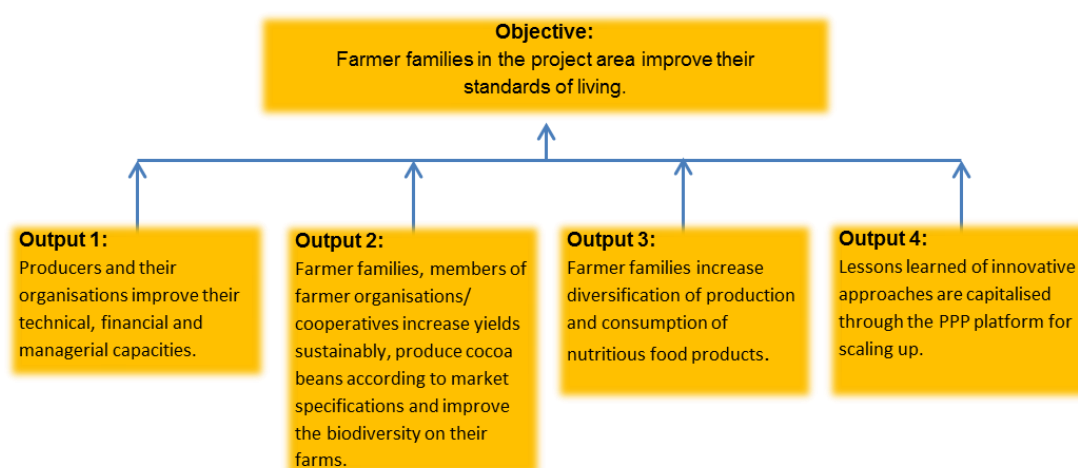
The following map indicates the original five intervention zones of the project in the southern and eastern parts of the cocoa belt: Gagnoa<sup>10</sup>, Yamoussoukro, Aboisso, Abengourou and Agboville. The first phase of project PRO PLANTEURS will cover the last three zones only. Therefore these three areas in the South-East of Cote d'Ivoire were selected by GISCO for the implementation of field research at cooperatives for this study.

*Original intervention regions of project PRO-PLANTEURS and intended research area*



The concept of project PRO-PLANTEURS<sup>11</sup> has been studied and has been incorporated into the approach and research program of this study. The objectives and expected outputs of PRO-PLANTEURS are planned as follows (see graph).

*Planned objective and expected outputs of project PRO-PLANTEURS*



Project PP contributes to overcoming the core problem of the cocoa sector in CI (see above 2.1.) that is the low profitability and low income of cocoa farmers. While the price of cocoa beans cannot be influenced by the project (it is determined at the policy level) PP attempts to increase the productivity of the small scale farms. However, PP goes beyond the cocoa production activities of farmers and has the entire livelihood of the cocoa farming family in its focus. Therefore, PP's result 3 aims at supporting cocoa farmers to diversify their production and to increase the consumption of nutritious

<sup>10</sup> Gagnoa is covered by the project PROCACAO and is no longer part of the PRO-PLANTEURS intervention zones

<sup>11</sup> German Initiative on Sustainable Cocoa GISCO, Technical Project Concept of project PRO-PLANTEURS "Professionalising farmers and their organisations in sustainable cocoa production, October/December 2014.

food crops. It is expected that farmer organizations provide the necessary services to farmers to increase cocoa yields sustainably and at the same time manage the diversification of their production portfolio.

The project supports the national cocoa strategy 2QC with regard to its strategic axis: improved productivity, improved quality, traceability and certification, improved marketing, making producers and producer organizations more professional. It also supports the World Cocoa Foundation's (WCF) CocoaAction and collaborates with the projects PROCACAO in Gagnoa, PROFIAB around the Taï National Park and the regional Project Sustainable Smallholder Agri Business SSAB.

The proposed project strategy of PRO-PLANTEURS comprises these approaches:

- Qualifying farmers (especially young farmers) with regard to certification capacity and farm management (e.g. with the Farmer Business School approach)
- Training of lead farmers and young farmers to disseminate best practices and offer services
- Professionalization of farmer organizations: organization development, good cooperative governance, services
- Promotion of women and youths: access to land, adaptation of training, gender specific monitoring
- Development of innovations and technology transfer: diversification of food crops, after harvest handling of produce, dissemination of best practices and exchange of experience.

In all of these approaches cooperatives are expected to play a major role: (i) as service providers to farmers (e.g. sales of cocoa beans, provision of inputs, training and extension); (ii) as organizations to which female and young farmers can affiliate in order to improve their productivity; (iii) as platforms for developing, testing, and disseminating innovations.

## **2. PURPOSE, OBJECTIVES AND APPROACHES OF THE STUDY**

### **2.1. Purpose**

In preparation of the project PRO-PLANTEURS, a study on farmer organisations in the future project intervention zones in Côte d'Ivoire was commissioned by the GISCO Secretariat. Its purpose was to provide an insight

- on the current situation of the cooperative sector in Côte d'Ivoire,
- on the legal framework different organisation models existing in the cocoa sector e.g. economic interest groups (Groupe d'intérêt économique, GIE), simple cooperatives, cooperatives with administrative council etc.,
- on their organisational structure, democratic orientation, economic performance, gender orientation and gender policy,
- in order to get a better understanding of the organisations and to propose at least 20 organisations with whom the PRO-PLANTEURS project will collaborate during its first phase starting early 2015.

### **2.2. Objectives**

It is expected that farmer organizations and cooperatives play an important role in the project PRO-PLANTEURS as they are supposed to provide services, link farmers to markets, qualify farmers, strengthen the position of farmers in the cocoa value chain, etc. Well-functioning farmer organisations are seen as necessary to improve production techniques and profitability of smallholder farms and to support their diversification into food crops in order to increase the income of cocoa farmers and to make cocoa farming more attractive and sustainable.

In order to prepare the project PRO-PLANTEURS, detailed information on the current situation of the cooperative sector in Côte d'Ivoire, that is on the farmer organisations and their legal and institutional framework were to be obtained in a comprehensive stakeholder analysis and field study <sup>12</sup>.

The objectives of this study are:

- **Objective 1:** To analyse constraints and opportunities of the political, legal and institutional framework of relevant types of farmer organizations (economic interest groups, simple co-operatives, cooperatives with administrative council) in the cocoa sector in Côte d'Ivoire , and to recommend improvements.
- **Objective 2:** To analyse in detail the status of 30 to 40 preselected cocoa farmers' organisations in the project intervention zones in terms of good cooperative governance (organization, management, gender orientation) as well as viability of business (financial autonomy, services for promoting production, first processing and marketing of cocoa).
- **Objective 3:** To identify at least 20 farmer organisations as partners for collaboration with PRO-PLANTEURS during the first project phase in 2015 and recommend a plan of action for each cooperative based on standard action modules.

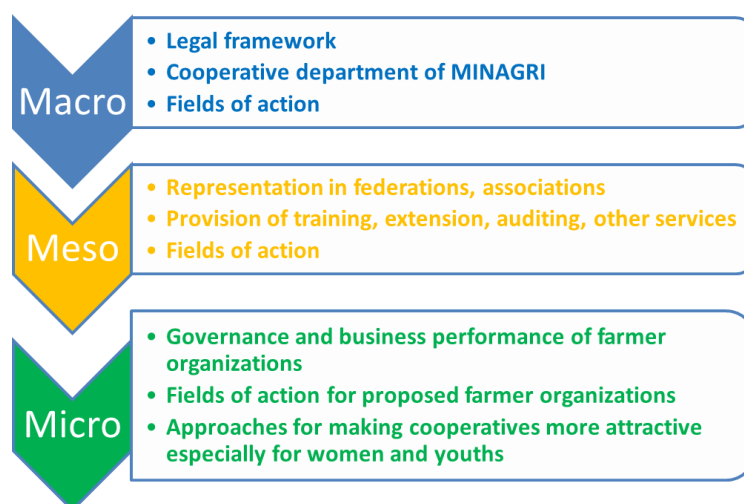
The expected outputs of the study are:

- a better understanding of the farmer organisations and their legal and institutional environment
- as well as the identification of at least 20 organisations as partners of PRO-PLANTEURS during its first phase starting early 2015.

### 2.3. Approach and methodology

In response to the stated objectives the study was conducted at three levels and was organized in several relevant steps at each level. An overview of the overall research strategy is provided in the following graph and in more detail it is outlined in the table below. It was taken care that all information needs derived from the concept for project PRO-PLANTEURS were reflected in the research methodology and in the respective questionnaire.

*Overview of the overall research strategy (levels and research steps)*



*Detailed research strategy (steps, main tasks and major methods)*

Steps	Main tasks	Major methods
<b>Step 1</b>	The legal framework for the cooperative	Interviews with industry members of GISCO, MINAGRI,

<sup>12</sup> See GISCO, TOR for a study on the state of farmer cooperatives in the cocoa sector of Cote d'Ivoire, October 2014.

<b>Macro level: political framework</b>	<p>law based on OHADA (actual application, comparison with European law)</p> <p>Competences, capacities, approaches, strengths and weaknesses of the cooperative department of MINAGRI including qualification to control and sanction the management of cooperatives and their adherence to the law</p> <p>Identification of fields of action to further improve the cooperative sector on national level.</p>	<p>Conseil du Café-Cacao, ANADER, NGOs and development projects on their views and recommendations.</p> <p>Study of recent relevant literature on the cocoa and cooperative sector in Côte d'Ivoire</p> <p>Study of the OHADA cooperative law and relevant literature</p> <p>Summary of findings, elaboration of recommendations and discussion with stakeholders.</p>
<b>Step 2 Meso level: institutional framework</b>	<p>Representation of the agricultural cooperative sector on national level (e.g. role and membership of federations etc.)</p> <p>Training and consultation facilities for organizational development of cooperatives (e.g. adoption of OHADA law)</p> <p>Training and consultation facilities for business development of cooperatives (e.g. management, value chains)</p> <p>Responsibilities and facilities for management and financial auditing of cooperatives (e.g. scope, actual application, quality of auditing)</p> <p>Competencies, capacities. Development perspectives and weaknesses of the relevant institutions</p> <p>Identification of fields of action to further develop the institutional framework on national level</p>	<p>Visits and interviews with selected national organizations (e.g. PROCACAO, ANADER, UIREVI) on their views and recommendations.</p> <p>Desk reviews of previous studies as well as relevant statements and reports of institutions<sup>13</sup>.</p> <p>SWOT analysis of the relevant institutions</p> <p>Study of recent relevant literature on the cocoa and cooperative sector in Côte d'Ivoire</p> <p>Summary of findings, elaboration of recommendations and discussion with stakeholders.</p>
<b>Step 3 Micro level: analysis of farmer organi- sations</b>	<p>Thorough analysis of formal and informal farmer organisations/cooperatives (e.g. governance and member participation, business performance with focus on cocoa related services)</p> <p>Actual and potential role of women and of youths in cooperatives</p> <p>Expectations of farmers towards cooperatives and reasons for non-membership</p> <p>Competencies, capacities, development perspectives and weaknesses of pre-selected organisations</p>	<p>Visits and interviews with selected national organizations (e.g. federations)</p> <p>SWOT analysis of pre-selected farmer organizations / cooperatives.</p> <p>Desk reviews of the relevant reports and statistical data etc. of institutions.</p> <p>Visits to preselected farmers organizations and cooperatives and interviews with the management, board, staff as well as focus group discussions with male and female members.</p> <p>Desk reviews of the relevant documentation of the cooperatives (e.g. reports, statement of accounts, business plans, minutes of meetings)</p> <p>Focus group discussions/interviews with male and female farmers (members and non-members), women's and youth groups, community leaders e.g. on attractiveness of cooperatives.</p>
<b>Step 4 Micro level:</b>	Establishing selection criteria of farmer organisations for the collaboration with	Elaboration of set of selection criteria for farmer organisa-

<sup>13</sup> E.g. SOCODEVI, The Impacts of farmer Cooperatives on the Standard of Living of cocoa producing villages in Côte d'Ivoire and Ghana, Quebec, Canada, 2005; FAO, Towards Côte d'Ivoire Sustainable Cocoa Initiative (CISCI), Baseline study report, 2012; Cargill: coop academy (2014), <http://www.cargillcocoachocolate.com/sustainable-cocoa/our-promise-in-action/cote-d-ivoire/coop-academy/index.htm>

<b>Selection of farmer organizations as partners in PRO-PLANTEUR phase 1</b>	<p><b>PRO-PLANTEURS</b></p> <p>Application of selection criteria to pre-selected farmer organizations (from small but dedicated producer groups to cooperatives which collaborate with exporters)</p> <p>Identification of fields of action for further development of each selected farmer organisation (management, qualification as exporter).</p> <p>Focus on medium level cooperatives and other farmer associations who demonstrate basic capacity and who could be substantially brought up to a higher level of functioning.</p>	<p>tions e.g.:</p> <ul style="list-style-type: none"> <li>• Involvement in the cocoa value chain</li> <li>• Willingness to improve governance and member participation as well as business performances</li> <li>• Exclusion of members who cultivate cocoa in protected areas and use worst forms of child labour</li> <li>• Willingness to become more profitable and professional</li> <li>• Willingness to contribute to data base and to monitoring and evaluation</li> <li>• Willingness and ability to grow in terms of membership and turnover</li> <li>• No defaults on paying back loans</li> <li>• No records on misappropriation of funds</li> <li>• Interest to directly export cocoa beans</li> <li>• Willingness to improve active participation of women and youths in the farmers group</li> <li>• Diversification of services and structures e.g. female sections</li> <li>• Willingness to participate in trainings e.g. Farmer Business School, good cooperative governance, application of OHADA law</li> </ul>
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The research strategy was discussed and was agreed with the main stakeholders GISCO secretariat and CCC before the commencement of the study.<sup>14</sup> It was also taken care that the existing approaches for assessment of cocoa cooperatives in Côte d'Ivoire, e.g. Nestlé Cocoa Plan and Cargill Coop Academy were taken into consideration. The results achieved there, obstacles encountered as well as lessons learned were taken into account in designing the research methodology and the questionnaire for the field study.

### 3. IMPLEMENTATION OF THE STUDY

In the following table to main tasks and activities as well as the time schedule of implementation of the study are presented:

No.	Main tasks, activities	Time schedule
<b>1.</b>	<b>Developing the outline methodology of the study to be approved by the GISCO secretariat</b>	
1.1.	Establishment of the team of experts and of modes of communication	12.2014
1.2.	Elaboration of the outline methodology, overall work plan and budget	12.2014
1.3.	Presentation of the outline methodology and approval by GISCO secretariat and by CCC	12.2014
<b>2.</b>	<b>Identifying relevant public and private stakeholders at national level and analysing them with regard to legal and policy framework as well as institutional framework</b>	
2.1.	Identifying relevant public and private stakeholders at national level	12.2014
2.2.	Implementation of analysis of public and private stakeholders at national level	12.2014-01.2015
2.3.	Qualitative and quantitative analysis of the findings	01.2015-02.2015
2.4.	Elaboration of conclusions and assessment of framework conditions and of public and private stakeholders	02.2015

<sup>14</sup> Meeting with GISCO Secretariat in Eschborn on 18.12.2014 and with the CCC in Abidjan on 09.12.2015

<b>3.</b>	<b>Developing the detailed field research plan and analysing up to 40 preselected cooperatives and other farmer organisations</b>	
3.1.	Elaboration of the detailed research plan and establishment of the field research team	12.2014
3.2.	Preselection of up to 40 cooperatives for the detailed analysis	12.2014
3.3.	Analysis of up to 40 preselected cooperatives and farmer organizations	01.2014
3.4.	Qualitative and quantitative analysis of the findings	01.2015-02.2015
3.5.	Elaboration of conclusions and assessment of preselected cooperatives and farmer organizations	02.2015
<b>4.</b>	<b>Preparing a descriptive and analytic report with results of the analysis, recommendations and selection of cooperatives</b>	
4.1.	Summary of findings from analysis of legal and policy framework	01.2015
4.2.	Summary of findings from analysis of institutional framework	01.2015
4.3.	Summary of findings from analysis of cooperatives and farmer organizations	02.2015
4.4.	Compilation of results from specific studies and elaboration of the main report	02.2015-03.2015

### 3.1. Involvement of stakeholders

The results of the study will be utilized by GISCO; the CCC and relevant stakeholders to plan and prepare the upcoming project PRO-PLANTEURS. This expectation can be fulfilled best, if the stakeholders support the findings of the study and agree to use them for planning of the project. To this end it was necessary that the stakeholders were involved in designing, implementing and analyzing the study and in drawing conclusions from it. Likewise the selection of 20 cooperatives out of 40 preselected organizations would be acceptable to stakeholders and the cooperatives themselves if selection criteria and the process of assessment are transparent and objective. Consequently the success factor cooperation is very important to achieve the objectives of the study.

Therefore the research team has involved GISCO, some of its members, the CCC and the public and private stakeholders in Cote d'Ivoire very intensively. Their involvement in the activities of the study was already pointed out in the description of the four output processes (see above). In particular several meetings with GISCO and CCC were held from December 2014 to March 2015. They ensured that the research team has maintained close information exchange and collaboration with the GISCO secretariat and the CCC.

### 3.2. Analysis at macro and meso level

As mentioned in the methodology (see above) the analysis at the macro and meso levels was conducted in form of interviews with representatives of the identified relevant public and private organizations. In order to prepare the research plan a stakeholder map was drawn up. It comprises key stakeholders as well as primary and secondary partners. All of them can be either public or private organizations and are found at national, regional or local level. Key partners are organizations, which are directly concerned by the subjects of the study, primary actors are organizations, which contribute to the policy and institutional framework while secondary actors are those organizations, which are concerned in a peripheral manner. The stakeholder map is provided in the table below. The organizations in brackets [PPPP, Technoserve/CoopAcademy] could not be visited directly but information was obtained from third parties.

	Public	Public-private	Private
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<b>Key stakeholders</b>	MINAGRI (DOPA, RD, Land, Food Crops) CCC	GISCO (German Initiative on Sustainable Cocoa) [PPPP]	Unions of cooperatives (UIREVI, ECOOKIM, UCOOPEXCI,) Cooperative associations and federations (PMEX-COOPEX, ANAPROCI)
<b>Primary partners</b>	DR MINAGRI DR CCC Lower Court	ANADER Project ProCacao	World Cocoa Foundation (WCF) Naumann Foundation (EDE) UTZ Certified West Africa Cargill [Coop Academy Cargill / TechnoServe]
<b>Secondary partners</b>	Prefects OHADA Court		Notaries

The results of all conducted interviews were documented, analyzed, summarized and were used to compile the report of study results at macro and meso level (see chapter 4 for framework conditions and chapter 5 for institutions). The list of organizations and their representatives, which were involved in the study, can be found in [annex 4](#).

### 3.3. Analysis at micro level

The analysis of cooperatives had two objectives: (i) to study the current situation of cooperatives as important actors in the supply chain for cocoa beans; (ii) to identify 20 cooperatives out of 40 pre-selected cooperatives, which can be recommended as partners during the first phase of the project PRO PLANTEURS.

GISCO has determined the selection criteria for proposed cooperatives as partners of PRO PLANTEURS, which were taken into account and considered (see below). According to the concept of Pro Planteurs (PP) the focus of the project is on medium level cooperatives and other farmer associations who demonstrate basic capacity and who could be substantially brought up to a higher level of functioning.

#### Preselection of 40 cooperatives

The first of the above criteria was used to determine the preselection of 40 cooperatives which were then to be studied on the spot and in detail. As first selection criteria cooperatives which are active in the cocoa value chain are to be considered. According to the PP concept and in alignment to the intentions of CCC the project intends to concentrate its activities in the following CCC Regional Delegations (DR): Yamoussoukro (Central), Aboisso (South-East), Abengourou (East) and Agboville (South). Based on the ToR of this study the DR Aboisso (South-East), Abengourou (East) and Agboville (South) have been selected for the field research. Therefore the current list of cooperatives from these three DR registered at CCC was obtained (see List of agreed cooperatives for coffee and cacao campaign 2014/2015 in [annex 5](#)).

In each DR the number and regional distribution of cooperatives was identified on the basis of the list provided by the CCC. According to these data a total of 358 agricultural cooperatives are currently active in the 3 DR (Abengourou 178, Agboville 102 and Aboisso 78). The number of active cooperatives in each of the 16 Departements of the 3 DR is on average 22. But cooperatives are unequally distributed and their number ranges from 0 (e.g. Tanda) to 119 (Abengourou).

The research was therefore concentrated on departements which comprise at least the average number of cooperatives amounting 22. This is reasoned by (i) better enabling the establishment of networks and cooperation between the cooperatives, (ii) enabling comparison of cooperatives in similar environmental conditions; (iii) achieving the intended size of the target group (20,000 cocoa farming families) within an area which can be developed most effectively.

On this basis the following départements have been identified for the assessment of cooperatives:

- in DR Abengourou: Départements Abengourou, Agnibilekrou, Bettie,
- in DR Agboville: Départements Agboville, Akoupe, Adzope
- in DR Aboisso: Department Aboisso.

Therefore 9 départements with very few or no cooperatives have been excluded. The 7 selected départements comprise 318 out of the total 349 cooperatives (91,1%). Therefore the research area is representative for the entire intervention zone. The assessment is required for a total of 40 cooperatives. Based on this target and the total number of cooperatives in the 7 selected départements (318) on average 13% of the cooperatives will be included in the assessment. This share has been applied to the number of cooperatives in each of the 7 départements. From this follows the distribution of the target cooperatives for the field research (see table).

No.	Direction re-gional	Département	All coopera-tives	Share in coop. of selected départements	Preselected cooperatives	Share in preselection
1	Abengourou	Abengourou	119	37,4%	13	32,5%
2	Abengourou	Agnibilekrou	24	7,5%	4	10,0%
3	Abengourou	Bettie	21	6,6%	1	2,5%
4	Agboville	Agboville	49	15,4%	8	20,0%
5	Agboville	Akoupe	29	9,1%	4	10,0%
6	Agboville	Adzope	15	4,7%	2	5,0%
6	Aboisso	Aboisso	61	19,3%	8	20,0%
		Total	318	100,00%	40	100,00%

As can be seen the composition of the sample reflects very closely the distribution of cooperatives in the 7 selected départements. The same refers if one compares the composition of the sample with distribution of cooperatives between the 3 regions (see following table).

Region	All coop. In selected dep.	Coop in sample	% all	% sample
ABOISSO	61	8	19,2%	20,0%
AGBOVILLE	93	14	29,2%	35,0%
ABENGOUROU	164	18	51,6%	45,0%
	318	40	100,0%	100,0%

Important is also the composition of the sample with regard to the size of cooperatives. As there are no data available on the number of members of all cooperatives but there are data on the volume of cocoa beans sales in tons this criteria was used to measure the size. Here the problem was encountered that data on the sales volume were available only for 61 cooperatives among the 318 preselected ones. However, it turned out that the composition of the sample very closely matches the distribution of size groups among the preselected cooperatives ( see following table).

Size groups	From t	To t	All coop. With known size	%	Coop in sample	%
XS	0	499	15	24,6%	9	22,5%
S	500	999	15	24,6%	12	30,0%
M	1000	1999	14	23,0%	7	17,5%
L	2000	2999	11	18,0%	6	15,0%
XL	3000		6	9,8%	6	15,0%
Totals			61	100,0%	40	100,0%

A final criteria for the composition of the sample was the distribution between the types of cooperatives, that is simplified, cooperative with board and cooperative union. Also here the sample reflects very closely the distribution among all cooperatives in the selected départements (see the following table).

Types	Total	% Total	Sample	% Sample
Simplified coop.	84	26,4%	9	22,5%
Coop. with Board	231	72,6%	30	75,0%
Coop. Union	3	0,9%	1	2,5%
	318	100%	40	100%

It can be summarised at this point that the composition of the sample reflects the composition of the cooperatives in the selected départements in terms of location, size and type.

The next and crucial step of preselection was to determine which cooperatives that fulfil the criteria regarding location, size and type were to be included in the list of 40 preselected cooperatives. Here a qualitative approach was chosen, which at the same time ensured the involvement of the relevant stakeholders as follows.

- The partners CCC and DOPA were asked to request from their regional directorats in Abengourou, Agboville and Aboisso lists with a specified number of cooperatives, which they recommend for the preselection. This recommendation was based on the past and present performance of these cooperatives in terms of sales (CCC) and governance (DOPA) respectively. In the end such lists of best cooperatives were actually received from CCC for all 7 départements and from DOPA for 3 départements (Abengourou, Agnibilekrou and Aboisso).
- Cargill was asked to provide the names of the cooperatives which they have selected for promotion in the CoopAcademy for the year 2014/2015. The purpose was to avoid an overlapping between the two projects. It appears inefficient if two projects are active in the same cooperative at the same time while there are many cooperative which have no support at all. Finally Cargill provided the list with 19 cooperatives which were involved in the CoopAcademy in 2014 or are planned to do so for 2015.
- The EDE consulting which is promoting cooperatives on behalf of Naumann Foundation provided a list with 10 cooperatives which they selected for promotion in Aboisso department.
- The Cooperative Union UIREVI provided a list with 5 cooperatives which they recommend for consideration. However, these cooperatives were either located outside of the research area or were not identified as being registered by CCC vor the 2014/2015 campaign.
- UTZ provided a short list with 3 cooperatives which were recommended for the analysis.
- Finally from GIZ a list was provided with 21 cooperatives, which had been promoted in the Farmer Business School training provided by the Program Sustainable Smallholder Agri-Business (SSAB).

The lists which were provided and used for the purpose of this study can be found in [annex 6](#).

The actual preselection was then conducted by the research team on the basis of (i) the criteria location, size and type, and (ii) the lists of recommended or relevant cooperatives provided by CCC, DOPA, Cargill, EDE, SSAB. The draft list was presented to CCC and valuable advice was received, which led to the exchanging of one cooperative in the list<sup>15</sup>. The final preselection is presented in the following table. It contains those cooperatives which were then due for the intensive analysis in the field research. One cooperative (BECIDA in Agboville) is deleted from the list, because the Board of Directors were not present at the agreed time of visit and created the impression that they are not interested to participate in the analysis. The following list contains also the study number, which was determined in order to clearly identify the cooperatives for the field research and for the following data analysis.

No.	Study number	CCC No.	Département	Acronym
1	1/1 B XS/ABE	SC010058	ABENGOUROU	CAMAB -COOP-CA
2	2/1 B S/ABE	SC010015	ABENGOUROU	COOP AAME COOP-CA
3	3/1 B XL/ABE	SC010130	ABENGOUROU	COOPAZA COOP-CA
4	4/1 B M/ABE	SC010111	ABENGOUROU	COOP-CA PRANIA

<sup>15</sup> As advised by CCC on 6 January 2015 the cooperative SOCOOPAI was replaced for this study due to its apparent internal deficits with the cooperative CAPRESSA in Bettie department, one of the largest cocoa cooperatives.

5	5/1 B M/ABE	SC010072	ABENGOUROU	COOP-CA ABOTRE
6	6/1 B L/ABE	SC010149	ABENGOUROU	COOP-CA ESPOIR
7	7/1 B L/ABE	SC010109	ABENGOUROU	COOP-CA PAN
8	8/1 B L/ABE	SC010116	ABENGOUROU	COOP-CA YEYOBIE
9	9/1 B XS/ABE	SC010098	ABENGOUROU	COOPEXA COOP-CA
10	10/1 S M/ABE	SC010108	ABENGOUROU	COOPRAGRIK -SCOOPS
11	11/1 B S/ABE	SC010118	ABENGOUROU	COOPYCA COOP -CA
12	12/1 B L/ABE	SC010020	ABENGOUROU	SCAANIAS COOP-CA
13	13/1 B L/ABE	SC010048	ABENGOUROU	SCOOPACA COOP-CA
14	14/1 B XS/AGN	SC010051	AGNIBILEKROU	COOPEAB COOP-CA
15	15/1 B L/AGN	SC010150	AGNIBILEKROU	COOP -CA BENKADI
16	16/1 B S/AGN	SC010036	AGNIBILEKROU	COOP-CA COOPADA
17	17/1 B M/AGN	SC010017	AGNIBILEKROU	COOP-CA-ANONKLON
18	18/1 B XL/BET	SC010010	BETTIE	COOP-CA CAPRESSA
19	19/1 B XL/ABO	SC030050	ABOISSO	CNEK-CA
20	20/1 S XS/ABO	SC030014	ABOISSO	COOPAMASCOOPS
21	21/1 B XL/ABO	SC030039	ABOISSO	COOPRAMA-CA
22	22/1 B S/ABO	SC030059	ABOISSO	KGS COOP-CA
23	23/1 S XS/ABO	SC030058	ABOISSO	SCAMA SCOOPS
24	24/1 B L/ABO	SC030031	ABOISSO	SCOABIA COOP-CA
25	25/1 S S/ABO	SC030045	ABOISSO	SCOOPS-ES
26	26/1 B XS/ABO	SC030065	ABOISSO	SNCA-CA
27	27/2 B S/ABO	SC 030071	ABOISSO	UCA COOP-CA
28	28/1 B M/AGB	SC040005	AGBOVILLE	CAAM COOP CA
29	29/1 B XS/AGB	SC040095	AGBOVILLE	CBA-COOP-CA
30	30/1 B S/AGB	SC040037	AGBOVILLE	COOPAA COOP-CA
31	31/1 B XL/AGB	SC040083	AGBOVILLE	SCOOPAC COOP-CA
32	32/1 S S/AGB	SC040029	AGBOVILLE	SCOOPS BAD
33	33/1 S M/AGB	SC040081	AGBOVILLE	SCOOPS- EA
34	34/1 S XS/AGB	SC040065	AGBOVILLE	SCOOPS-KA
35	35/1 B XL/ADZ	SC040006	ADZOPE	SO CAAN COOP CA
36	36/1 B XS/ADZ	SC040051	ADZOPE	SO COOPAG- COOP CA
37	37/1 B M/AKO	SC040040	AKOUPPE	COOP CA COOPAAF
38	38/1 B M/AKO	SC040038	AKOUPPE	COOPAAAKO COOP-CA
39	39/1 B S/AKO	SC040072	AKOUPPE	ECAESB COOP CA
40	40/1 B M/AKO	SC040096	AKOUPPE	SCOOPAAS - COOP-CA

### Analysis of 40 preselected cooperatives

The field research to analyse the 40 preselected cooperatives was conducted from 4 to 29 January 2015 by the project team. It consisted of the national cocoa cooperative expert Casimir Gboko and four students from Institut National Polytechnique Felix Houphoet-Boigny in Yamoussoukro with experience in conducting field research and working in cocoa farmer cooperatives. The students are: Senior student Mr. Djolo DJINA; Senior student Mr. Kouassi N'GOTTAH; Junior student Mr. Kouassi AKA; Junior student Mr. Manzan SINAN.

The analysis of cooperatives was based on a combined quantitative and qualitative approach. It contained two activities which were both implemented during the visits to cooperatives with duration of one day.

- Quantitative analysis with a detailed questionnaire to be completed by the Director and Board members of the cooperative together with the research team, covering all aspects of the structure, governance, business and services of the cooperative.
- Qualitative analysis with a focus group meeting involving the leadership and members of the cooperative and covering the subjects: past development, present SWOT analysis and future plans of the cooperative.

### Questionnaire

The questionnaire was developed on the basis of the following past experiences: (i) analysis done by the research team; (ii) research on cooperatives in the cocoa sector in Cote d'Ivoire; (iii) monitoring of cooperatives by the MINAGRI DOPA. The following table presents the 13 categories and 70 questions of the questionnaire. The full questionnaire which was used for the field research is provided in annex 7.

No.	Category, item	No.	Category, item
1	IDENTIFICATION OF QUESTIONNAIRE		<b>Finances</b>
	<b>Address, contactpersons</b>	40	TURNOVER
2	IDENTIFICATION OF THE COOPERATIVE	412	TOTAL Costs
3	ADDRESS	42	SURPLUS / DEFICIT
4	CONTACT PERSONS	43a	BALANCE SHEET IS AVAILABLE
	<b>Legal status, affiliation</b>	43b	INCOME STATEMENT IS AVAILABLE
5	LEGAL STATUS / REGISTRATION / DOCUMENTS	44	MAIN DEBTORS
6	AFFILIATION		<b>External assistance</b>
	<b>Membership, capital</b>	45	TRAINING ORGANISED BY PARTNERS FOR LEADERS, STAFF SINCE 2013
		46	TRAINING ORGANISED BY PARTNERS FOR MEMBERS SINCE 2013
7	COVERAGE	47	CONSULTATION RECEIVED FROM PARTNERS
8	MEMBERSHIP	48	COCOA PRODUCTION INPUTS RECEIVED FOR FREE
9	NON MEMBERS	49	COCOA PRODUCTION INPUTS WITH COSTS
10	CAPITAL	50	OTHER SUPPORT FROM EXTERNAL PARTNERS
	<b>Leaders, staff</b>		<b>Production services</b>
11	LEADERS	51	PROVISION OF COCOA PLANTING MATERIAL
12	STAFF	52	PROVISION OF FERTILIZER; PESTICIDES FOR COCOA
13	POSITIONS	53	PROVISION OF OTHER INPUTS FOR COCOA PRODUCTION
14a	DOCUMENTATION	54	PROCESSING SERVICES OF THE COOPERATIVE
14	<b>Governance</b>	55	PROVISION OF EQUIPMENT FOR COCOA PRODUCTION
14b	MEMBERS MEETINGS	56	NURSERY FOR COCOA PLANTS
15	MEETINGS OF BOARD OF DIRECTORS	57	MICRO FINANCE FOR MEMBERS
16	MEETINGS OF SUPERVISORY COMMITTEE		<b>Other services</b>
17	BALANCE SHEET	58	ACTIVITIES OF THE COOPERATIVE TO PREVENT WORST FORMS OF CHILD LABOUR ON FARMS
18	MANAGEMENT REPORTS	59	ACTIVITIES OF THE COOPERATIVE TO SUPPORT REPRESENTATION OF WOMEN IN THE COOPERATIVE
19	AUDIT REPORTS	60	TRAINING ORGANISED BY THE COOPERATIVE ITSELF FOR MEMBERS SINCE 2012
20	ACCOUNTING	61	INFORMATION PROVIDED BY THE COOPERATIVE FOR MEMBERS
	<b>Business, certification</b>	62	COMMUNITY INFRASTRUCTURE SUPPORTED BY THE COOPERATIVE
21	BUSINESS DIRECTION		<b>Infrastructure</b>
22	PRODUCTION POTENTIAL OF MEMBERS	63	STORAGE; OFFICES
23	CERTIFICATION	64	TRANSPORT
24	PRODUCTION POTENTIAL CERTIFIED COCOA	65	PROCESSING FACILITIES AND EQUIPMENT
25	BUSINESS PLANS	66	OFFICE FACILITIES AND EQUIPMENT
	<b>Partners</b>	67	OWN ELECTRICITY PRODUCTION
26	BUYERS OF COCOA IN LAST 3 YEARS	68	INTERNET ACCESS
27	PARTNER SUPPORTERS IN LAST 3 YEARS		
28	PARTNER FOR DIRECT EXPORT OF COCOA IN LAST 3 YEARS		
29	PARTNER FINANCIAL INSTITUTIONS IN LAST 3 YEARS		
30	CURRENT LOANS IN LAST 3 YEARS		
31	INSURANCE		
	<b>Buying, sales</b>		
32	BUYING DATA OF COCOA LAST 3 YEARS		
33	BUYING VOLUME OF COFFEE / OTHER CROPS LAST 3 YEARS		
34	SALES OF COCOA LAST 3 YEARS		
35	SALES ORDINARY COCOA PER BUYER		
36	SALES VOLUME CERTIFIED COCOA PER BUYER		
37	PREMIUM PAYMENTS		
38	DIRECT EXPORT OF COCOA		
39	HANDLING FEE FROM CCC		

The questionnaire could be used during the field research. However some cooperatives found it difficult to provide all required data during the time of the visit. Therefore in most cases the questionnaire was dropped at the cooperative (often through the assistance of the regional CCC office), the data were prepared by the cooperative, then it was further completed during the visit and sometimes returned after the visit (again through CCC). It turned out that even with this procedure some cooperatives were not able to provide all data, mainly due to the time limitation of the Director or managing staff. It can be noted here that the provision of basic data on structure, business, and finances of the cooperative is a standard request to be fulfilled by them. Eventual deficits in the required knowledge and skills should be covered by the qualification activities for cooperatives. In two cases the cooperatives' head offices were not at the location of the cooperative but in Abidjan and data were unavailable. Such situation indicates the existence of a cooperative which is not controlled by the members on the spot.

The questionnaires of 40 cooperatives were first of all summarized in one overall table (see [annex 8](#)). This table was then analyzed according to the main research aspects. The summary of this analysis is presented below. Important key data of each cooperative were transferred to the compact profiles of the cooperatives, which can be found in [annex 9](#).

### Focus group meeting

The second activity was the focus group meeting, which was to be organized by the cooperative on the day of the visit in the afternoon. Participants were the leaders of the cooperative (Board of Directors, Supervisory Committee, Director, the employed staff) as well as 10 to 15 members. The members should represent the sections of the cooperative and should comprise male and female members, older and young members.

The purpose of the meeting was to learn more about the cooperative and to discuss if the cooperative can benefit from the new GISCO project PP. The duration of the meeting was about 3.5 to 4 hours and it was moderated by the team of field researchers. In the following the schedule and contents of the discussion points during the meeting are described. The team of field researchers was obliged to follow this instruction and conduct the meeting in this manner. While one researcher moderated the meeting the other one took notes. Both researchers also worked closely with the two working groups during the meeting and supported them.

### COOPERATIVE ANALYSIS: FOCUS GROUP MEETING

Introduction (15 min)	Target Group	Responsible
<b>1. Preliminary information</b> a. Present the objective of the study. b. Present the methodology and steps of the analysis c. Indicate that the purpose of the study is not to provide funds d. Farmers and coops officers must be aware on the fact that you are there to develop ideas, to help them realize how innovative they are! e. Clearly indicate that the project will start only with few cooperatives f. The project wants to be based on farmers needs and perspective g. The project appears as an open and dynamic learning process.	Members + Officers (Plenary session)	Facilitator + Observer
<b>Cooperative analysis (2h15mn)</b>		
<b>2. Make the biography of the cooperative</b> Objective: Examine the history of the cooperative a) Coop members and officers recall themselves the past of the coop b) Indicate the most important events/steps of the coop c) Present the key achievements of the coop d) Participants see by themselves how much or little they have achieved e) See who talks and analyze the cohesion of the group	Members + Officers (Plenary session)	Facilitator + Observer

<b>3. SWOT analysis : (30 mn)</b> Objective: Discuss the present situation of the cooperative <b>Step 1:</b> Working group <ol style="list-style-type: none"> <li>Explain the methodology of the SWOT analysis.</li> <li>Encourage participants to concentrate on the strength and opportunity</li> <li>See who talks and analyze the cohesion of the groups</li> <li>The project is based on the potentials and needs of the cooperatives</li> </ol>	2 working groups (WG1: Officers, WG2: members)	Facilitator + Observer
<b>Step 2:</b> Plenary session <ol style="list-style-type: none"> <li>Core findings presentation</li> <li>Discussion for synthesis</li> <li>Ask members about their concerns on cooperative organization and operation</li> <li>Officers and members need to find an agreement</li> <li>See who talk and analyze the cohesion of the groups</li> </ol>	Plenary session	
<b>4. Main strategies : (30 min)</b> Objective: Identify the aspirations of the cooperative <ol style="list-style-type: none"> <li>Based on the SWOT analysis, identify the main strategies for the future development of the cooperative</li> <li>Time dimension: What would you like your cooperative be in 5 years?</li> <li>Let groups decide themselves. Present and combine the results of 2 groups</li> </ol>	2 working groups (WG1: Officers, WG2: members)	Facilitator + Observer
<b>5. Important initiatives (45 min)</b> Objective: Identify concrete ways to implement the main strategies <ol style="list-style-type: none"> <li>Develop approaches to move from present to the future</li> <li>Determine sustainable solutions</li> <li>Address weakness presented in the SWOT analysis</li> <li>5 ideas are needed on production, marketing, governance, diversification (product, members), cooperation/partnership (with other cooperatives)</li> <li>Useful questions: How do you think your cooperative can be developed? How can the activities be diversified?</li> </ol>	Members + Officers (Plenary session)	Facilitator + Observer
<b>Reports</b>		
<ol style="list-style-type: none"> <li>Produce a documentation of the results of the focus group meeting: History; SWOT analysis; Main strategies; Important initiatives.</li> <li>Produce a judgment report to: comment the dynamism and cohesion of the group; analyze the willingness of the cooperative members; examine cooperation between members and office holders; judge participation or domination by one or few persons.</li> </ol>		Facilitators

In general the focus group meetings were conducted very effectively and provided the expected information. The structure into focus on past, presence and future made it easier for participants to understand the method and come to concrete proposals. Members and leaders seized the opportunity to discuss separately the current strengths and to identify potentials for the future development of the cooperative. The ideas of members and leaders were presented and in a discussion conclusions were found. In nearly all cases the office holders and members actively participated in the working groups and discussions. Participatory methods are clearly appropriate for this target group.

The results therefore reflect the aspirations not only of leaders but also of members. Occasionally intensive discussion ensued over conflicting views which were then resolved. In some cooperatives the group of members or of the leaders was dominated by one or two persons. This could be interpreted as a sign of reduced participation of members and as a less positive situation to achieve an impact through the project. Contents and observation of focus group meetings showed the respective level of participation of members in the cooperative.

The results of each focus group meeting were documented in a brief report. This was complemented by the observations of the research team on the discussion process and on the intensity of participation. These inputs were used to elaborate compact profiles of each of 40 analyzed cooperatives, which can be found in [annex 9](#). The results of the focus group meetings were also summarized and are presented below.

## 4. ASSESSMENT OF THE LEGAL AND POLITICAL FRAMEWORK FOR COOPERATIVES (MACRO LEVEL)

The role given to cooperatives is largely determined by the understanding of the structure and unique features of cooperatives from the side of stakeholders in the cocoa sector itself and of the legal and political actors. Therefore, as an introduction to the assessment, we first (see below 3.) provide information on the legal basis and characteristics of cooperatives including the OHADA Uniform Act on Cooperative law. This information also serves the purpose to improve the knowledge and understanding based on the new OHADA law on cooperatives among stakeholders of project PP. Secondly (see below 4.) we present the stakeholders responsible for the framework conditions of the cooperative sector, we analyze how the cooperative concept is perceived by them and how this translates into their contributions to developing the legal and political framework. Thirdly we assess the framework for qualification and supervision of cooperatives and the most needed facilities for training, consultation and audit.

### 4.1. Definition of a cooperative and difference with a commercial company

The overarching source for definition of cooperatives is the 1995 International Declaration of the International Cooperative Alliance (ICA)<sup>16</sup> on cooperative identity<sup>17</sup>. It defines the cooperative society “as an autonomous association of people, voluntarily united to fulfill their common economic, social and cultural aspirations and needs through a jointly-owned and democratically-controlled enterprise”. The primary difference between commercial companies and cooperative societies is that the former aim to maximize profit while the latter have the main purpose to provide needed services to their members.

This pursuit of the members’ interest is related to the double function of the cooperative member as owner (shareholder) and as user (supplier or customer) of the cooperative. Being a shareholder he/she is a party to the society agreement, holds shares and has related rights and obligations (right to vote and to be elected, liability to the cooperative debts). Being a user he/she is party to the cooperative agreement and has the related rights and obligations (to participate in the society’s activities e.g. by contributing crops in an agricultural cooperative and to earn a fair remuneration in return). The principle of dual function of members is supposed to guarantee that the cooperative always provides exactly those services which are required by the members and as a consequence can provide them at the lowest possible operational cost. This inherent ability to minimize operational costs and risks is the fundamental economic strategic advantage of cooperatives and makes them in principle more effective than other types of business.

The OHADA Uniform Act related to Cooperative societies (OHADA UA) defines the cooperative society (Art. 4) : « as an autonomous grouping of persons, voluntarily united to fulfill their common economic, social and cultural aspirations and needs through a jointly-owned and managed and where power is exercised democratically and according to the cooperative principles».

First, one needs to note the differentiation between a cooperative and a company: although named a cooperative society, it is defined by the UA as a "grouping of persons". Secondly, the purpose of the cooperative is to fulfill the needs of its members, which mainly are economic needs, but may also be social and cultural (thus, education has an important role as seen below). Thirdly, it is important to observe that cooperatives are businesses. While they radically differ from limited liability companies or shareholding corporations, they are in no way a social or philanthropic entity (neither an NGO nor an association). To be precise they are societies and enterprises but their purpose is not profit making but provision of services to their members. A further element is the organization of the cooperative, which is jointly owned by its members, which manage it democratically.

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<sup>16</sup> ICA is an international NGO functioning as the international apex organization of cooperatives. It is remarkable that unlike about 20 other African countries Cote d’Ivoire is not represented in the ICA.

<sup>17</sup> ICA, International Declaration on the Cooperative Identity, 1995, see ICA website, English/French : <http://www.ica.coop>

The scope of the activities of cooperatives is not defined in the UA (Art. 5), so that the corporate purpose is freely determinable by the members<sup>18</sup>. It is only required that it appears in the articles of incorporation. By way of exception, Article 20 states that if the activity pursued requires the granting of an authorization, such activity is governed by the laws applicable thereto. Therefore cooperatives cannot offer financial services such as micro-finance if they do not hold the required license under the applicable national law.

Finally, one should note that the UA creates two kinds of cooperative societies: simplified cooperatives (SCOPS) and cooperatives with a board of directors (SCOPCA). As the characteristic of these types are relevant for the legal framework of cooperatives they will be presented in detail in [annex 1](#).

## **4.2. Cooperative principles and cooperative benefits for members**

Article 6 of the UA is relevant here: "The cooperative society is organized and run, and engages in its activities according to universally-recognized cooperative principles, namely: voluntary, open membership; power being democratically exerted between the members; economic participation by the members; autonomy and independence; education, training and information; cooperation between cooperative organizations; and voluntary commitment towards the community". These seven principles are contained in the International 1995 Statement of Cooperative Identity of the ICA and by this the UA is aligned to the worldwide cooperative movement. They relate to the cooperation within the member group, the service orientation and the relationship with the outside world and are further outlined in the following.

### **The group dimension**

The first meaning of the group dimension is that the members decide to do business together. It translates legally into a joint ownership of the cooperative enterprise and in terms of management into democratic governance. In contrast to that commercial companies have become increasingly abstract, leading to the recognition even of one-shareholder companies. By design, cooperatives need cooperation between several persons or within the cooperative group. The minimal number of members is set for each kind of cooperative: five for simplified cooperative societies, fifteen for cooperatives with a board of directors.

### **Joint property**

The cooperative society is financially materialized by its share capital, equal to the total volume of shares obtained by the members. In contrast to capital in commercial companies, it is variable, which results in a reduced security for third parties and a weakened stability for the cooperative itself. This is taken care of by a strong obligation to allocate resources to the reserves. The UA creates three legal reserves: a general reserve, a reserve especially devoted to training, education and awareness, and a free reserve (Art. 114). These reserves are subject to a special regime which removes them out of the members' reach: they may not withdraw any amount there from, even on termination of the membership or dissolution of the cooperative. Therefore, if there are net assets after dissolution, they may only be allotted to another cooperative or to an umbrella organization (Art. 196). Consequently, the cooperative cannot benefit only a handful of its members but rather the members as a whole. If the cooperative prospers, it benefits especially future members. This is an excellent safeguard against any demutualization, i.e. the attempt of members to obtain the reserves by dissolving the cooperative. Transformation of the cooperative into a commercial company is only possible by dissolution and later incorporation of a company. But in this case the above rule on the allocation of net assets to other beneficiaries in the cooperative sector applies.

### **Democratic management**

The democratic character of the cooperative mainly appears through the fundamental principle: one person, one vote (Art. 102). It means that e.g. in general meetings each cooperator has a vote equal to all other votes, regardless of his/her proportion of the share capital owned, date of entry into the

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<sup>18</sup> OHADA UA Article 20 states that the purpose of the cooperative consists in its activity.

cooperative, age, or position in the social and traditional hierarchy. This is a classic feature of cooperatives and in contrast with commercial companies, but also with traditional African structures, which in other regards are similar to cooperatives (notably by their consideration of community and solidarity).

Democracy is also connected with the autonomy and independence principle restated at Article 6. The only provision to be legally inserted in the articles of incorporation on autonomy (art. 18 18°) regards: "the scope of actions with non-member users, in order to safeguard the autonomy of the cooperative". In other words, the articles of incorporation must find a balance between strong autonomy, which could reduce the functioning of the cooperative and excessive extension, which would make it dependent on the activities of non-members.

### **The non-profit making aspect**

Some African national laws stated expressly that cooperatives are non-profitmaking but this provision is absent from the UA. This may be in order to avoid the definition of "non-profitmaking". But regarding this principle there is more dispute regarding definitions than substance. Non-profit making situations are those where profit is either not sought or not shared, depending on the national law. Cooperatives are essentially in a conflict: as businesses they necessarily seek profit in order to be able to survive in the market and to invest in future development. As service providers they must provide benefits to their members.

The indifference of the UA towards members' enrichment is due to the purpose of the cooperative as not only economic but also social and cultural. The choice of the UA not to express the non-profit making character of cooperatives is consequence of the principle that the main objective of the cooperative is not the pursuit of profit. The text instead speaks of «net surplus» being a category from the area of accounting.

### **Use of the net operational surplus**

The net operational surplus consists in the income remaining after all costs and obligations have been paid. These include the dotation of the legal reserves (general reserves, reserve for training), which must be funded up to at least 20% of the surplus, until the reserve is equal to the amount set in the articles of incorporation. However, the allocation from surplus can be higher and can be continue after the limit is reached. But this is decided by the members in the annual general meeting. Once the legal reserves are filled, the cooperative may allocate patronage refund to its member in proportion to their activities with the cooperative (Art. 112). This is a strong incentive for members to sell more of their produce through the cooperative.

### **Limitation of the cooperators' economic rights**

The limitation to the cooperator's economic rights can be explained by the non-profitmaking character of the cooperative. It is not established to make profit for the benefit of its shareholding members, but to allow members to unite their forces and to achieve economies of scale for their individual businesses. Thus, the distribution of income by the cooperative to the members is limited through mechanisms such as: limitation of the dividend on shares; reimbursement of shares at nominal value; and control of share transfer between members.

### **Horizontal and vertical cooperative structures**

The inclination to restructure and to unite more forces to do serve members better is typical of cooperatives. In the horizontal dimension this can be achieved through a merger (UA Art. 174-176)<sup>19</sup>. Mergers can be implemented by creation of a new society by two cooperatives or by absorption of one cooperative by the other (art. 176). However, mergers can only occur between cooperatives and not with companies (art. 174), which is meant to safeguard the establishment of a homogenous cooperative sector.

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<sup>19</sup> Splitting of one cooperative into two or more cooperatives is allowed as well.

Regarding the vertical dimension cooperatives generally establish umbrella cooperatives at three levels: unions at local level, federations at sector level and confederations at national level. These must be established in the same OHADA member states. This is probably the reason why the UA contains the innovative provision for transnational cooperative networks of resources and actions. These may consist of unions, federations and confederations with no required common bond, and their objective is to share, even for a limited duration, the resources likely to help their members' activities, improve results, or achieve objectives cohesive with cooperative principles (Art. 160 et ss.).

#### **Relationship between the cooperative and its community**

In the traditional cooperative philosophy, its services were directed only towards its members, who were its only beneficiaries. In the International Declaration on Cooperative Identity of 1995 a community dimension was added. It includes a duty of servicing the community to which the cooperative belongs. In general, the cooperative acts in such a way that the community may benefit from its business activities (e.g. achieving higher income of members) and investments (e.g. storage or processing facilities). In addition, cooperatives may devote parts of their surplus to build up community infrastructures (e.g. schools, health centers). This principle is strengthened by the strong attachment of the cooperative to its territory. Contrary to commercial companies, cooperatives may not migrate and are meant to improve the socio-economic conditions of a given community.

### **4.3. Assessment of the OHADA Uniform Act on Cooperative law**

The cooperative legal framework refers almost entirely to the OHADA UA on cooperative regulation. But there are other legal issues that may affect the development of cooperatives and the cooperative sector, which will also be mentioned.

#### **Promulgation and application**

The Organization for the Harmonization of Business Law in Africa (OHADA) was established on the basis of a Treaty signed in Port Louis (Mauritius) on October 17, 1993. With the main objective to harmonize business law in Africa, the institution includes seventeen member states including Côte d'Ivoire. The formula used to harmonize business law is the adoption of uniform acts for various legal areas which are directly and completely to be applied by each member state.

After nearly ten years of negotiations within the OHADA, a Uniform Act on cooperative law (in the following UA) was approved on 15 December 2010 and published on 15 February 2011 in the OHADA's official gazette (OHADA Uniform Act relating to cooperative societies law). The UA does not create a new form of cooperative which is simply added to those existing under the respective national law. Instead the UA actually replaces pre-existing laws, which therefore expire, or exist as a complement to the UA (Art. 2). The UA came into force 90 days after its publication in the OHADA's official gazette on 15 May 2011 (Art. 397). It is demanded that existing cooperatives amend their articles of incorporation within two years of this date that is before 15 May 2013 (Art. 396).

#### **Changes compared to the 1997 Ivorian cooperative law**

Before the entry into force of the OHADA cooperative legal framework, the 1997 Ivory Coast Cooperative act applied to cooperatives. Some of its provisions may still apply to cooperatives, provided they do not conflict with the provisions of the Uniform Act (Art. 2). Mainly the following main strengths and weaknesses of the OHADA UA against the pre-existing national cooperative laws including that of Cote d'Ivoire can be identified.

Main strengths:

- The main strength is the modernization of the legal framework especially for countries that did not modify their cooperative law since the 1960s (Côte d'Ivoire is not concerned).
- Another advantage is the possibility to choose between two forms of cooperatives, the simplified cooperative and the cooperative with board. Depending on its actual and planned

future level of development, the cooperative can choose an appropriate form of legal structure (for characteristics and differences see [annex 1](#)).

- The OHADA law foresees an additional level for inter-cooperation in the form of cooperative networks. The main advantage here is that such networks can include cooperatives from different member states. This enables the cooperative sector to establish business structures covering large parts of the OHADA area.

Main weaknesses:

- A principle criticism refers to the architecture of OHADA laws in general. Even though the OHADA law is applied as a national law, it always remains an international law, as far as the adoption procedure is concerned. Therefore, the content of the regulation cannot be modified by national authorities and the modification at OHADA level is extremely difficult and time consuming. This is a consequence of the fact that OHADA does not provide the intended harmonization of law but actually an uniformization. A mere harmonization would leave national authorities with some power to adapt the regulations to the national needs. Consequently, the OHADA UA on cooperatives is not really taken seriously by the national authorities. This includes even the judges, since the OHADA court plays the role of a national supreme court for business law related matters.
- Because the text of the UA is very long and detailed it leaves very little freedom of choice for cooperatives in establishing their by-laws. On the other hand, in some points cooperatives do have a great statutory freedom: e.g. to fix the duration of elective mandates, to manage the organization of elections, to fix the limit for activities with non-members). This freedom can be a threat for the respect of the cooperative principles which according to the UA must be mentioned in the by-law and must be followed.
- A strong unpracticality concerns the stipulation that office holders in a primary cooperative, that is members of boards of directors (in the case of cooperatives with board) and members of the management committee (in the case of simplified cooperatives) are not allowed to be elected as office holders in the cooperative apex of the next level (e.g. unions, federations, confederations). This provision of the UA reduces the interest of leaders in primary cooperatives to establish cooperative unions. As a consequence it is a major bottleneck to the establishment of the necessary vertical structures in the cooperative sector. This can well be demonstrated in the absence of such bodies in Cote d'Ivoire (see below).
- Further, there are no special rules governing cooperatives with specific activities, e.g. cooperatives with financial services. This is due to the fact that OHADA cannot provide special rules for all kinds of cooperatives since the realities are not the same in all countries. This is a limitation of the uniformization approach because each member country has to create its own rules (e.g. for financial cooperatives, housing cooperatives). Even though they must not be contrary to the provisions of the UA it is likely that these rules widely differ between the member states. Also under this aspect harmonization would have been better than uniformization. In this regard the UA includes several problematic provisions, such as points subject to various interpretations and contradictory issues (see below).

### **Comparison of the OHADA UA with European cooperative law**

In Europe cooperatives are governed by national laws<sup>20</sup>. The European Union also took interest in creating international business laws. Like the European company<sup>21</sup> it is stipulated regulations for the European cooperative society<sup>22</sup>. It should be noted that this European cooperative society is a complement to the still existing national cooperative laws. In general it has a limited scope since it can only be incorporated jointly by cooperatives with activities in several member states.

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<sup>20</sup> In France for example cooperatives are chiefly governed by Law no 47-1775 of 10 September 1947 complemented by other laws on specific kinds of cooperatives (agriculture, financial services, consumers).

<sup>21</sup> Regulation (CE) n° [2157/2001](#) of the Council dated 8 October 2001 on the European company

<sup>22</sup> Regulation (CE) n° [1435/2003](#) of the Council dated 22 July 2003 on the European cooperative society

The situation is quite different in the OHADA area, where the UA replaces different cooperative laws which were passed by the member states since acquiring independence. The early laws established strong bonds between state and cooperatives, which were reduced to be tools of the public administration. More recent laws have gradually erased such bonds and strengthened the autonomy of the cooperatives as private businesses. At the same time they have weakened compliance with cooperative principles for lack of supervision on the side of the government.

Although the UA is a regional Act, it is in the practice used as a national law since it is directly applicable in OHADA member states without further parliamentary procedure for ratification. The specific advantage is that all the 17 member states apply the same regulation. But this approach presents some weaknesses as has been explained above. A real harmonization process, combined with the possibility to create an African Cooperative in the same way like in European law, could have been a better approach to achieve strong integration between cooperative movements in the OHADA member countries.

### **Unclear assignment of responsibilities in the registration procedure**

Under the UA cooperatives are created by registration with the Register of Cooperative Societies. Somewhat similar to the case of commercial companies, these registers exist at the national and local level. Nationally, the register is managed by an "administrative authority", namely "the devolved or decentralized organ of the national authority in charge of the territorial administration or the competent authority, to which the cooperative society's registered seat or immediately attached" (UA Art. 70). The UA was unable to determine the competent authority for registration more precisely, due to the national differences in administrative structures. While the OHADA lawmakers wanted the registers as close to the cooperatives as possible it appears unavoidable, that this imprecision leads to competence conflicts which strengthen ambiguities within member states.

In Côte d'Ivoire, the registry for cooperatives is managed by the court's clerk. According to the DOPA in MINAGRI, this was decided by taking into consideration the experience of such offices with the registration of companies. But it is obvious that this assignment of responsibility is not completely in conformity with the provisions of the UA. In addition, there is the risk that court's clerks treat cooperatives like companies and ignore their specificities. In the process of checking the registration documents this can lead to genuine cooperatives not being registered while cooperative which are not based on the cooperative principles are registered.

A problem results from the fact that the court's clerk is not in charge of controlling whether the cooperative respects the cooperative principles after registration in its activities. Actually it is the DOPA which is required to assume this task. There is a risk that the collaboration between the court and the DOPA does not work. The possible bottlenecks are as follows: the registry is not computerized which makes sharing of information difficult; the court's clerks do not fully understand the contents of the OHADA law and are little prepared to control the documents in the registration process; DOPA is hardly in a position to maintain a continuous supervision after the registration. Even if it would do that and want to sanction a cooperative it cannot do that, as this power is again with the court's clerk.

Obviously this assignment of responsibilities between court clerk and DOPA was decided hastily in order to cope with the deadline set by OHADA. Many actors, including the cooperatives and the DOPA are of the opinion that the registration procedure is too much simplified under OHADA UA. While this reduces the costs of registration for genuine cooperatives it may lead to false cooperatives being registered. In addition, once established cooperatives are not subject to any meaningful supervision as to their fulfilling of the cooperative principles in general and the OHADA UA in particular. However, it is interesting to note that under the former registration regime more cooperatives were registered than now under the OHADA UA regime. This is despite the fact that there is no more need to provide a feasibility study<sup>23</sup> and to ask for permission from the prefect of the department.

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<sup>23</sup> Such feasibility studies were elaborated by ANADER or MINAGRI and cooperatives state that their costs were high.

In principle, it is a positive approach as OHADA aims to facilitate the registration of legal forms of business and to reduce the informal sector. But there is the risk that cooperatives which are registered under the OHADA UA do not comply with the law and with cooperative principles. An example is a cooperative which was analyzed during the field work (see below) where the members did not know the leaders, which should have been elected by them. The cooperative was “inherited” by the current Chairman from his father and appears to be owned and managed as a private business / personal property.

The promulgation of the OHADA UA could have been a good occasion for the member governments to clearly distinguish real cooperatives from fake ones. Unfortunately this chance was not used and a revision of the law seems to be in far reach. The situation in Côte d'Ivoire is even worse than in the previous system under the former cooperative law. In the former regime at least a feasibility study was requested from cooperatives for registration, even though it was difficult for cooperatives to obtain it. However, with correct application it would have been a tool for a better registration of cooperatives.

It was observed that the OHADA UA contains an omission as it does not determine a time frame for the duration of the registration. The lawmakers probably intended to ensure by this a fast registration of cooperatives. However, the contrary was achieved as the court's clerks can take as much time as they wish in registering a cooperative without breaking the law. This situation makes it difficult for cooperative founders to plan the establishment of their cooperative.

#### Recommendations:

- *It is recommended to the respective stakeholders to consult the DOPA, court's clerks and cooperatives on the above mentioned issues regarding the registration of cooperatives. As regards the unspecific timeframe for the processing of the application a clarification from the OHADA court may have to be sought.*
- *Further it is recommended to respective stakeholders to elaborate a brochure on the registration procedure (with a model statute attached to it), which enables future cooperative founders to register their cooperative very efficiently and less costly.*
- *The main recommendation to stakeholders is to consult the DOPA and court's clerks in establishing an approach where the checking of applications for registration involves also representatives from the cooperative sector (e.g. from the unions or future federations). After the training provided by project PP (see 8.4. below) they will be in a position to assess whether the application is from a false or from a genuine cooperative.*

#### **Reception and application of the OHADA UA by cooperatives**

Almost all the actors met during the study welcome the transition from cooperatives to cooperative societies. Some argue that the OHADA UA introduced a new dimension in the governance of cooperatives and helps to professionalize them. But when asked for details or examples, almost nobody was able to give relevant arguments in defense of their opinion. For example it is often stated that only the OHADA UA conveyed the status of society to the cooperatives. However such a new dimension does not exist because even under the cooperative law of 1997 cooperatives were regarded a society and the OHADA UA has merely confirmed that.

Cote d'Ivoire was deeply involved in a political crisis at the time when the OHADA UA came into force. It is understandable that government and the cooperative actors could not pay the necessary attention to the introduction of the new law at that time. This is exemplified by the fact that the deadline for re-registration under the new law could not be met by most cooperatives in the country. They were registered in 2014 or one year after the expiration of the deadline in force for that. Despite this situation of political instability, the administrative authorities have taken a number of measures, including the information of cooperatives to abide by the new law. In particular the Conseil du Café-Cacao (CCC) has made it mandatory for cooperatives to be registered under the OHADA UA for the purpose of registration at the CCC for the cocoa sales campaign 2014/2015 starting on 1 October 2014. It must be assumed that nearly all cooperatives did reregister because of the deadline

set by CCC and not because they want to avail themselves of potential benefits of the new law. Nevertheless, it was observed that in the regions not all active cooperatives were finally registered under the OHADA UA (for example in Aboisso department only 80 out 150 cooperatives). The remaining cooperatives which were not willing or were unable to obtain the registration are no more in existence legally. They have now only the option to sell their produce to a neighboring cooperative which holds registration. It can be expected that many of them will be dissolved and the remaining members may join the registered cooperatives nearby.

According to the information gathered on the field, this was necessarily under time constraints, since cooperatives were just been able to revise their statutes for the new registration. More specifically, cooperatives were guided to use the services of notaries and other lawyers to draft their statutes. They requested high fees for this service, despite the fact that MINAGRI/DOPA has developed a model of the statutes which is available for download on its website and could have been used by the lawyers.

Correspondingly, it appears that many cooperatives do not know the text of the OHADA UA and of their new statutes. They have taken few steps to comply with the new or changed provisions in their day to day activities. In the perception of many cooperatives there has been no dramatic change in the legal environment and they do not see much need to adapt their structures and activities.

#### **Clarification of problematic legal issues**

On the occasion of meetings with DOPA several points regarding the interpretation of the OHADA UA were pointed out by the officials, which are unclear to them and hereafter are some examples:

- One is related to the “Common bond” defined by Article 8 of the UA, as "the objective element or criterion which cooperators share and on the basis of which they unite. It may, in particular, be relative to an occupation, a common purpose, activity, or legal form". If this concept is usually used to limit the share transfers between members or to allow the entry of new members into the society (Art. 217 et seq. and Art. 380 et seq.) it might be subject to different interpretations. DOPA officials mentioned that the common bond might not be objectively applied because the cooperative leaders must decide upon the entry of new members also on other criteria provided in their by-law, and not necessarily focus on the common bond.
- A second point is related to the establishment of a secondary office by a cooperative in another region or department of the same state.
- The issue of limitation of mandates in a secondary cooperative by leaders in the primary cooperative is a very big concern everywhere in the OHADA zone.
- Questionable is also that no time limit has been determined for the court's clerk to register a cooperative.
- There are also multiple interpretations of the scope of the UA regarding articles 1 and 2 and how it deals with cooperatives having financial services.

#### **Recommendations:**

*Project PP has a focus on strengthening of cooperatives but it has no immediate mandate to contribute to overcoming the issues in the legal framework for cooperatives, which have been outlined above. Therefore the respective stakeholders must be identified, which can support the following activities regarding the legal framework for cooperatives.*

- *There is need to provide training to cooperatives, not only to leaders, but also to members. The training which is recommended shall not only be related on the legal and governance aspects of the cooperative, but also on the understanding of the cooperative principles and which practical guidance they provide for the activities of the cooperative and for the rights and obligations of members. This will help members to better appreciate the benefits of their membership and to easier accept the obligations attached with it. Training and subsequent coaching for leaders shall also consist of practical exercises such as role plays in order to*

*provide them with the personal skills which are demanded from effective cooperative leaders. Consequently, it is recommended to offer trainings and consultations which go beyond the training available in the project PROCACAO (see details below).*

- It is recommended to provide trainings and coaching for court's clerks and judges in order to make the registration of cooperatives conforming with the OHADA UA and to prevent the establishment of false cooperatives. These officers have a great role in the establishment of a strong and genuine cooperative movement.*
- In addition there shall be trainings jointly for court clerks and the relevant officers of DOPA in order to support an effective cooperation between them and the judges as well as a clear division of the respective responsibilities regarding registration and subsequent supervision. This can be complemented by consultations on formalizing modes of cooperation and of respective responsibilities in writing.*
- As regards the unclear or open issues in the OHADA UA itself we recommend to commission an expert to point out these issues and to submit them to the OHADA court based in Abidjan on behalf of the Government for clarification. According to article 14 of the OHADA Treaty, the OHADA court is in charge of the common interpretation and application of OHADA's regulations, decisions and uniform acts. Its interpretations will be helpful not only for cooperatives involved in the project PP, but also to all cooperatives in the country and in the OHADA region in general.*

#### **4.4. Assessment of further issues of the legal framework for cooperatives**

Cooperatives are not only affected by the cooperative legislation. Being enterprises and engaged in business activities, various other regulations must be applied by the cooperatives.

##### **Competition law**

The competition law is regulated by a WAEMU<sup>24</sup> Act<sup>25</sup>, which does not include particular rules for cooperatives. It looks like this Act was drafted with only commercial companies in mind. In the UA are some rules related to competition issues in cooperatives (example: prohibition for a member to join more than one cooperative in the same area and having the same activity or prohibition for one cooperative to join more than one union in the same area and having the same activities). However, there are no rules for competition issues among cooperatives or among cooperatives and companies. Such rules have to be underlined to support the professionalization of cooperatives. Special attention should be paid on the specification of the area of operation of a cooperative<sup>26</sup>, knowing that some cooperatives have been complaining about it. They wish to expand their operations into neighboring départements or regions but are not allowed to do so by CCC.

State support for enterprises is also regulated under a WAEMU<sup>27</sup> act again without specific rules for cooperatives. Often, cooperatives receive support from Government (such as inputs free of costs) and this could be seen as a distortion of the principle of fair competition. If seen from the Government side state support to cooperatives in the form of free distribution of inputs may be interpreted as a way for Government to keep a control over the cooperative movement. However, as enterprises, cooperatives should be able to be responsible for their future development themselves. They should be in a position not to require privileges of state support which are not open to enterprises in other legal forms. One reasons for government support is their function as counter-balancing element against the market power of some private businesses. According to the UN, governments should see cooperatives as important agents for development, because they mobilize members' limited own resources and transform them into larger investments. If they are successful they also

<sup>24</sup> WAEMU (West African Economic and Monetary Union) includes 8 countries which are all OHADA state-parties, including Cote d'Ivoire.

<sup>25</sup> Regulation N°2/2002/CM/UEMOA: [http://www.uemoa.int/Pages/Actes/NewPages/reglement\\_2\\_2002\\_CM\\_UEMOA.aspx](http://www.uemoa.int/Pages/Actes/NewPages/reglement_2_2002_CM_UEMOA.aspx). For more details, see Coulibaly Abou Saïb, « le droit de la concurrence de l'Union économique et Monétaire ouest Africaine », Revue burkinabé de droit, n° 43-44, 2003, <http://siteresources.worldbank.org/INTCOMPLEGALDB/Resources/droitdelaconcurrenceuemoa.pdf>

<sup>26</sup> Whether it is village, department, region or national territory.

<sup>27</sup> Regulation N°4/2002/CM/UEMOA: <http://siteresources.worldbank.org/INTCOMPLEGALDB/RegionalIntegrations/21103726/REGLEMENT4.pdf>

have positive effects on the community in which their members live and work. It is their self-propelling force that makes cooperatives interesting as change agents. It is known from experience that state-supported co-operatives are not a viable alternative. Governments cannot afford and should restrain from supporting a cooperative movement for long periods<sup>28</sup>.

### **Labor law**

Labor legislation is governed by a national Labour law (Law no 95/15 of 12 January 1995) which does not mention special rules for cooperatives. But cooperatives have peculiar features such as the double function of members as owners and users. Can a member or the relative of the chairman be a staff in the cooperative? This is one of the questions which have been raised by cooperatives and the officials of DOPA. As there are no answers in the UA this must be treated by interpreting the concerned labor law.

### **Contract law**

As regards contract law the issue at hand is to identify the rules governing contracts which involve cooperatives. Commercial contracts can be unbalanced between cooperatives and their business partners and there is a need to ensure that contracts create win-win situations. Cooperatives need to be assisted on how to sign fair contracts in their interests as professional organizations and in representing the economic interests of their members.

### **Tax law**

There is a general uncertainty regarding the taxation of cooperatives. The former national cooperative law contained some provisions which are still applied, unless the Government would like to introduce changes. The tax offices treat cooperatives like companies and disregard their specific structure and functioning. For example the nature of the patronage refund as a deferred payment for delivered produce and thus as a cost item is not understood. It is treated like distributed surplus and is subject to taxation. It is important to clarify this issue in order to provide better incentives for members to supply their produce to the cooperative. The definition of a clear tax regime for cooperatives should also include the elaboration of specific accounting rules.

### **Land law**

There is a national law governing land issues, but some rules should be applied in the light of cooperatives as agents of development. During the field study it was established that in a cooperative membership had been refused by MINAGRI officials to producers because they did not hold land certificates ("certificat de plantation"). Besides the fact that MINAGRI officials have no mandate of intervening in membership issues, this refusal prevents the cooperative of providing access to its benefits especially for poor farmers. An effective approach to be followed by project PP would be to assist cooperatives in obtaining land certificates for their members in bulk and at reduced costs.

### **Guaranties and collateral**

There is an OHADA UA governing guaranties and collaterals but it does not take care of the specific needs in rural areas. Apart from the land certificate as strongest collateral, alternative guaranties can be created and tested such as the warrant in the framework of collaboration between financial services cooperatives and farmers' cooperatives as members of one cooperative union.

### **Health insurance**

Most producers do not hold a health insurance and this can be a threat for the livelihood of their families and as a consequence for the sustainability of their business. A solution can be seen in the establishment of mutual health organizations (MHO) and in opening their membership to farmers. An MHO can also be created jointly by the cooperatives affiliated to the same cooperative federation. MHO are governed by a WAEMU regulation applicable since 2011. They are social and solidarity

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<sup>28</sup> Fredrick O. Wanyama, "Cooperatives for African development: lessons from experience":  
<http://social.un.org/coopsyear/documents/WanyamaCOOPERATIVESFORAFRICANDEVELOPMENT.pdf>

economy organizations like cooperatives and these two types can build well functioning partnerships<sup>29</sup>.

### Recommendations

- *Based on the evolution of the further legal framework and considering available solutions in other regions of the world, it is recommend that the respective stakeholders elaborate, with the support of a legal expert, a compact guide addressing all legal issues including the ones mentioned above. The guide should be prepared in collaboration with public authorities and must meet their consent. It aims at elaborating a needs oriented and easily understandable instrument for cooperative information, promotion and qualification.*
- *Cooperatives need to be assisted on how to negotiate and conclude fair contracts with business partners (e.g. cocoa buyers and exporters), which safeguard their needs as enterprises and at the same time the economic interests of their members. It is recommended to include this in the trainings for cooperatives in project PP.*
- *It is recommended that project PP assists cooperatives in obtaining land certificates for their members in bulk and at reduced costs in order to remove one general bottleneck for increased membership. This will be especially of great benefit for women and youths.*

## **5. ASSESSMENT OF THE INSTITUTIONAL FRAMEWORK FOR THE COOPERATIVE SECTOR (MESO LEVEL)**

### **5.1. Assessment of public institutions**

#### **Role of the Government as assigned by United Nations and ILO**

At its fifty-sixth session in the year 2001 the General Assembly of the United Nations (UN) adopted a resolution<sup>30</sup>, by which it “encourages Governments of Member States to keep under review, as appropriate, the legal and administrative provisions governing the activities of co-operatives, with a view to ensuring a supportive environment for them and to projecting and advancing the potential of co-operatives to help them achieve their goals”. Following this perspective the ILO Recommendation 193 of 2002 states that “measures should be adopted to promote the potential of co-operatives in all countries, irrespective of their level of development, in order to assist them and their membership to: develop their business potential, including entrepreneurial and managerial capacities, strengthen their competitiveness as well as gain access to markets and to institutional finance, increase savings and investment, establish and expand a viable and dynamic distinctive sector of the economy, which includes co-operatives, that responds to the economic needs of the community” (heading ‘Policy’ in par. 4). In the ICA Blueprint for a Co-operative Decade of 2012, the legal framework is contained as one of the five pillars on which co-operatives are built<sup>31</sup>.

From these internationally acknowledged statements follows that cooperatives need first of all an enabling legal framework, which gives them autonomy to develop their own potential as self-help organizations. Therefore the elaboration of legal norms critically important and law-makers have to offer a set of regulations that translate cooperative principles into legal norms. This can best be achieved by drafting cooperative law using a participatory approach, incorporating representatives of the cooperative movement, law-makers and experts<sup>32</sup>.

<sup>29</sup> See Willy Tadjudje « Le développement des mutuelles sociales en Afrique: la nécessité d’un environnement juridique approprié », *Mosaïque – Revue panafricaine des sciences juridiques comparées*, n° 4, July 2013, p. 139-167 ; TADJUDJE WILLY, *Le droit des coopératives et des mutuelles dans l’espace OHADA*, Editions Larcier, Collection de la Faculté de Droit, d’Economie et de Finance de l’Université du Luxembourg, 2015.

<sup>30</sup> See: <http://www.un.org/documents/ecosoc/docs/2001/e2001-68.pdf> (English)

<sup>31</sup> ICA Blueprint for a Co-operative Decade of 2012: [http://ica.coop/sites/default/files/media\\_items/ICA%20Blueprint%20-%20Final%20version%20issued%207%20Feb%2013.pdf](http://ica.coop/sites/default/files/media_items/ICA%20Blueprint%20-%20Final%20version%20issued%207%20Feb%2013.pdf)

<sup>32</sup> Münkner Hans-H., *Comparative Study of cooperative law in Africa*, Marburg Consult, 1989, p. 32 and seq.

Co-operatives need a clear profile that distinguishes them from commercial companies on one side and NGOs on the other side. They must be flexible to adjust themselves to changing conditions while keeping their profile and using principles and values as guideline for the activities. There should be a clear message to members and to the outside world defining the nature of cooperatives and their mission. The economic and social benefits derived from cooperation must be demonstrated to members, to the public (as potential members) and to government, e.g. by presenting cases of successful societies. In this regard the government body in charge of cooperatives has a distinct supportive role while the lead must be taken by the cooperative movement itself.

### **The MINAGRI Cooperative Department - DOPA**

#### **Scope of work**

According to the data available on the MINAGRI website<sup>33</sup> as at December 2014 there are 3,125 co-operatives in Cote d'Ivoire out of which 2,134 are active in the cacao and coffee sector, 298 in cotton and 189 in cashew. There are also 115 unions, 4 federations, 19 Savings and Loan Cooperatives and 40 COOPEX (exporters' cooperatives). There is no cooperative confederation in existence. According to CCC there are 2,377 cooperatives registered under OHADA law in the CCC database up to January 26, 2015. These figures also show one inconsistency in the statistical data, as the number of cooperatives listed at CCC is 243 higher than the number categorized in the coffee and cocoa sector by MINAGRI.

These cooperatives manage a total of 242 billion FCFA in terms of turnover, of which 180 billion FCFA in cocoa and coffee, 32 billion FCFA in cotton, and 30 billion FCFA for financial cooperatives. In addition, these cooperatives offer an average of 10,000 permanent employments and of 30,000 temporary employments e.g. during harvesting time.

MINAGRI analysis the efficiency rate of cooperatives. This rate refers to the percentage at which a cooperative is in compliance with cooperative principles, rules of good governance and production strategy and is based on an assessment in the field. The lowest rating cooperatives are in compliance only at 27%, and the highest rating cooperatives at 92%, with an average of 32.6%. Only 9% of cooperatives are fully in compliance with cooperative principles, rules of good governance and production strategy, according to the analysis of MINAGRI. And the inefficiency of the majority of 91% of cooperatives is in 83% of cases related to internal management deficits and in 17% of cases linked to external factors (lack of public policy to support the cooperative movement).

The following deficits of cooperatives are mentioned by DOPA: proliferation of cooperatives in unprofitable fields of production; inefficient management of some leaders; unjust distribution of surplus among members; conflicts inside the cooperatives of which some follow from political disputes; lack of supervision of cooperatives.

#### **Mission, objectives and tasks**

DOPA is one of four departments in the MINAGRI general department for rural development and agricultural professional organizations (other departments deal with water, land, and processing of products). The main mission of the DOPA is to establish regulation frameworks for producers and conditions for evolution, wellbeing, empowerment, as well as for a better integration of Professional Agricultural Organizations (PAO) into socio-economic life. It is also in charge of the National Agriculture Chamber, which is tasked to create jobs, to improve the socio-economic environment food production, to upgrade the agricultural professions and products, and to empower rural people. Concerning cooperatives, DOPA's mission is to contribute to the promotion and the development of cooperatives so as they become efficient and profitable. DOPA intends to consolidate the cooperative movement by accompanying measures directed at efficient management structure, financing institutions, optimal tax regime, etc.

In this framework DOPA is in charge of the following tasks:

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<sup>33</sup> [http://www.agriculture.gouv.ci/index.php?option=com\\_content&view=article&id=126&Itemid=414](http://www.agriculture.gouv.ci/index.php?option=com_content&view=article&id=126&Itemid=414)

- supervision of management and of the application of cooperatives principles by cooperatives (for example by the obligation for each cooperative to provide annual reports<sup>34</sup>)
- encourage the establishment of professional agricultural organizations
- promote, monitor and assess cooperatives, unions, federations and the cooperative movement as a whole
- support professional agricultural organizations in funding applications
- provide support and advise to cooperatives, unions and federations of cooperatives
- promote economic and technical partnerships for PAO with the private business sector
- contribute to the qualification of agricultural operations and of agricultural actors
- encourage functional relationship among the administration and the Agricultural chamber<sup>35</sup>.
- contribute to training for members of consular chambers
- support training for all external actors in charge of the cooperative movement.

#### Capacities, competencies and achievements of DOPA

At the central level DOPA employs 22 officers and 40 in regions and departments. The total number of cooperative officers, both at national and local level is 62 while the needs are estimated at 77 officers<sup>36</sup>. On average one DOPA field officer is in charge of 75 cooperatives. Nevertheless, DOPA seems to be well organized even though it lacks staff. The collaboration among the team is satisfactory, at least when it comes to provide information. DOPA includes a sub-department for promotion of co-operatives out of its three sub-departments<sup>37</sup>.

Concerning the support to cooperatives, DOPA in partnership with the Ministry of Justice organized a seminar in 2012, in order to explain the new OHADA UA. It also participated in some meetings, with the support of the Ministry of Justice, during the reregistration process. DOPA has elaborated some models of articles of association for cooperatives which are available on its website (one with and one without comments). The two legal forms that is simplified cooperative (SCOPS) and cooperative with board (SCOPCA) have been considered in the models.

#### Weaknesses and perspectives

- DOPA seems to be of the opinion that each cooperative should be active only in one sector or only in one supply chain: i.e. a cooperative which is already active in the coffee-cocoa sector could not become involved in the marketing of food crops. This contradicts the cooperative principles (each cooperative chooses its own area/s of activities) and the freedom of choice provided in the OHADA UA (Art. 5). It is also not advisable because it deprives the cooperative of the advantages of diversification (utilizing facilities and staff, being active all year round, sharing of risks etc.).
- DOPA is hardly in the position to monitor the receipt of annual reports from each cooperative, to analyze them and to follow up if there are issues arising from the reports. There should be formal steps of approval of annual reports, but probably due to lack of staff and financial resources, DOPA is not in the position to fulfill such a mission. Many cooperatives have been working for years without submitting any report to DOPA. Such cooperatives should be warned and then punished e.g. by withdrawal of their agreement, but DOPA seems to be not in a position to enforce this.
- Due to budget constraints its staff is hardly able to visit the Annual General Meetings of many cooperatives for supervision and provision of advice.
- DOPA does not have sufficient resources and staff to provide information or training to farmers as prospective members of cooperatives.

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<sup>34</sup> The annual report contains all necessary documents to verify that the cooperative is working legally: e.g. the minutes of meetings held during the year, the financial reports, the list of members, etc. The DOPA is supposed to precise the content of the report since no such report is provided in the UA.

<sup>35</sup> The Agriculture Chamber represents interests of farmers, trains them and provides them with support.

<sup>36</sup> Information collected on the MINAGRI Website on December 2014.

<sup>37</sup> Two sub-departments are in charge of Consular Chambers and support to professionalization and Agricultural insurance.

- DOPA does not collect itself data on the existing cooperatives and it relies on the CCC to obtain them. However, these data only cover cooperatives in the cocoa and coffee sector.
- DOPA has no distinct legal department, and it is very difficult for it to address certain legal issues.
- The DOPA staff has an insufficient knowledge and understanding of the OHADA UA which can be assessed from the scope and contents of questions which were brought forward.
- DOPA does not provide training or consultation to cooperatives.
- DOPA has no comprehensive and focused strategy for cooperative promotion. There is a strategy being elaborated but it concerns only qualification of leaders, productivity and representativeness, and less the governance of cooperatives.
- DOPA is aware that cooperatives are the most numerous among the OPA but it intends to consider all legal forms of OPA.
- DOPA expects that all cooperatives must be classified in only one particular agricultural sector. It is explained by the advantage to be able to link cooperatives to one association in charge of their particular sector ("interprofession"). It is remarkable that only for reasons of having clear statistical data DOPA is not in favor of the engagement of one cooperative in different agricultural sectors. This prevents cooperatives to utilize available opportunities and to embrace many activities at the same time. It is a serious bottleneck for the approach of project PP that cooperatives in the coffee and cocoa sector should diversify into the food crop sector. It is also against the OHADA UA which does not forbid the existence of multi-purpose cooperatives.
- Given that the court clerks are in charge of registering cooperatives, DOPA has the duty to supervise the application of the legal framework by cooperatives. But there is insufficient and no clear collaboration between DOPA and the court clerks. They seem not to be happy to work with cooperatives because it means more work, and sometimes are not open to discussion and collaboration. For example, when DOPA tried to caution the court clerks about the registration of cooperatives that do not fulfill all required criteria according to the OHADA UA, they did not fully cooperate. The need for better collaboration between DOPA and court clerks has been mentioned above and recommendations have been suggested.

SWOT Analysis DOPA	
<b>Strengths:</b> Coordination between various bodies to support local development Closeness to cooperatives and knowledge of realities Has the overall responsibility to oversee the cooperative sector	<b>Weaknesses:</b> Little statistical data on cooperatives, rely on CCC No legal services dedicated to cooperatives (especially not for registration) Little knowledge of the legal framework for cooperatives No strategy for development of the cooperative sector Lack of personnel and funds to supervise and consult cooperatives in the field No legal power to revoke the registration of a false cooperative
<b>Opportunities:</b> Utilize OHADA UA to develop the cooperative sector Collaboration with court's clerks for better supervision of registration Cooperation with CCC in establishing database on cooperatives	<b>Threats:</b> Opinion that cooperatives can be active only in one agricultural sector (single-purpose) in order to link them with one particular sectoral association ("interprofession") while the OHADA UA allows multi-purpose cooperatives.

#### Recommendations:

*Based on the above mentioned observations and issues, the following major actions are recommended to respective stakeholders with regard to a strengthened role of DOPA in developing the cooperative sector.*

- *It is recommended to consult the MINAGRI to consider changing the name of DOPA (Direction des organisations professionnelles agricoles/Department in charge of professional Agricultural Organisations) to Department in charge of promotion of cooperatives. The DOPA is aware that nearly all OPA are cooperatives and there is no need to focus on other legal*

types. The vision of the DOPA is even that all OPA in non-cooperative form become cooperatives. The advantage of a change of the name lies in the clearer focus of the department and all staff on development of cooperatives. The cooperative sector would then clearly know who is responsible and where to obtain technical assistance. This name change would also facilitate the role of the DOPA vis-à-vis the OHADA Court in case of necessary clarifications.

- It is also recommended to consult DOPA in the elaboration of a strategy for cooperative development. Such strategy can include approaches to strengthen the understanding of cooperatives of self-help organizations, to increase the membership among farmers, to improve the self-financing of cooperatives, to establish cooperative apexes and to encourage small and unprofitable cooperatives to merge or to join their forces within the framework of joint-ventures. Special attention can be paid to the issues of autonomy and independence of cooperatives, knowing that the cooperative principles are critical for establishing a solid cooperative movement.
- This strategy should be discussed and agreed with other MINAGRI departments so that can support it with their own sectorial strategies. In such a way the CCC, as well as the departments in charge of food crops<sup>38</sup>, rice<sup>39</sup>, and food processing<sup>40</sup>, etc., can convey the governance and qualification aspects of cooperatives to DOPA, and focus only on the technical issues regarding their own sector.
- It is recommended to assist DOPA in the establishment of a strong and efficient system of supervision and assessment of cooperatives. The objective is to maintain and support the genuine cooperatives and to eliminate those which are not based on the UA and the cooperative principles. As mentioned above, this requires the elaboration of a better collaboration between DOPA and court clerks. In addition, it demands the establishment of a system for cooperative audit (see below).
- It is recommended to consult the DOPA to reconsider its opinion that cooperatives can be active only in one agricultural sector (single-purpose) while the OHADA UA allows multi-purpose cooperatives. Otherwise this position is an obstacle to the intention of project PP that cooperatives in the coffee and cocoa sector should diversify into the food crop sector.
- The stakeholders shall also be consulted on establishing an effective and comprehensive data base on cooperatives for which DOPA should be responsible. This will help to overcome the dependency of DOPA vis-a-vis the CCC to obtain data on cooperatives.
- It is also recommended to consider the placing of an excellent expert in the field of cooperative law and especially the OHADA UA on cooperatives at the disposal of public and private bodies. This expert should be attached to the DOPA, which is the main responsible organization for supervision and support of cooperatives. The expert can consult the clarification of the above mentioned points. The expert can also contribute to the training of trainers in the field of cooperative law, who will then consult the DOPA officers and cooperatives in the field. The expert shall also collaborate with the legal department of CCC and improve their awareness how legal issues of cooperatives affect their role as agents of the CCC. This expert will also help to improve the collaboration between CCC, DOPA and the courts with regard to the registration, supervision and support of cooperatives. This will help to use limited resources in an optimal manner and to reduce the costs of cooperatives in applying the OHADA UA regulations and the costs of government to supervise them. It is recommended to consider several short-term assignments of the expert during the entire duration of the project with intensive consultations (intermittent expert). In between the

<sup>38</sup> MINAGRI department for food crops has developed a planned strategy, which will qualify farmers on producing and selling food crops. There is no specific concern about governance of cooperatives, but it demands dynamic organizations.

<sup>39</sup> MINAGRI department for rice has a specific program for development of rice production. They are implementing a strategy which works closely with cooperatives, by providing them with machines (e.g. for husking the rice). Cooperatives will be part of the system at micro level but it is intended to deal with companies for the management of large facilities.

<sup>40</sup> MINAGRI department for food conservation and processing has a planned strategy, in which it intends to work with all types of organizations including cooperatives. There is no specific program for cooperatives.

*missions the stakeholders will implement improvements etc. which have been jointly agreed. During the next mission the results and experiences will be jointly evaluated and will be used to plan the next phase of the consultation.*

### **MINAGRI Department in charge of land issues**

The Government of Côte d'Ivoire has adopted a National Program for Land Security based on the Law no 98-750 of 23<sup>rd</sup> January 1998 related to rural land tenure on the national territory. It is executed by MINADER through the Department of rural land issues. The objective of the program is to reinforce and maintain the social cohesion over the national territory and to overcome rural poverty as far as it is determined by land issues.

It was observed that in some cooperatives, the land certificate has been requested by the DR MINAGRI as a condition for applying for membership of farmers in cooperatives. Here it is relevant that obtaining a land certificate is an expensive (fees are not fixed but must be negotiated between land tenant and service provider, full of complicated procedures and time consuming (about 6 months). Poor farmers and especially women and youths are practically excluded from obtaining a land certificate. Cooperatives overcome this problem by engaging in non-member business with such farmers without land certificate. But these farmers are outsiders to the cooperative and cannot obtain shares. According to the OHADA UA cooperatives themselves can establish the detailed conditions for membership and should decide themselves whether they demand land certificates or not.

The Director of the land department at MINAGRI confirmed that there is a possibility to reduce the costs and ease the procedure of issuing land certificates if the land area in question is large. A task-force is currently drafting approaches for simplification and cost reduction of land registration. So far only 800 land certificates have been issued. This situation can be an opportunity for cooperatives to manage the application for land certificates on behalf of their members. It was observed that the Department on land would be open to elaborate such a specific procedure in which cooperatives can play a role.

A further observation is related to the tax issue. While the Department on land proposes to give farmers a period of time after land certification before they start paying taxes, the tax offices just wait for farmers to secure their land certificate and claim the payment of taxes immediately afterwards.

#### **Recommendations:**

- *It is recommended to consult the department on land issues, the cooperatives and the service providers for processing of land certificates to create a bulk land certification managed by cooperatives for their actual and potential members. This would make this complicated procedure more transparent and affordable even for poor farmers.*
- *It is recommended to consult DOPA, the Department for land issues, and the tax office on how the timing of tax demands can be optimized for farmers who have just received their land certification.*
- *It is recommended to project PP to include the issue of bulk land certification of members into the trainings provided for cooperatives.*

### **Department of Taxes in the Ministry of Economy and Finance**

Cote d'Ivoire is among the few francophone African countries that used to have specific tax rules for cooperatives. In the 1997 cooperative law article 20 exempted cooperatives from income taxes: "the surplus that the cooperative makes does not constitute income subject to taxation. However, cooperatives are subject to other taxes foreseen in regulations, except there exists a specific legal provision".

Because the OHADA UA does not touch the taxation of cooperatives the exemption contained in the 1997 cooperative law could still be applied. But in reality the tax office submits cooperatives to the

same tax regime like companies<sup>41</sup>. The Department of taxes in the Ministry of Economy and Finance (Direction Générale des Impôts) issued the “Doctrine fiscale - Notes de portée générale et commentaires d'annexes fiscales”. It explains how tax officers should apply the tax rules. In its edition of 2011 (pages 238 to 241) is some information on the taxation of cooperatives. From here it is clear that they are submitted to the same tax regime like companies which is explained on basis of their basis their business activities. It must be observed that here the structure and purpose of cooperatives which clearly differ from that of companies are not taken into consideration.

#### Recommendation:

- *In order to clarify the tax regime for cooperatives it is recommended to consult DOPA, the tax office, the Department for land issues, etc. to establish a tax regime of cooperatives, which is appropriate to their specific structure and purpose. This should include for example the treatment of patronage refunds as costs rather than distributed surplus (as is the case e.g. in Germany). The more appropriate tax regime can be a section in the proposed DOPA strategy for cooperative development.*

#### **The Conseil du Café-Cacao (CCC)**

The CCC is the regulatory authority for coffee and cacao in Côte d'Ivoire. After a longer history of former institutions which were tasked with the regulation of the sector, a reform was initiated by the Government in 2011. It led to the creation of a single structure called the Regulatory Board for Stabilization and Development of the coffee-cocoa sector or in short "The Council of coffee-cocoa". This structure, which is part of the MINAGRI is responsible for the management of all operational activities and regulation of the sector. This mission is focused around two main areas of the sector: (i) production with the aim to promote a sustainable cocoa and coffee farming-culture, (ii) marketing with the aim to optimize the sales of coffee and cocoa and to ensure a decent income to the farmers.

To fulfill the tasks related to production issues, the CCC works in partnership with the CNRA<sup>42</sup> for research, ANADER<sup>43</sup> for agricultural advice and FIRCA<sup>44</sup> for both research and advice. Partnerships are also established with the private sector for the promotion of the sustainable coffee and cocoa economy. These partnerships are based on the Platform for Public-Private Partnership (PPPP) of the coffee-cocoa sector which was established on May 21, 2012. For private sector partners, the platform is a main approach to support the sustainable development the sector. It resulted in the signing of partnership agreements e.g. processors and exporters which aim at improving productivity and production and living conditions of farmers.

From 2014 to 2023 the CCC is implementing the program 2QC (Quantity-Quality Growth Program). It has the vision to "make the coffee-cocoa sector prosperous and sustainable for all the actors of the value chain." The program intends to secure the revenues of all the actors of coffee and cocoa value chain and to contribute to the advancement of the socio-economic wellbeing of farmers. Especially for cocoa 2QC aims to secure the position of Cote d'Ivoire as largest cocoa producer. This is to be achieved through optimization and use of sustainable production practices.

The program 2QC includes activities for cooperatives, such as awareness raising and training of farmers and their organizations on the provisions of the OHADA UA. In the 2QC document the CCC acknowledges that the effective implementation of the UA requires that cooperatives and their unions fully understand the new provisions in order to use them and to explain them to their members. It is also mentioned that the OHADA UA is an opportunity for the professionalization of cooperatives

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<sup>41</sup> The following are the main taxes applying to companies and cooperatives: BIC, industrial and commercial profit ITS, payroll tax, exemption for employees and agricultural workers, VAT on agricultural products, exemption from the bags, agricultural equipment, inputs, etc. atent, Tax on land revenue; Tax on property assets; Tax on certain imports; 15% withholding on property rentals, exemption on buildings agropastoral use; TSE special tax of equipment, registration and stamp duty exemption, etc.

<sup>42</sup> CNRA: National Agricultural Research Center (Centre National de Recherche Agronomique), see: <http://www.cnra.ci/>

<sup>43</sup> ANADER: National Agency for Support to Rural Development (Agence Nationale d'Appui au Développement rural), see: <http://anader.ci/>

<sup>44</sup> FIRCA: Interprofessional Fund for Agricultural Research and Advice (Fonds Interprofessionnel pour la Recherche et le Conseil Agricoles) see: <http://www.firca.ci/home.php>

because it focuses on the economic and social development and at the same time regards cooperative as a business. The cooperatives should become, in the medium term, strong organizations, well organized and based on economic principles with a capitalization policy.

Even though program 2QC mentions qualifications of cooperatives it does not mean that this activity should become an activity of the CCC. Rather it should be the concern of the DOPA, which has the instruments and personnel to contribute to this task, but lacks the necessary financial resources. It was observed that the CCC and DOPA insufficiently collaborated with each other for example regarding the issue of registration of cooperatives under the new OHADA UA. The CCC contacted the Notaries Association so that notaries provided services to cooperatives within the framework of the registration process. These services had the consequence of high costs (many times higher than the official registration fees) for the cooperatives. Support could have been obtained from the DOPA, which had already prepared models of articles of associations with comments. They could have been used by the cooperatives at low costs instead of having the notaries develop articles of association many hundred times and at high costs.

The CCC legal department explained that the consultation of cooperatives in general or on the registration under OHADA UA in particular is not part of their tasks. The department is only able to process the export documentation of the exporters including just a few cooperatives.

The CCC informed that it is conducting a study on the professionalization of 160 cooperatives which is implemented by ANADER. However, no further information on the purpose, contents or result of the study was obtained, also not from ANADER itself.

Therefore, an optimal approach seems to be an effective and focused cooperation between CCC and DOPA, whereby DOPA implements qualifications itself or coordinates their implementation by service providers and CCC contributes by arranging the necessary funding for these activities. In this context CCC informed that it expects funding from the World Bank to support the training of cooperatives about the new OHADA law. The funding of qualifications by the CCC can be seen as justified since cooperatives are a very important actor in the coffee and cocoa supply chain and are crucial for making the sector profitable and sustainable. This improved collaboration among CCC and DOPA as the main public bodies dealing with cooperatives will be an important precondition to develop the cooperative sector in Cote d'Ivoire so that it can fulfill the role which is expected from it.

SWOT Analysis Conseil du Café-Cacao	
<b>Strengths:</b> Good statistics and data on farmers and cooperatives Closeness to farmers and cooperatives Some initiative for extension (brochure on OHADA)	<b>Weaknesses:</b> Little knowledge on legal framework of cooperatives Little orientation for cooperatives during registration Main focus on farmers not on cooperatives
<b>Opportunities:</b> Better support for local development through assistance for cooperatives Potential for coordination of all projects in support of sector and cooperatives	<b>Threats:</b> Provision of free inputs to farmers and preventing potential business of cooperatives Subsidiaries to cooperatives from exporters (training, certification)

#### Recommendations:

- *It is recommended to consult the CCC and the DOPA on the scope, contents and modes of a more effective cooperation between these two departments. Once again, it is not recommended that the CCC itself provides qualifications to cooperatives. Rather it should agree with the DOPA that DOPA either organizes such qualifications itself or it commissions them to appropriate service providers. Such potential organizations comprise for example ANADER, project ProCacao and various organizations in the private sector. The funding for these qualifications can be obtained from the budget of CCC, from processors and exporters*

*which are engaged in PPP arrangements and with contributions from the benefiting cooperatives themselves.*

- *The CCC will also benefit from the recommended placing of an excellent expert in the field of cooperative law and especially the OHADA UA on cooperatives (see above). This expert should be attached to the DOPA, which is the main responsible organization for supervision and support of cooperatives. The expert shall also collaborate with the legal department of CCC and improve their awareness how legal issues of cooperatives affect their role as agents of the CCC. This expert will also help to improve the collaboration between CCC, DOPA and the courts with regard to the registration, supervision and support of cooperatives. As mentioned above it is recommended to consider several short-term assignments of the expert during the entire duration of the project with intensive consultations (intermittent expert). In between the missions the stakeholders will implement improvements etc. which have been jointly agreed. During the next mission the results and experiences will be jointly evaluated and will be used to plan the next phase of the consultation.*

## **5.2. Assessment of cooperative organizations**

### **The vertical structure of the cooperative sector**

Strong and sustainable cooperative sectors in general are characterized by a vertical structure which combines primary cooperatives and umbrella cooperatives at various levels. The vertical structure of the cooperative sector can be described as follows.

- At the primary level are cooperatives, which serve the common interests of their members who therefore are all active in the same economic sector, e.g. coffee and cocoa.
- At the second level are cooperative unions, which can be jointly established by two or more primary cooperatives for the fulfillment of their common objectives (UA Art. 133). The principle of common objectives demands that unions combine cooperatives from the same sector, e.g. coffee and cocoa.
- Federations are at the third level and comprise two or more unions. Depending on whether the objectives of the member unions are identical or different federations can function either as a sectoral or as a regional apex of cooperatives. In the first case they function rather like associations and represent the general interests of cooperatives e.g. in one department vis-à-vis the local administration. In the second case they function as businesses, which are placed downstream in the supply chain and provide complex services (e.g. advanced processing facilities) to their members (UA Art. 141 et seq.). In the case of unions and federations the principle of subsidiary must be applied, i.e. only those activities should be executed which the member cooperatives cannot implement profitably or not at all (UA Art. 145).
- At the fourth level are confederations which are made up of at least two federations. They normally act as associations e.g. for all cooperatives in a given country. They have the same tasks as federations and in addition legal information and monitoring (UA Art. 155). Unions and federations must have the legal form of cooperatives (Art. 1), while confederations may choose other forms of organization (Art. 151). However, they still have the obligation to be registered with the Register of cooperatives (Art. 154).

### **Roles of cooperative unions and apexes**

As a consequence of this structure primary cooperatives and cooperatives unions are basically cooperative businesses. It is important to divide the respective activities between them in an optimal manner in order to avoid duplications, deficits and internal competition.

On the other hand federations and confederation are basically cooperative associations and have nearly identical tasks which are mentioned in UA art. 144:

- ensure the application of cooperative principles in cooperatives and unions which are affiliated to them;

- provide all assistance for training, administration and management of the unions and cooperative affiliated to them;
- promote and develop the cooperative movement and strengthen cooperation between cooperative organizations;
- protect and manage their members' interests vis-à-vis public and private bodies;
- provide necessary services to their affiliates, notably educative, administrative, professional, financial and further training of cooperative office holders and members;
- study statistics, which are relevant for their affiliates and provide them with any information that can improve their activity;
- offer their good offices to affiliates in case of disputes among them.

Unions, federations and confederations must in principle be established in the same OHADA member state. This is probably the reason why the OHADA lawmakers introduced the innovative concept of transnational cooperative networks of resources and actions. These networks may consist of unions, federations and confederations with no required common bond, and their objective is to share, for a limited duration, resources which can help their members' activities, improve results, or achieve objectives cohesive with cooperative principles (UA Art. 160 et ss.).

In the cooperative sector of Cote d'Ivoire exist 115 unions and 4 federations but only few of the unions are active in the area of coffee and cocoa (e.g. UIREVI in Abidjan and UCA in Ayame of department Aboisso). There is no cooperative federation active in this sector.

#### **UIREVI (Union Inter Regionale Victoire)<sup>45</sup>**

UIREVI is a cooperative union based in Abidjan, which was established in 2005 by 25 member cooperatives with about 7,000 cocoa farmers in various regions of Cote d'Ivoire. Since 2010 ten out of its members have been certified under the programs Fairtrade, Rainforest Alliance and UTZ and UIREVI has the approval of CCC to export cocoa beans directly e.g. to Germany. It was observed that UIREVI itself has been registered under the OHADA UA but only few of its members. The other members have been delisted from the register of eligible providers at CCC and can sell cocoa beans only through UIREVI.

The union strongly questions the benefit of the new law and of registering under it and does not actively encourage its members to proceed with the registration or supports them in doing so. This is also due to the high costs which UIREVI experienced in the registration process, which amounted to about 1.400.000 FCFA for one registration case involving a notary, a legal firm and an independent consultant. The inaugural members meeting cost additional 500.000 FCFA.

UIREVI proposes that project PP shall support the cooperatives in obtaining the necessary registration. However, it can be questioned why UIREVI itself did not attempt to pursue a joint approach of its members for registration, so that the costs could have been shared between many cooperatives. It was also observed that UIREVI in recent years has lost many of its member cooperatives, which leads to questions regarding the quality and scope of its services and the trust it has established with its members.

For the next 5 years UIREVI plans to strengthen its network of member cooperatives, to support diversification in the cooperatives and to assist farmers in becoming professional producers. There is a strong observation that UIREVI has been established and is managed in a top down approach and functions as a small-scale buyer and exporter of cocoa beans. It seems to place too little regard on participation of its members or on creating concrete benefits for them.

#### **ECOOKIM (Union inter-régionale, entreprise coopérative Kimbe)<sup>46</sup>**

<sup>45</sup> Website of the branch in Germany: [http://www.uirevi.de/index.php?option=com\\_content&view=frontpage&Itemid=1](http://www.uirevi.de/index.php?option=com_content&view=frontpage&Itemid=1) (The website of the head office in Abidjan is currently not accessible).

<sup>46</sup> See: <http://www.ecookim.com/>

ECOOKIM as cooperative union with seat in Abidjan, which was founded by several primary cooperatives in the year 2004. It obtained Fairtrade and rainforest Alliance certification in 2010 to 2012 and is approved as exporter of cocoa beans. It has currently 23 member cooperatives (20 of which in the cocoa sector) in all regions of the country and with a total of about 12,000 farmer members.

The activities of ECOOKIM comprise: collection and export of agricultural products; supply of plant protection products to cooperative members; Information and training members to a quality approach by maximizing individual and collective benefit; training of members on good agricultural practices.

ECOOKIM has been registered under the OHADA UA and reports that its members did not find it difficult or expensive to register under the new law. It was observed that the union has a complex internal structure and a large personnel and it must be questioned to what extent this can be maintained from the surplus achieved through buying and exporting cocoa beans. ECOOKIM acknowledges the support provided by DOPA for qualification of cooperatives but sees the actual demand by far not yet fulfilled.

**GIE PMIEX-COOPEX (Groupement d'Intérêt Economique des Petites et Moyennes Industries et des Coopératives Exportatrices de Café-Cacao)**

This is an economic interest group organized under the OHADA UA on companies which was formally established in 2014. It has 25 members comprising 10 cooperatives and 15 companies. It represents their interests as suppliers and exporters of cocoa but does not itself deal with selling cocoa beans. Currently the main objective of the organization is to stabilize the market for cocoa beans through advocacy and negotiations with government. It also intends to establish a guarantee fund. The organization has its members checked on internal governance by an external consultant.

The opinion of GIE PMIEX-COOPEX was noted that the role of cooperatives would be not appreciated, because cooperatives have no common voice to negotiate with the government, their tax regime can be a tax hide-out for some business people, some cooperatives are set up by business persons who want to take advantage of facilities provided by the government or of the support provided by the exporting companies. Such negative statements were not repeated in meetings with other institutions.

#### **UCOOPEXCI-Nouvelle (Union des Coopératives Exportatrices de Café Cacao de Cote d'Ivoire)**

UIREVI, ECOOKIM and GIE PMIEX-COOPEX are members of the exporter association UCOOPEXCI nouvelle, which was reestablished on 22 November 2014 by 27 members. The chairman of ECOOKIM was elected as President of UCOOPEXCI in November 2014. He shares the opinion that many small unions have little power and influence vis-à-vis the CCC and the exporters. His vision is to contribute to the establishment of a strong cooperative federation in the cocoa sector but he doubts whether that can be achieved. UCOOPEXCI cannot play the role of a cooperative federation at national level as it is registered as an association and not as a cooperative and it has companies among its members.

#### **ANAPROCI (National Association of Producers of Coffee and Cocoa)**

The association was established in the year 2001 on initiative of the government to create a unique voice for the producers of coffee and cocoa. Being closed during the political crises in 2010 it was reestablished in the year 2014. ANAPROCI sees itself as the association and representative of interest of the larger and individual owners of coffee and cocoa plantations, for example those with more than 40 ha. From this it becomes clear that cooperatives (which do not own any plantations) and their members (holding 1-2 ha) cannot be the target group of the association. However, one activity of ANAPROCI demands to be mentioned, i.e. the issuing of identification cards as coffee and cocoa producer to about 250,000 farmers in the country, of which 10,000 cards were issued until November 2014. The cards also document the plantation area which is owned or used by the farmers. It should be observed further if these identification cards can help farmers to obtain land certificates easier and/or cheaper.

### **ANOPACI nouvelle (National Association of Professional Agricultural Organisations in Côte d'Ivoire)**

ANOPACI was founded in 1998 and reestablished in the year 2014 and is well represented in different agricultural sectors. The organization engages in open discussions with the Government but is more focused on the professionalization of farmers and productivity of agricultural primary production than on governance of cooperatives. Consequently it has not supported cooperatives to comply with the OHADA UA. Among the members are UIREVI, GIE PMEX and the organization considers to better representing cooperatives, but the bottleneck is the membership of some companies and associations in charge of companies in it. ANOPACI sees itself as the umbrella association in the agricultural sector, but currently it cannot be considered as a potential voice of cooperatives in the country. The organization established a college for young farmers in the year 2009 but it did not develop well.

SWOT Analysis cooperative unions as well as associations	
<b>Strengths:</b> Experience with sales of cocoa beans on international market Good management and planning skills Partly internal supervision of member cooperatives	<b>Weaknesses:</b> Very small membership Little knowledge and interest in legal framework issues Little promotional activities for cooperatives Difficult access to financing Regular withdrawal of member cooperatives Unpreparedness to support diversification of primary cooperatives to food crops
<b>Opportunities:</b> Possible cooperation with exporters and projects Potential to work together and jointly establish a cooperative federation	<b>Threats:</b> Membership of some purchasing companies (achateurs) System of fixed price prevents competition

Consequently, there is no common voice for cooperatives and they are insufficiently involved even in discussions relating to their own future. It is observed that Cote d'Ivoire is one of few countries without a national apex organization of the cooperative sector. It is also not represented in the ICA and in the sectoral cooperative federations at international level. There is a risk that the cooperative sector of Cote d'Ivoire is separated from the current developments at international and continental level. The weak vertical structures in the cooperative sector can be attributed especially to the following aspects.

- Chairmen of subsidiary cooperatives may want to become Chairmen of higher level bodies (union or federation). Since this is not allowed by the OHADA UA there is little motivation to establish or join such apexes, if they cannot be influenced.
- Cooperatives are sometimes created for personal reasons, i.e. to obtain access to facilities, and the leaders do not see the need to join an apex.
- Apex organizations find it hard to obtain the necessary funding from membership fees and service charges, which makes them little attractive for leaders seeking sources of income or access to facilities.
- Many cooperatives are linked to specific commercial partners (buyer / exporter) who support them, and they don't want to mingle in the apex with cooperatives, which are engaged with other trade companies.

Cooperative apexes can also play an important role in the process of registration and supervision of cooperatives. Here apex comprises groupings of cooperatives, ranging from the local union of a few primary cooperatives, to regional federations, national confederations or an international cooperative network for means and objectives (as provided in the UA). Apexes can assist the court clerks by pre-checking the registration applications of cooperatives, so that the court clerks do not need to conduct a long verifica-

tion before approving the registration. This is part of the duties of federations and confederations as stated in the OHADA UA (Art. 141 and seq.). Apexes can then supervise the cooperatives affiliated to them as part of the trainings and consultations offered to their members. In the German cooperative sector a cooperative applying for registration must provide a statement of the cooperative association of its choice as regards the feasibility of the intended foundation. These evaluations can prevent the establishment of cooperatives which are either false and have no development perspectives and safeguards the interests of prospective members and the public.

Also in the German context the cooperative associations implement the auditing of cooperatives. Following the observation that public authorities have not enough resources to audit cooperatives and private auditors are not aware of the special features of cooperatives, a self-auditing system was established. To this end every cooperative must be member of a cooperative association of its choice. Depending on the size of the cooperative the association then implements audits every one or two years. The advantage is that the audit service is totally focused on the needs of cooperatives, the provision of auditing services is transparent and the cooperatives can determine the costs of this service. Due to this unique arrangement bankruptcies of cooperatives in Germany are practically unknown and there is strong trust towards cooperatives from the side of members, business partners and creditors.

In the Cote d'Ivoire context such an approach would dramatically improve the supervision of cooperatives which today is nearly non-existent. It would also contribute to the elimination of false cooperatives. It should be in the interest of genuine cooperatives that false ones are closed. With such a system, there is less need for Government to assist the cooperatives and this will contribute not only to saving of public funds but will also strengthen the maturity and professional performance of the cooperatives.

#### Recommendations:

- *Before the mentioned benefits of cooperative apex bodies can be realized they must first be established. It is strongly recommended to the respective stakeholders to contribute to the development of the cooperative sector also under this aspect.*
- *It is recommended that to further analyse the existing cases of apex organizations at union and association level in order to identify the optimal structure and direction of development: e.g. sectoral or regional; type of services; collaboration with other apexes. On this basis one can consult the existing cooperative unions and associations in improving their performance, strengthening participation of members and ensuring self-financing. Then in a second step the feasibility of establishing cooperative federations and a confederation can be analyzed and if found feasible and viable can be supported.*
- *The stakeholders shall be consulted on the feasibility and sustainability of introducing a cooperative audit service in the country. Two main options for this can be identified and evaluated: private auditors who have been trained on the specific features of cooperatives; audit services provided by cooperative federations (when they have been established)*
- *The above mentioned strategy for cooperative development to be drafted by DOPA in collaboration with other relevant public bodies and the cooperative movement shall include the issue of creating and strengthening apexes in the cooperative sector as well as the issue of cooperative auditing.*

## **6. ASSESSMENT OF THE FRAMEWORK FOR QUALIFICATION AND SUPERVISION OF COOPERATIVES**

### **6.1. Assessment of training and consultation for cooperatives**

Qualification offers for business and governance of cooperatives

The qualification of cooperative leaders comprises three different areas:

- business aspects: management, planning, accounting like in a company,
- governance aspects: ensuring democratic participation of members and responsible leadership,
- ethical aspects: rights and obligations of members, compliance with the cooperative principles and values as well as cooperative spirit.

All these aspects must be covered in order to ensure the development of cooperatives which are successful in terms of their business activities and as a democratically organized group of members. The business and governance aspects are already addressed by some organizations, which offer relevant trainings and consultations, for example ANADER, ProCacao and Technoserve (see below).

But concerning cooperative ethics there exist no offers in Côte d'Ivoire. This training should be directed mainly to the cooperative members, who are the main stakeholders of cooperatives in their dual function as owners and users. It enables them to understand the purpose of their membership and the potential benefits of a cooperative. This training must come first before qualification on governance and business. When the foundation and opportunities regarding cooperatives are understood by all actors, then they will be more motivated to develop the structure and business of the cooperative. Considering the background of the target group such members training must be easily understood and clear and be accompanied with appropriate training materials.

Concerning the qualification of cooperatives with regard to business and governance several organizations in Cote d'Ivoire are providing such trainings and consultations. During the study meetings were held with Cargill, project PROCACAO, EDE Consultants and ANADER but a meeting with the consulting firm Technoserve was declined by them for undisclosed reasons.

### **ANADER (Agence Nationale pour le Développement rural / National Agency for rural development)**

ANADER is a semi-public company executing projects for the government and for private sector organizations. It has a staff of several thousand and all over the country and can reach producers easily. The CCC is the main client of ANADER and there is a strong mutual relationship between the two organizations. ANADER assisted the CCC and the DOPA in sensitizing the cooperatives about the existence of the new OHADA UA and the need to comply with its regulations. The organization understands the need for making cooperatives more professional as follows: enabling cooperatives to solve the problems of the member farmers, to acquire inputs, to have good governance, vision and strategy. It also pursues the approach that eventually all OPA have the legal form of the cooperative. However, ANADER's main approach is the qualification of farmers on good agricultural practices and improved quality and productivity and its main instrument is the FFS approach.

ANADER does normally not provide services which are directly requested by farmers. It rather acts on behalf of projects or government programs which finance its services. ANADER can be seen as an executing agency without projects of its own. This may reduce the willingness and ability of ANADER to share its knowledge and experience with other development institutions of the rural areas.

The nationwide active organization conducts among other approaches the Farmer Field School (FFS) training, which assists cocoa farmers to apply good agricultural practices and to improve the productivity of their small scale farms. The cooperative issues are not contained in this training but could be easily integrated into it in form of specific additional training elements. Since farmers are in great support of the FFS many of them would also be open to the additional elements on their potential benefits as well as rights and obligations as cooperative members.

### **Cargill / Technoserve / CoopAcademy**

The export company Cargill organizes the CoopAcademy, which is implemented by the local consulting firm Technoserve and co-financed by the International Finance Corporation (IFC). The CoopAcademy consists mainly of a 4 week long residential training in which 3-4 representatives of each selected cooperative are trained on business and governance of their cooperative. It is followed up by one year of consultation in the respective cooperative. One result of the training is a five year development plan which among others is focused on increasing the volume of business of the

cooperative in terms of cocoa beans which it can collect from members and then sell to Cargill. In this way Cargill itself can also benefit from this approach through more permanent, larger and efficient transactions with its partner cooperatives. In this context it is remarkable that Cargill demands the cooperatives to contribute to the costs of the training by contributing partly the premium which they receive for certified cocoa (they receive 70 instead of 100 FCFA per kg).

Nevertheless it is positive to note that this is the first and most intensive qualification for cooperative leaders in the country. The very comprehensive curriculum covers almost all relevant areas of management knowledge and skills such as: governance, structure and principles of cooperatives, people management skills, operational management, financial and auditing techniques, and business and marketing plans governance. However, it does not contain practical exercises for soft skills development, which are also urgently required by cooperative leaders (e.g. how to organize effective and yet democratic members meetings, how to motivate farmers to become members and to deliver their produce to the cooperative). While cooperative principles are contained in the curriculum (unlike cooperative values) they are only mentioned but not used to explain the specific ethics or spirit of a cooperative or the specific character of cooperative management. It must also be noted that this training does not directly improve the participation of members but to the contrary gives exclusive knowledge to some selected leaders with the possibility that the imbalance in knowledge and skills between leaders and members even increases.

### **PROCACAO**

This project, which is conducted by GIZ International Services and is financed by the German retail company Lidl also qualifies cocoa cooperatives. It is implemented in cooperation with ANADER at their residential training complex in Gagnoa. Unlike the CoopAcademy training the PROCACAO training is divided into short modules and in the period between them participants return to their cooperatives and implement the new skills and knowledge. From each cooperative up to 5 participants are trained which support the dissemination of the new skills and knowledge in the cooperative. There is also an intensive coaching program in which consultants support the application of the training into the practical activities of each participating cooperative. The disadvantage here is the much smaller number of participating cooperatives. And like in the CoopAcademy training contents such as soft skills of leaders and cooperative ethical issues are largely missing.

### **Other organizations**

Among several other and smaller organizations offering qualifications EDE Consulting provides training and consultations for up to ten cooperatives in Aboisso departement. This is implemented by the Naumann Foundation and financed by the German Cocoa Foundation.

Since 2010 Nestlé implements its initiative Nestlé cocoa plan, which aims at improving the resistance of cocoa plants against diseases and at increasing the productivity of the smallholders and the income of the farmer families. At the same time Nestlé intends to purchase its needed cocoa beans from cooperatives and no longer through intermediate traders. This increases the export capacity of the cooperatives and the benefits of their members from the cocoa trade.

### Recommendations:

- *It is recommended to project PP to employ for its target groups such training approaches which are most appropriate for the intended changes. To this end a concrete proposal has been developed, which is based on the approach to utilize the respective strengths of the currently available training offers of Technoserve and ProCacao / ANADER. This proposal is presented in detail in subchapter 8.4. below.*
- *It is recommended to also involve representatives of public bodies into the intended trainings, as trainers (after attending training of trainers courses), observers or at least as participants. The relevant public bodies are for example: CCC and DOPA (both from the head office and the regional offices), court clerks, notaries who consult cooperatives on their articles of*

*association; representatives of cooperative unions from Abidjan. This will contribute to the necessary cohesion between the public, cooperative and private enterprise sectors.*

- *Project PP in cooperation with DOPA, Technoserve, PROCACAO/ANADER etc. should produce a series of compact brochures which provide easily understandable and practical information on legal and organizational issues concerning cooperatives (e.g. on registration, on taxation of cooperatives, on establishing a cooperative union, on merging of weak cooperatives in the same area, on cooperative audit).*

## **6.2. Assessment of supervision and auditing of cooperatives**

Above some weaknesses in the system of registration of cooperatives through the court clerks and some deficits in the supervision of cooperatives by DOPA after their registration have already been outlined. In this context the issue of cooperative auditing needs to be presented.

With regard to cooperatives two kinds of audit must be distinguished: the financial audit and the organizational audit. OHADA UA article 121 demands all cooperatives with Board of Directors to designate at least one financial auditor when they meet these conditions: Total amount of cooperators greater than one thousand; Turnover exceeding one hundred million FCFA; Total asset greater than 5 million FCFA. The auditor is chosen by the Members General Meeting for a period of three years and must be registered in the same country.

One issue is here that simplified cooperatives are exempted from the audit and there is no size limit for this type of cooperative. Consequently some very large cooperatives are not audited at all.

The second issue is that financial auditors are used to financial audits in commercial companies and are less familiar with the specific structure and activities of cooperatives (e.g. flexible capital; patronage refund). The second issue is that the appointed auditors can only provide the financial audit. The organizational audit or “cooperative audit” which secures the interests of members and ensures application of the cooperative law is not existent in Cote d’Ivoire, and it appears that the need and contents of the cooperative audit are not known. Cooperatives appear to be satisfied with the existing minimal audit while government is only interested in the financial audit which helps that cooperatives make the correct tax payments.

In the international context, cooperative audits are implemented by the public Registrar of Cooperatives (NEPAL), by cooperative federations (Germany, see above) or by specialized registered accountants (Kyrgyzstan). In 2014, East African countries adopted a cooperative society’s bill<sup>47</sup> of which articles 35, 36 and 37 are related to the financial audit and organizational audit conducted by the public authority in charge of the registry. In all these cases the cooperative audit includes a most valuable consultation of the cooperative on how to overcome possible shortcomings which have been identified.

### Recommendations:

- *The government does not have the capacity to implement cooperative audits and cooperative associations are non-existing in Cote d’Ivoire. Therefore only the option remains that cooperative audits are conducted by registered accountants who have received a special training on the cooperative audit. These registered accountants then conduct the cooperative audit as an extension of the financial audit. This approach should be implemented in collaboration with DOPA and the cooperative sector. In developing the approach experiences from other countries (East Africa, Germany etc.) shall be incorporated.*
- *It is recommended to respective stakeholders with support of cooperative experts and national audit experts to develop an approach for cooperative audit as an extension of the financial audit which is executed by registered auditors. Then auditors who are already providing financial audits of cooperatives and are interested to provide this additional service are trained on implementation of cooperative audits.*

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<sup>47</sup> For more details see: [http://eaffu.org/eaffu/co-operative\\_societies\\_bill](http://eaffu.org/eaffu/co-operative_societies_bill)

- *Further, project PP should consult cooperatives on the benefits of obtaining cooperative audits in conjunction with financial audits which are conducted by registered auditors. Cooperatives must be informed that the additional costs of the cooperative audit are compensated by improved management of the cooperative and by strengthened trust from the side of members, creditors and the public. It is recommended to propose to large cooperatives of the simplified type to obtain the cooperative audit as a minimum measure of external supervision.*

## 7. ASSESSMENT OF 40 PRESELECTED COOPERATIVES (MICRO LEVEL)

### 7.1. Results of the quantitative analysis

In this sub-chapter the summarised results of the analysis of questionnaires from 40 cooperatives are outlined. The presentation follows the main categories of the analysis and responds to the questions put forward in the TOR.

#### Structure of cooperatives

Most of the 40 cooperatives are active since many years already. 13 cooperatives are active since more than 13 years and another 4 even more than 15 years. On the other side there are 11 cooperatives which are less than 5 years old and some were established as early as 2011.

Period of establishment	1997-1999	2000-2004	2005-2009	2010-2014	No data
No. coop.	4	13	11	11	1

All 40 cooperatives are listed by CCC for the 2014/2015 cocoa sales campaign. This is also a consequence of the TOR for the analysis, which demanded to study only cooperatives which are actively involved in the cocoa supply chain. This criterion is only fulfilled by cooperatives which are currently listed as suppliers of cocoa beans with CCC.

All 40 cooperatives are registered under the OHADA UA on cooperatives, since this was a precondition to be listed by CCC for the campaign 2014/2015. Cooperatives which have failed to register under OHADA UA have already lost their legal entity. Only 3 cooperatives were already registered in 2013 and the majority of 32 in 2014. There are no data of 5 cooperatives. Therefore most of the analysed cooperatives belong to the majority of cooperatives, which managed to become registered under the OHADA UA in the last instance. They were under pressure of not being listed for the CCC campaign 2014/2015 if they failed to be registered. As has been reported in the analysis on the macro conditions (see above) many cooperatives have experienced a difficult and very costly procedure to obtain the new registration. This was mainly due to the lack of knowledge on the procedure and the high costs for engaging notaries, which developed their new statutes. Here it must be considered that model statutes have been available at the DOPA website but this was not known or not utilized by many cooperatives.

The cooperatives were asked which expectation they have in connection with the registration under the OHADA UA. 7 cooperatives (19%) expect from the new legal framework a support for their better professionalization, improved business and organization. This is exemplified by this quote: "The desire to be effective and well-organized in order to maximize the sales revenue for the members". On the other hand, 28 cooperatives (76%) have no such expectations but only want to comply with the new legal requirements. 2 cooperatives mention that they expect to receive benefits after the new registration. This result shows that the majority of cooperatives has not yet reflected sufficiently about the opportunities which the new OHADA UA provides for their structure (e.g. function of supervisory committee) and business (e.g. establishment of resource networks between cooperatives).

The analysis shows that from 40 cooperatives only one is affiliated to another cooperative organization. This is simplified cooperative SCAMA which is member of the Union of Cooperatives in the Subprefecture Ayame (UCA) since 2005. This is a consequence of the nearly non existing vertical structure and affiliation in the cooperative sector of Cote d'Ivoire. The reasons and consequence for this have already been outlined in the section on the macro and meso framework (see above).

The cooperative societies are divided into sections, which are established in those villages where large numbers of cooperative members are residing. The sections have important functions in the communication and business relationship between cooperatives and members: provision of information on production issues and buying offers; collection of cocoa beans and temporary storage until they are picked up and transported to the central storage of the cooperative; election of representatives for the Members Meetings of the cooperative, who are mandated to represent the inter-

ests of their fellow members in the respective section. In 2014 there existed in 39 cooperatives a total of 340 sections which were linked to 334 villages. Therefore each cooperative had on average 9 sections in as many villages. This shows the relatively large area of operation of the cooperatives. Indeed one can compare the cooperatives to a second tier organization while the sections represent the basic structure at village level. It is also interesting to note that the number of sections increased during the period 2012 to 2014 from 240 to 340, demonstrating restructuring in the cooperatives, most likely in response to the growing membership in villages which demanded a splitting into two sections.

#### *Recommendations:*

- *It is recommended to project PP to provide information, training and consultation to cooperatives on the consequences of the OHADA UA for their structure (e.g. function of supervisory committee) and business (e.g. establishment of resource networks between cooperatives). Without such qualification it must be expected that most cooperatives will continue their previous routines even under the new legal regime of OHADA UA.*
- *It is recommended to project PP to provide information, training and consultation to cooperatives on the benefits and obligations of using vertical structures like cooperative unions. This can lead to a new division of tasks between cooperatives at the primary and secondary level and consequently to more productivity and market power.*
- *During the analysis it was impossible to study the situation at the section level or the mode of collaboration between section and cooperative. Therefore it is recommended to project PP to further explore during the base line study the actual division of tasks between sections and cooperatives and to identify ways in which it can be further optimized. On the basis of the results project PP shall then provide information, training and consultation to cooperatives on an optimal structure and tasks to be performed at the section level. The section leaders shall also receive specific qualification inputs, since they are the important link between cooperative and members: Most members hardly ever visit their cooperative premises and meet the staff there.*

#### **Membership of cooperatives**

In the analysis cooperatives provided data on the number of members at the time of establishment and as at today. At the time of their creation the average size of cooperatives was about 400 members. Today the average size of membership is about 640 members. Therefore it can be concluded that the cooperatives were established by an already large membership, which has since then still grown by about 65%. As reasons for farmers not to become members the cooperatives state: non understanding of cooperative principles; competing cooperatives; absence of premium payments; lack of production inputs; competition of pisteurs who provide cash payment for cocoa beans; insufficient trust for deposit sale (i.e. handing over of cocoa beans against later payment); insufficient transport facilities to collect cocoa beans.

The average target membership which the cooperatives attempt to achieve in the future is 1.200 members. This represents a doubling of the membership from the present situation and is an ambitious target. Therefore many cooperatives are engaged to enlarge their membership through various methods for recruiting new members: awareness raising among farmers; visits of Board members to sections and villages; community development initiatives; disbursement of patronage refunds and premiums; invitation of non-members as observers to members meetings; provision of inputs etc. Not one cooperative mentions the recruitment of female farmers as approach to expand its membership. It is questionable where these additional members can be recruited. In the analysis the cooperatives state that on average only about 100 farmers sell their cocoa beans to the cooperative without being a member. These farmers who are involved in the non-member business are the first target group for recruiting new members. But this target groups seems to be rather limited. In combination with the desire of cooperative to expand their membership there should be good chances to support the membership of female farmers (see below).

### Recommendation:

- *The aspiration of many cooperatives to increase their membership from now 640 on average to 1,200 on average in future seem very ambitious. In order to achieve this target, cooperatives need to actively attract new members, especially among the female and young farmers. In addition they need to clarify the membership status of members who have not or not fully paid their obligatory shares. It is recommended for project PP to inform, train and consult the cooperatives about the respective approaches to attract new members and to clarify the status of existing members.*

### **Financing of cooperatives through members' shares**

A crucial issue in many cooperatives is the low level of payment of shares by the members. Besides loyalty in selling produce through the cooperative this is another fundamental obligation of members. The value of one share is on average 15.000 FCFA (about 23 EUR) with a spread between 5.000 FCFA and 30.000 FCFA. At such amounts the shareholding in the cooperatives can be seen as more symbolic and not as really contributing to the financing of the cooperative. But even these very low share obligations are insufficiently fulfilled by the members. The cooperatives claim that only 43% of members paid their shares in full while 28% paid them only partly. The cooperatives therefore have a share capital of only about 8 million FCFA (about 12.000 EUR) on average and are clearly under-capitalized.

From the above it can be deducted that up to about 30% of members have not made any payment towards their shares. In the strict legal sense they cannot be regarded as members of the cooperative. Only 43% of members who fulfilled their minimum share obligation can be regarded as full members. It appears that the cooperatives do not care much about this situation. By this they give up an important source of self-financing e.g. for investments in transport means, provision of inputs for farmers etc.

The second main source of funding for cooperatives is the advance payment which they receive from the exporter or buyer to whom they sell cocoa beans. As a rule these advances cover only a part of the actual payments which are needed to purchase the produce from members. Therefore cooperatives always depend on the loyalty of members to sell produce to the cooperative against a part payment in cash. They do it despite the fact that the competing pisteur would pay the produce fully in cash at the time of collection. This is one of the strategic disadvantages of cooperatives against competing pisteurs. But it is partly self-inflicted as cooperatives do not demand their members to fulfil their obligation to pay their shares in full or even obtain additional shares. It must be considered that a one-time payment of a share of 15.000 FCFA for one member is inappropriate if the same member can sell cocoa beans with a value of about 850.000 FCFA to the cooperative every year.

### Recommendations:

- *It is recommended for project PP to inform and consult the cooperatives about the many approaches to increase the membership among farmers and to channel the non-member business into member business. This comprises more effective methods for recruiting new members right inside the villages and especially among women and young farmers (see below). Examples are: presentations at events at village level, establishment of youth groups, visits to schools etc.*
- *Secondly, cooperatives need consultations on how to convince their members to fulfil their obligation to pay for their minimum shares or even obtain additional voluntary shares. Cooperatives shall be made understand that they are caught in a vicious circle if they do not receive sufficient capital from their members and then are unable to fulfil the expectations of these same members. Instead of depending on advances and external loans for their liquidity needs cooperatives shall be made understand that first of all they have to utilize self-financing in an optimal manner.*

### **Integration of female farmers and young farmers into the cooperatives**

Today the cooperatives have on average 520 male members (81%) and 80 female members (19%)<sup>48</sup>. All male and female members are active producers of cocoa, which is the main condition for becoming a member. Since women rarely own plantations or at least manage them on their own account, only few women are eligible to become members of the cooperatives. Only 16 of 40 cooperatives were able to provide information on the estimated number of young members (i.e. male or female members below the age of 35), which is about 120 or 18%. It is important to note that behind the average share of female members of 19% there is a wide range of female membership from only 5% up to about 35%. This may be due to the different customary rights in the respective regions regarding ownership and permanent lease of cocoa plantations by women. As at now the cooperatives provide benefits only for farmers who have cocoa beans (and/or coffee beans) to sell<sup>49</sup>. As long as this situation persists a membership of women seems to be only useful for both sides as long as the women are cocoa farmers who have cocoa beans to sell on their own account, even though a membership as such appears useful under gender aspects.

There are two main approaches to increase the membership of women in the cooperatives: (i) more women become cocoa farmers or are able to sell cocoa beans on their own account; (ii) the cooperatives widen their scope of business and market in addition to cocoa and coffee also food crops, which are grown by women, such as manioc, cassava, vegetable. However, it was noted in the study that even in those cooperatives whose members grow food crops the share of female members is not much higher than the average in all studied cooperatives. Probably this is due to the fact that growing of food crops by women is not yet seen as a sufficient basis for their membership in the cooperative. These women only then have an incentive to become members if the cooperative actively markets food crops beyond the local markets which can be delivered by the women themselves. Therefore markets in the regional centres or in Abidjan should be developed in order to market food crops, which are grown by women in large volume.

In this context it is interesting to note that 15 of 40 cooperatives (37%) stated that they implement various activities in order to increase the membership of women (number of cooperatives in brackets): increased participation in the organization of women of the section; association of women; presence of women in the board of directors (2); training and awareness raising for women; awareness raising for farmers and their wives; project of culture of improved cassava for women (2); financial aid for women; awareness of producers to grant 1 ha of cocoa to their wives. From this the conclusion can be drawn that in about one third of the cooperatives not only awareness is developing that it is appropriate to increase the membership of women. In addition there are concrete policies and action packages which can be supported by project PP.

However two thirds of the cooperatives have no policies to attract women as members. Here awareness raising alone is not sufficient to convince more cooperatives to attract women as members in an active manner. It should be pointed out what are the potential benefits of a cooperative if it does receive more female members who are either cocoa farmers or crop farmers.

If there are female cocoa farmers in the area of operation of the cooperative it is useful to attract them as members in an active manner in order to obtain their produce for marketing. If the cooperative makes a special effort to adapt to the needs of the female farmers (e.g. smaller volume of produce, specific times or modes of collection from the farm, additional services like packaging etc.) it can be assumed that they will sell to the cooperative rather than to the pisteur if he does not provide such services. It can be argued that female farmers could sell their cocoa beans through their husbands if they are a member of the cooperative. The immediate membership of female farmers has advantages for them: the family has two votes instead of only one in the members meetings; the family can run a dual strategy by selling partly to the cooperative and partly to the pisteur (in this case the cooperative receives at least part of the produce instead of losing it all to the pisteur); women have direct access to the proceeds from the sale.

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<sup>48</sup> The numbers do not match with the average total membership because of different compositions of the data samples.

<sup>49</sup> With the exception of one cooperative which also markets rice which is produced by its members.

In other areas they may be more female farmers growing food crops instead of cocoa. In most cases the food crop production will be at subsistence level due to restricted planting area, low productivity and lack of local market demand. Here the cooperative can improve the production conditions, e.g. by helping to make available fallow land for food crop production, by providing inputs to increase the productivity (e.g. seeds, fertilizer, pesticides, tools), and by offering to sell the produce at distant markets such as center of the department or Abidjan. If such a marketing channel can be created it will be an incentive for women to step up the food crop production beyond the subsistence level and to become a member in the cooperative. Women may even tend to turn more to food crop production and leave the cocoa production more to their husbands. This is expected to increase the overall productivity and income of the family farm business as a whole.

If seen from the perspective of the cooperative there are also benefits of increased cooperative membership for women. As cocoa farmers they increase the overall transaction volume of the cooperative. This reduces the handling cost per unit and increases the productivity and surplus of the cooperative. A dual membership of husband and wife in the same cocoa farming family can increase their loyalty as suppliers of cocoa beans to the cooperative. As food crop farmers female members provide these benefits to the cooperative: they enable the cooperative to expand its operation into an additional market, to make productive use of personnel and facilities (e.g. storages, means of transport) when they are not used for cocoa beans handling, and to split business risks between various products. In other words, the increased membership of women, as cocoa farmers or as food crop farmers can be presented to the women and to the cooperatives alike as a win-win situation for both sides.

A more technical question is the issue whether women as female members should establish a group inside the cooperative or be part of the general membership. It appears that this is related to their status:

- as food crops producing farmers who are based in the same village it makes sense to create an own section within the cooperative: the women can jointly agree on types and volume of products, can jointly obtain production inputs, share knowledge and tools, can help out for each other in case of unavailability and can better represent their interests within the cooperative. Here own section refers to the mode of collaboration and representation but does not mean to create a separate profit center within the cooperatives. A separate profit center bears the risk that female members are not accepted as full and integrated members and that their particular interests are at stake if the cooperative makes losses.
- As cocoa beans producer it seems beneficial if women are part of their local section and benefit from the general collaboration between cooperative and members there.

#### Recommendations:

- *Project PP shall provide information, training and consultation to cooperatives: on benefits of increased membership of women as cocoa farmers and/or food crop farmers; on approaches to create awareness among members and to attract female members; on approaches to establish a food crops marketing business within the cooperative. Likewise the project shall inform cocoa producing women and food crop producing women in the area about either as individuals or as local women groups on the benefits of becoming members. With the right approaches and methods it seems feasible to convince women and cooperatives that an increased membership of female producers creates a win-win situation for women and cooperatives.*
- *The membership of food crop producing women in cooperatives is only beneficial for both sides if the cooperative is able to sell the food crops in markets which are not accessible to the female producers. Here project PP should provide support to the cooperatives in identifying, entering and securing markets in the rural centers and in Abidjan.*
- *It is recommended to start pilot activities for increased membership of female producers and young producers in some selected cooperatives, test approaches, analyse the results and then*

*disseminate useful approaches to other cooperatives. In selecting the test cooperatives project PP can follow the indicated action packages for the analysed cooperatives (see below).*

### **Governance and audit of the cooperatives**

Constitutions and bylaws exist in all analysed cooperatives since it is a requirement for the registration under OHADA UA. However, the registration was done by many cooperatives not only in a rush but also in dependence of external support by notaries. They actually developed the by-laws, partly on the basis of a model of DOPA and the cooperatives just accepted them. It was observed that there is little knowledge among cooperative leaders on the by-laws under the new legal framework. There is a risk that the law is not applied correctly and that new opportunities provided by the OHADA UA to strengthen structure and business of the cooperatives are not utilized. For many cooperatives even the differences between the two types of cooperatives (simplified and with board) and the appropriateness in the specific case are not clear (for more details on such differences see [annex 1.](#))

A major challenge is for many cooperatives the establishment and functioning of supervisory committees, which are new to the cooperatives with board of directors. In many cooperatives these committees are not yet functioning. Such committees are especially seen as a chance for female members to assume leading functions in the cooperative. As the board of directors is still seen as a domain for male leaders, the supervisory committee can be a good alternative for aspiring female cooperative leaders. Indeed this committee supervises the Board of Directors and is in fact more powerful than the Board itself. It is also a good venue to learn about the management and business of the cooperative and therefore it is an ideal learning ground for upcoming cooperative leaders, female as well as young farmers.

Such a changing of leadership generation is much needed since in many cooperatives the Board members are of very advanced age. To some extent this has ensured a stable and responsible leadership in many cooperatives. While older board members have very valuable experience it must be questioned if they are open to fundamental changes in the cooperatives such as the integration of woman and youth, the diversification to food crops etc. It is a good tradition in cooperatives, which sometimes is even determined in the by-laws, that each year e.g. one third of board members is due to stand for election. This allows to gradually renew the Board's membership without sacrificing the experience of its older members.

In the study the membership of women in the cooperative bodies was analysed. On average the participation of women in the Board of Directors is only 1.7 out of 8.2 members (21%) and in the supervisory committee it is 1.3 out of 4.6 members (28%). The cooperatives have provided the following reasons for not having more female members in their leading bodies: insufficient interest on the side of women; female members are not involved enough in the management; women do not attend the meetings; they are not available; illiteracy.

In the analysis the minutes of several annual general meetings were studied. They create the impression that the meetings are well prepared by the Board of Directors, but that there is little time for discussions with members. The degree of participation is limited and this is even more so where members are represented by elected delegates from the sections. This is also due to the lack of skills of cooperative leaders on participatory methods for discussion, decision taking, planning etc. Such methods are needed to organize events with hundreds of members effectively and to give members the understanding that they are taken seriously.

Governance in cooperatives is not only to be expected from functioning internal bodies but also from effective external supervision. It has been shown in the analysis of the framework conditions (see above) that supervision for cooperatives in Cote d'Ivoire is hardly existing. Of the 40 studied cooperatives 24 reported that they have financial audit reports, but in only 14 cooperatives the reports were actually available. In 10 cooperatives the reports were unavailable which was mainly explained by stating that the audit reports are only stored in the auditor's office. It must be assumed that reports which are not readily available in the cooperative office are hardly used to study and improve the

financial management. First of all it must be ensured that financial audit reports are stored in the cooperative office.

Secondly it has to be considered how the existing financial audit (only for cooperatives with board!) can be complemented by a cooperative audit for all cooperatives. Being a consultative supervision it can be expected to improve the governance and business of cooperatives and also help to safeguard the interests of the members.

While minutes of members meetings and board meetings were made available in some cooperatives they were not handed over in others. Business plans are missing in all cooperatives. Only cooperatives which participated in the CoopAcademy project of Cargill/Technoserve have elaborated there a rough development plan for the next 5 years. This plan is mainly focused on increasing the volume of handling cocoa beans and takes governance and member participation much less into consideration.

#### Recommendations:

- *It is recommended for project PP to inform and consult cooperatives on the need and benefit of developing female and young members into leadership positions. The upcoming leaders themselves shall receive training for example to take up positions as members of the Supervisory Committee. Here they obtain an insight into the cooperative which enables them to take over leadership position in the Board of Directors later on.*
- *Besides knowledge on bylaws, management and marketing cooperative leaders require skills to strengthen the democratic and participative foundations of the cooperatives. Therefore it is recommended for project PP to arrange training in soft skills for cooperative leaders, such as moderation techniques, participative methods for members meetings, conflict resolution etc. These elements can be integrated into existing qualification offers, but only by facilitators who have been qualified themselves for these issues.*
- *When project PP provides consultations for cooperatives they should cover information and guidance on understanding of by laws. This should include approaches to use the new legal framework in order to strengthen the structure and improve the business of the cooperatives.*
- *As has been explained in the analysis of the framework conditions, project PP shall support the strengthening of supervision of cooperatives by MINAGRI DOPA. In addition it shall explore how a cooperative auditing service can be established, which goes beyond financial audit, safeguards the interests of members and helps cooperatives to achieve the objectives for which they were established. In general cooperatives have to be advised that they keep financial audit reports in their offices ready for use and inspection.*

#### **Operations and performance of cooperatives**

As can be expected all 40 cooperatives are active in the collection and selling of cocoa beans. 22 cooperatives mention selling of coffee beans as their secondary business. Only for 8 cooperatives the provision of inputs to their members has a meaningful volume and is seen as tertiary business.

Only 26 cooperatives gave data on their land area under cocoa production, which amounts to more than 60.000 ha or about 2.400 ha on average per cooperative (which equals 4 ha on average per member). The average land area under coffee production is about 800 ha. Some cooperatives claim that their members have land under food crop production and this land area of all members amounts to nearly 600 ha (1 ha on average per member). The estimated total cocoa production of 24 cooperatives which provided such data is around 50.000 tons or about 2.000 tons per cooperative. The average yield per ha is estimated at 0.8 tons for members and 0.45 tons for non-members.

Certifications are not yet widely available and only about 25% of the cooperatives report that they hold them: 13 Rain Forest certifications, 10 UTZ and 7 Fair Trade certifications<sup>50</sup>. About half of the individual members are covered by the certifications. The cooperatives state these plans as regards the future development of certified cocoa production: Participation in projects; training of producers

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<sup>50</sup> There are several cooperatives with multiple certifications.

for the respect of the environment and contribution of plant material (2); provision of improved seeds; distribution of shade trees and of cocoa pods to high yield; Raising awareness among the producers to respect good agricultural practices (3); Training, social actions, monitoring of farmers; 7 cooperatives stated that they have no such plans.

The costs for the audit which is required to receive the certificate takes place every second year. Some cooperatives reported the costs for certification and the average amount for each reporting cooperative is about 5 million FCFA for Fair Trade, 8.5 million FCFA for Rain Forest and 10 million for UTZ certification. These costs can be seen as investments which are offset by additional income through the premium payments for certified cocoa. 25 cooperatives provided information on the potential for production of certified cocoa which is about 1.300 tons per cooperative. The premium payments for such a volume would by far exceed the costs of certification audit and the higher production costs for certified cocoa. However, in a few cases cooperatives have obtained the certification but are then unable to find a buyer for this type of cocoa. They are then forced to sell the certified cocoa at the price of ordinary cocoa. In such cases certifications are indeed a failed investment and it can be assumed that it leads to frustration among cooperative leaders and to disappointment among members. It was observed that there is not much enthusiasm towards certifications among cooperatives as must have existed a few years ago. Today cooperatives evaluate very realistically the costs and benefits of certification. An ideal approach for more production of certified cocoa would be long-term sales agreements with the buyers. They would ensure cooperatives and members that investments in certification audits and in improved agricultural practices are balanced by increased income from premium payments and in increased volume and improved quality.

It is remarkable that cooperatives have little trust in the continuous marketing possibility for certified cocoa, despite the fact that many of them are engaged in long-term sales relationships with buyers. Most cooperatives sell to only one or two buyers. On this basis it should be possible to create long-term agreements regarding the delivery of certified cocoa. Possibly it is the indifference on the side of buyers, who do not want to be bound by agreements, which makes relationships with a long term perspective difficult. The representation of UTZ in Cote d'Ivoire argued that the premium which is paid for certified cocoa beans should not be the only incentive for farmers and cooperatives to obtain certifications. This premium currently amounts to 100 FCFA per kg, and usually is shared equally between farmers and cooperative. It is an important additional income for farmers and for cooperatives alike. Therefore it would be difficult to convince farmers to provide certified cocoa beans if this premium would be cancelled in future. An exception would be that it can be shown to the farmers that under certification systems the volume and quality of cocoa beans significantly increases. Then it depends whether the improved product quality can be honoured by buyers with a higher price. At least an increased volume would result in an improved income under the condition of stable prices.

In the analysis most cooperatives provided financial data like balance sheets and income statements. 26 cooperatives provided their turnover for the last year(s). These cooperatives had in 2014 a turnover on average of 794 million FCFA (appr. 1.213.000 EUR). Of this turnover on average 717 million FCFA (90%) is from the sales of cocoa beans alone, while the remainder is from coffee and in exceptional cases other produce like rice. This shows the high dependence of the cooperatives on one single type of produce and how international price fluctuations must impact on them.

21 cooperatives provided data on their surplus or loss during the period 2012 to 2014. 16 cooperatives of them reported surplus in every year with data, while 5 cooperatives had losses in at least one of these 3 years. From this it can be seen, that in general cooperatives are profitable but in this sample about 25% of them experienced losses. One feature of cooperatives is that they are not aiming at profit and their main objective is to provide services to the members at conditions which only allow some kind of accidental surplus. Therefore cooperatives always run the risk of experiencing a loss if some planned parameters do not materialize. In addition, they find it difficult to build up reserves which can compensate occasional losses.

This is even more the case in the cocoa sector, where purchasing price and sales price are practically fixed (and are equal) and the only own income is the handling fee provided by the CCC. This fee amounts 88 FCFA in the campaign 2014/2015, which represents 11% of the price of cocoa beans. Cooperatives reported that before the fixed handling fee they calculated actual handling costs of 150 FCFA. Even if those costs could be reduced considerably through higher productivity, cost reductions, mergers etc., the fee would still not cover the actual costs. In fact, nearly all cooperatives ask their members to either make cash payments for every kg of delivered cocoa beans or to donate some kgs for every bag of cocoa beans. This means that members do not receive the 850 FCFA minimum price fixed by CCC but only about 825 FCFA per kg. This is not only against the regulations of CCC, but it also puts the cooperatives at a disadvantage against pisteurs who are able to pay the correct amount in full. While pisteurs as a rule pay cash when they take-over the produce the cooperative can only make an advance payment depending on the volume of advance which it received from the buyer. Consequently, cooperatives operate with a strategic disadvantage compared to pisteurs. If seen from the member one must respect their loyalty to continue selling to the cooperative even under these disadvantageous conditions for them.

It became obvious in the analysis that the cooperatives find it very difficult to obtain external funding. The only sources are advances from buyers and loans from financial institutions. While the first depends on the agreements with buyers and always stands under the risk of discontinuity it is very difficult for cooperatives to obtain bank loans. The opportunity for self-financing through shareholding of the members is hardly used by most cooperatives (see above). Therefore the only meaningful source for funding is retained surplus. However, the achievement of surplus is not the objective of cooperatives. If there occurs a surplus it must be taxed and allows only limited investments.

It was astonishing to study the size of personnel of the cooperatives. All studied cooperatives together employ more than 600 persons. They have on average no less than 17 staff, of which only 10% are women. However, there are a few cooperatives with female directors. About 7 staff are employed permanently (Director, accountant, but also store manager) and 10 staff are employed seasonally. This is remarkable because most cooperatives are idle about 3-4 months every year between the cocoa sales campaigns but still must pay nearly half of the staff all year round. Consequently the salaries are low and not sufficient to attract good managers into the cooperatives. Some cooperatives employ in each section one head of section and one accountant. Considering that produce collection takes place only every half year for a few weeks there seems to be some over staffing. This inefficiency can be reduced by expanding the business of the cooperative through diversification to food crops. If especially female members grow food crops and have them marketed through the cooperative its productivity will increase, because personnel, storages, and transport will be used during a longer period. The establishment of additional sales lines is also a good instrument to maintain the services of qualified managers. The cocoa beans selling alone does not occupy them fully and there is a risk that qualified managers leave the cooperative for more challenging and rewarding employment.

An alternative approach is in principle the increasing of sales volume of cocoa, especially of certified cocoa. This can be achieved in many ways: attracting more members, merging with neighbouring cooperatives, establishing a cooperative union in the area. However, this only increases the dependence of the cooperative on one single product. In times of soaring prices this is a profitable approach, but in times of price reduction it can lead to losses. If they continue for longer periods the reserves will be used up and the cooperative has to be liquidated. Another risk is the discontinuation of the supply relationship with a buyer, which endangers the sales at least in the short run. In other words, while specialisation and growth are in principle possible options they are less so in such volatile market conditions like in the cocoa sector.

#### Recommendations

- *It is recommended for project PP to provide information, training and consultation to cooperatives on the benefits of pursuing certification for the cocoa production of their members in conjunction with the commercial partners of the cooperatives. This should be done with a*

*view not only on the premium to be achieved but also with regard to the increased production volume and improved product quality under a certified production environment. Here the project PP needs to demonstrate through documentation of production costs and results (it can be a by-product of the FFS training), that certified production is profitable even when taking into account the higher production costs. Such information can be integrated in FFS trainings and in information events with farmers.*

- *Considering the high costs for the certification audit, which are in most cases borne by the cooperative alone, certification can be a profitable investment only in the long run. Therefore project PP shall consult cooperatives to engage into long-term agreements with buyers of their choice. In such agreements the minimum volume of certified and ordinary cocoa beans to be supplied during the coming years shall be fixed. Such long term sales contracts represent the stable basis on which the development of the cooperative can be systematically planned and achieved.*
- *In its trainings and information for cooperatives project PP shall stress the importance of self-financing for the development of the cooperative. This first of all in the form of fully paid obligatory member shares and additional voluntary shares. In many cooperatives this move alone will double the amount of share capital. For the members fully paid shares demonstrate their commitment and trust towards the cooperative and support the members' demand for useful and beneficial services. As for the cooperative it is the easiest and cheapest way of financing and reduces dependence on external sources of funding (buyers, banks).*
- *If compared to the time pattern and volume of work of the cooperative the number of staff in many cooperatives is regarded too high. Project PP can support that personnel planning is part of the management trainings to be conducted for representatives of the cooperatives. Then cooperatives should not be consulted to merely reduce the staff but rather to increase the business through diversification, expanding of membership etc. and then maintain the existing staff.*
- *In most analysed cooperatives nearly all members of the cooperative bodies are men. However, there are few cooperatives with female directors. They can serve as good examples, which convince cooperative leaders to accept female directors and which motivate female members to become qualified and then stand for election for positions in the cooperative bodies.*

### **Qualification efforts for cooperatives and their members**

Of the 40 analysed cooperatives 24 reported that their representatives have participated in trainings organized by various buyers (mainly Cargill, ADM and SACO) and other organizations (ANADER, CCC, Technoserve CoopAcademy, SOCODEVI, EDE consult, ProCacao etc.) or in connection with certifications (UTZ, rainforest, Fairtrade). 3 cooperatives stated they did not participate in trainings and 13 did not provide answers. While 6 cooperatives participated in more than 6 trainings the majority visited only one or few trainings. The topics of the trainings comprised: good agricultural practice; use of pesticides; cooperative management and accounting; product quality, certification; function of cooperative bodies; gender issues; awareness of worst forms of child labor; business planning; holding of meetings; Farmer Field School, entrepreneurship etc. It can be noted that trainings on most relevant topics have already been provided, but no cooperative has participated in many of them and the qualification covers the needs only partially.

Only 5 cooperatives state that they have received consultations from the organizations mentioned above. They were provided mainly on business management but also on OHADA application (by ANADER). It can be assumed that the provision of consultations to cooperatives is even less intensive than that of trainings. Consequently only 3 cooperatives reported that they have elaborated Business Plans. It must be assumed that this important tool for business development is hardly known and used among the cooperatives.

19 cooperatives report that they have provided own trainings for their members. However, at closer analysis it can be stated that these trainings were actually organized by the same buyers, other organizations or certification agencies which have been mentioned above. The subjects cover mainly:

good agricultural practices; environment and sustainable production; Farmer Field School; application of pesticides and phytosanitary products; production issues etc. It can be concluded here that the cooperatives hardly organize trainings for members themselves but rather act as mediators which link training providers to the farmers. In this sense the cooperatives fulfil the 5<sup>th</sup> cooperative principle only in an indirect manner. 15 cooperatives report that they provide information to their members, mainly on prices of produce, phytosanitary products, but also for raising awareness on prevention of worst forms of child labour.

Recommendation:

*The framework for qualification of cooperatives has been analysed thoroughly. The results can be found in chapter 6 above. A concrete proposal for a qualification framework and action plan is proposed in subchapter 8.4. below. It is advised to consider the recommendations provided in these two chapters.*

**Provision of production inputs through cooperatives**

An important function of cooperatives is the supply function, i.e. the provision of production inputs to their members. More than half of the 40 studied cooperatives report that they have already provided such production inputs, namely: pesticides; phyto-sanitary products; fertilizer; plant materials. As regards the conditions of supply 22 have received such inputs free of charge mainly from the CCC and 12 cooperatives obtained these inputs from the market at actual costs. The free delivery of production inputs is a policy of CCC to improve the productivity of cocoa plantations and to improve the product quality. However, most of the cooperatives reported (in the SWOT analysis, see below) that the inputs which are provided free of charge from the CCC by far do not fulfil the actual demand. This creates problems for cooperatives as to the mode of fair distribution of scarce inputs vis-à-vis a larger demand. The demands of a few farmers are satisfied while the majority of them have to obtain inputs themselves at market prices.

In the light of the above it is remarkable that only 12 cooperatives report that they have purchased inputs in the market for selling them to members. If they did so they could achieve a small margin. It is deplorable that cooperatives do not acknowledge the provision of inputs as a potential business and source of income. It needs to be asked if possibly the provision of free inputs, as erratic and insufficient it may be, is disturbing the establishment of a sustainable supply activity of the cooperatives.

Recommendation:

- *It is recommended to the CCC to reconsider the existing policy of provision of free of charge production inputs to the cooperatives. This should be replaced with support to establishing a sustainable system of supply of production inputs through cooperatives which fulfils the actual demand of all farmers. If cooperatives can purchase production inputs in bulk they can offer them to their members at attractive prices. In addition, the cooperatives achieve a margin which contributes to their sustainability.*
- *It is recommended to project PP to provide information, training and consultations to cooperatives on the benefit and requirements of establishing a supply system for production inputs to their members. This can greatly contribute to the sustainability of the cooperatives.*

**Provision of planting materials and nurseries at cooperatives**

Only 10 cooperatives reported that they received any planting materials (mainly cocoa plants of the Mercedes type). It is assumed that such a level of provision of inputs does not respond to the actual needs of the farmers. In the SWOT analysis (see below) most cooperatives see it as a threat that the cocoa plantations are aging and need rehabilitation. Therefore 6 cooperatives report that they have already resolved to establish plant nurseries of their own, e.g. one cooperative has set up a nursery for 50,000 seedlings in the year 2013. This clearly shows the need to consider the effective, continuous and sustainable provision of cocoa plant materials to the farmers. In the light of the huge

demand it is questionable whether it is sufficient to use cooperatives only as distributors. As the examples show cooperatives can effectively establish and run nurseries of their own.

Recommendation:

- *It is recommended to the CCC to reconsider the apparent deficit of supporting the establishment of nurseries at the level of cooperatives. This should be replaced with a two tier system, where improved plant material is produced at national research institutions and is then multiplied at nurseries which are run by selected cooperatives. These nurseries should be subject to inspections in order to ensure quality. The nurseries enable cooperatives not only to provide an important service to their members, but can also help to achieve income, which contributes to their sustainability.*
- *It is recommended to project PP to provide information, training and consultations to cooperatives on the benefit and requirements of establishing plant nurseries at cooperative level. This can greatly contribute to the necessary rehabilitation of cocoa plantations and to the expected increase of productivity and income.*

### **Micro finance services of cooperatives to members**

Only 5 cooperatives report that they are providing micro loans to their members. From the SWOT analysis (see below) it is known that many cooperatives complain about non repayment of loans by members. From there it can be concluded that most cooperatives actually provide loans but in most cases do not operate a comprehensive micro loan system. If then it can be assumed that the needs of farmers for external source of seasonal loans are by far not met. This not only endangers the sustainability of the cocoa family farming business but it may also lead to dependency on other sources of external funding such as traders and pisseurs.

On the other hand it is clear under the OHADA UA regime that cooperatives are not allowed to provide financial services without holding the necessary permits to do so. In other words, cooperatives which provide loans to members must be registered and operating as micro finance institutions and fulfil the respective legal framework. If cooperatives provide loans to members without such approval they run the risk that the repayment of loans cannot be enforced as the provision of them was illegal in the first place. In order to facilitate this, the relevant legal framework for micro-finance and the institutional and organizational requirements for providing such services need to be analysed further.

Recommendation:

*It is recommended to project PP to first analyse the legal framework and requirements for micro-finance and then to provide information, training and consultations to cooperatives on the benefits, feasibility and requirements of establishing micro-finance services to their members. These should be established, run and inspected on the basis of the respective legal framework for micro finance institutions and only in those cooperatives which can provide such services in a sustainable manner. The project PP should then cooperate with relevant micro-finance development institutions in Cote d'Ivoire, which provide the required training and consultations to those cooperatives, which are interested to establish such services. On the other hand cooperatives without permission or without ability to run micro-finance services should be consulted to discontinue this service.***Awareness against worst forms of child labour and against utilization of protected areas**

13 cooperatives report that they are implementing activities to help fight against the prevalence of the worst form of child labour. The following specific activities are mentioned: Raising awareness of farmers e.g. by organising an Awareness Day (3); distribution of brochures; installation of warning signs; aspect in training for farmers; training on the rights of children; specific monitoring of producers or visit of farmers; staff Training; grants of scholarships to students in primary schools; signature of commitment in the fight against child labor vis-a-vis the buyer. Here the variety of activities to fight worst forms of child labour is impressive. However it is notable, that only 13 cooperatives reported that the implement such activities, which should be routine activities of every cooperative. In

addition, many cooperatives seem to believe that the installation of posters and the mentioning of the problem in member meetings are sufficient. Instead it appears necessary to execute monitoring at farm level and to ask members to report malpractices in order to eradicate this deplorable practice.

The question on the issue of using protected areas for cocoa planting was answered by 26 cooperatives. 19 of them replied that such utilization of protected areas by their members does not exist, 6 cooperatives replied that such members would not be included in certification programs and 1 cooperative replied that no membership would be offered to such farmers. It is interesting to note that 14 did not respond to this question. One reason may be that such protected zones do not exist in their operation area. During the study it was not possible to verify that all thousands of cooperative members do not utilize protected areas. Therefore, it was impossible to exclude cooperatives on the basis of this criterion alone. It appears useful that project PP raises the awareness of cooperatives with regard to cocoa planting in protected areas.

Recommendation:

- *It is recommended to project PP to provide information, training and consultations to cooperatives on the need to actively provide more awareness raising and to introduce effective monitoring of members to prevent the worst forms of child labour. This should be directed especially at such cooperatives which have not yet been sufficiently active in this area.*
- *It is recommended to project PP to provide information, training and consultations to cooperatives on the need to actively advise their members against cocoa planting in protected areas and in providing sanctions to farmers offending this rule.*

**Community services of cooperatives**

No less than 19 cooperatives or nearly 50% report that they are providing community services to the villages in their operation area. This comprises financing or at least contributing to projects such as follows: Market construction; school equipment; school rehabilitation (latrines, garbage); school canteen (3); rehabilitation of health centers; school construction (2); bridge construction (5); well construction; school kits; road rehabilitation; police station rehabilitation; mosque construction; shops in the sections; vehicles for sections; literacy courses; marking of protected areas; purchase of ambulance. In many cases these projects are carried out with full or partial support of the buyer who is engaged in supply relationship with the cooperative.

From the volume and scope of the projects mentioned above it can be deducted that the cooperatives see it as a major responsibility to contribute to development of the infrastructure of the villages in their area of operation. This not only improves the livelihood of the members but also demonstrates the benefit of the cooperative for the entire population. It is also an important instrument to attract more farmers as members. In doing so the cooperatively very effectively fulfil the cooperative principle no. 7 (concern for the community).

However it can be noted that nearly all contributions to the communities regard the physical infrastructure (i.e. buildings, furniture, facilities, ambulance). These are community contributions which can be shown and can be used by the buyers in their own public relations efforts. Of course this must be respected and is also useful by itself. However, the cooperatives are not sharing their management abilities and skills with the communities or contribute their organizational structure to support community activities. For example cooperatives can help more widely to organize women or youth groups in the villages. This would not only improve the community spirit in the villages but also help in attracting these groups as cooperative members.

Recommendation:

- *It is recommended to project PP to provide information, training and consultations to cooperatives on the benefits of sharing their management abilities and skills to improve the social cohesion in the villages. This can regard for example contributions to establishing women and*

*youth groups and to provide motivational trainings to them to become cocoa farmers. This should then be integrated into the efforts of the cooperatives to attract more members among the target groups women and youths.*

### **Infrastructure and facilities of cooperatives**

All 40 cooperatives report that they have infrastructure which is necessary to run the cocoa beans selling business. Especially storages are available even though in many cases they are not responding to the actual needs. While some cooperatives cannot fully utilize their much too large storages others have to rent storages in order to cope with the handling volume. Here collaboration between neighbouring cooperatives would be useful to share the total volume of available storage space according to the respective needs. But such collaboration does hardly take place.

Most cooperatives complain about the shortage of means of transport to collect cocoa beans from members and to transport them to Abidjan. While the hauling of cocoa beans to Abidjan can be organized with the help of transport subcontractors the collection of cocoa beans from the villages is difficult to organize. Here again, collaboration between neighbouring cooperatives could be explored, that is the joint use of the available means of transport. Even though this leads to collection of cocoa beans at night it could be implemented, because pisteurs are working in the same way.

Processing equipment is available in only few cooperatives, such as applicators for pesticides, coffee dehullers etc. The availability of office equipment such as computers, printers and photocopiers is reported by 23 cooperatives.

Most cooperatives report that they have facilities for fermentation of cocoa beans. However, these are always located at the widely dispersed sections in the villages and therefore could not be inspected during this study. During the baseline study the quality and production volume of these fermentation facilities should be studied further. Especially the need and potential for upgrading of these facilities shall then be analysed.

### **Recommendation:**

- *It is recommended to project PP to provide information, training and consultations to cooperatives on how to identify shortages or excess of infrastructure in the cooperatives in one region. Then cooperatives are qualified to explore possibilities how possible excess facilities can be shared in such a way that the deficits in other cooperatives are covered. This applies to storages for cocoa beans at village and at cooperative level. It also applies to means of transport especially for the collection of cocoa beans from the sections at village level to the cooperative main storage. It is expected that this move not only leads to reduced handling costs in each cooperatives but also initiates the collaboration between them. On this basis the possibility to establish a cooperative union among the cooperatives in one area can be explored.*
- *It is recommended to project PP to analyse further the processing facilities such as fermentation places at section level in the selected cooperatives and to explore ways for their further upgrading.*

## **7.2. Results of the qualitative analysis (focus group meetings)**

In the TOR it was requested that the analysis of cooperative would not only consist of a quantitative study. It was already assumed that not all quantitative data would be available. Furthermore, it was understood that cooperatives which are to participate in project PP also have to be ready for change and have to be open for the qualification inputs and consultations of the project. Therefore such criteria come into the focus like openness of the leadership, degree of participation of members, style of communication between leaders and members, cohesion within the cooperative etc. To this end the TOR requested to organize focus group meetings with male and female members and with the management. These meetings were successfully organized in each of the 40 analyzed cooperatives. The contents and methods of the focus group meetings have already been presented above

(see sub-chapter 3.3). In the following summaries of important results of the focus group meetings are outlined.

The details regarding each cooperative can be found in the profiles which have been elaborated for each of the 40 studied cooperatives. These profiles provide valuable background information for the future promotion of selected cooperatives. They can be a basis for the planned base line surveys of the cooperatives. It can be noted that the qualitative results seem to be less concrete than the results of the quantitative analysis. However, they were achieved with acknowledged methods of GIZ, which ensure the participation of target groups and stakeholders in the planning and implementation of projects.

### **Past development of cooperatives**

The discussion of the past development of the cooperatives provided important insights into the establishment of the cooperatives and especially the type of initiators. This provided hints on cooperatives which were actually established by formed cocoa beans traders and are in fact cooperatives without application of the cooperative principles. The past development also showed that many cooperatives have experienced threatening periods in their development, such as property losses during the period of political crisis or embezzlements of past directors. However, they have “survived” these difficult phases and it can be assumed that they emerged from this in a strengthened manner.

### **SWOT analysis of present situation**

The following table presents important items which were mentioned by most cooperatives in the of SWOT analysis.

<b>Strengths</b> <ul style="list-style-type: none"> <li>• Good cooperation with members (many members accept deposit sale)</li> <li>• Available storage, transport means, scale, sprayers (but often insufficient)</li> <li>• Social loans for members (but is illegal)</li> <li>• Health and education infrastructure</li> </ul>	<b>Weaknesses</b> <ul style="list-style-type: none"> <li>• No or minimal surplus thus endangering the sustainable existence</li> <li>• Illoyalty of some members (selling outside of coop., non repayment of loans)</li> <li>• Insufficient inputs (phytosanitary, bags, seedling, pesticides etc.)</li> <li>• Lack of liquidity to pay advances to members</li> <li>• No or insecure quota for certified cocoa</li> <li>• Difficult communication with members</li> <li>• Lack of cooperative spirit</li> </ul>
<b>Opportunities</b> <ul style="list-style-type: none"> <li>• Establishment of value adding services (better plant material, fermentation, drying)</li> <li>• Projects with training facilities</li> <li>• Good relationships with cocoa buyers</li> <li>• Chance for diversification to food crops</li> </ul>	<b>Threats</b> <ul style="list-style-type: none"> <li>• Low price for cocoa, coffee</li> <li>• Competition by local buyers (pisteurs)</li> <li>• Aging of plantations</li> <li>• Climate change</li> <li>• Cocoa diseases</li> <li>• Shortage of land</li> <li>• Switching of farmers to palm oil, rubber</li> </ul>

In general it can be said that the SWOT analysis made by the cooperative leaders and members (first separately and then joined together) display a realistic image of the current situation of the cooperatives. It is also remarkable that not only shortcomings and needs were listed but that the cooperatives understand their own strengths. These are mainly based on the good collaboration between members and cooperative in the sales of cocoa beans.

### **Main strategies**

In the third of the focus group meeting the participants were first asked to propose main strategies for the future development of the cooperative. These were discussed separately by leaders and members and were then merged. The strategies which were mentioned by most cooperatives are presented below:

- Achieving direct export of cocoa beans
- Diversifying members production to other cash crops (e.g. rice) food crops (manioc, cassava, vegetable), livestock, with marketing through cooperative
- Achieving certification in cooperation with partner buyers
- Establishing/expanding micro loan programs
- Achieving financial self-sufficiency
- Establishing nurseries for cocoa plants and shade trees
- Increasing the membership of the cooperative
- Admitting more female and young members
- Establishing or joining a union of cooperatives

These main strategies for future development of the cooperatives, which were proposed, regard all important objectives of the project PP. This demonstrates that the cooperatives in general are aware of the challenges of their future development. It can be assumed that they will positively respond to the qualifications and consultations offered by project PP.

### **Main intervention points**

On the basis of the above results the following focus points for interventions of project PP for the development of cooperatives can be defined.

- Increasing the profitability of cooperatives to ensure building of reserves and their sustainable existence.
- Supporting provision of more and cost recovering services, cost reductions, mergers among cooperatives etc.
- Creation of ownership among members (legal registration, signing of shares, increasing value of shares)
- Consultation of integration of women and youths in membership
- Management training for office holders
- Practical leadership training and coaching for office holders and key members (incl. soft skills for better member participation)
- Consulting cooperatives on benefit and methods of creating vertical structure in the cooperative sector (unions, associations)
- Support for provision of inputs to farmers through cooperatives at cost (pesticides, phytosanitary, fertilizer, plants)
- Consultation of establishing cooperative micro-finance schemes according to legal requirements (Art. 46 OHADA).

## **8. SELECTION OF COOPERATIVES AS PARTNERS FOR PROJECT PP**

In this chapter the following objective 3 of the analysis will be treated: Propose at least 20 farmer organizations to collaborate with PRO-PLANTEURS during the first project phase and recommendations / a plan of action for each cooperative based on standard action modules<sup>51</sup>.

### **8.1. Selection criteria**

The TOR of the analysis provide a set of basic criteria for the selection of cooperatives as partners in the first phase of Project PRO PLANTEURS. For the study these criteria have been transformed into verifiable indicators of the analyzed cooperatives in the following manner.

Basic selection criteria in TOR	Verifiable indicators of analysed cooperatives
• Involvement in the cocoa value chain	• Registration at CCC for cocoa campaign 2014/2015
• Willingness to improve governance and member	• Statement of leaders / members on main strate-

<sup>51</sup> The recommendation of standard action modules is treated in subchapter 7.4.

participation and business performance	gies / important initiatives during focus group meeting
<ul style="list-style-type: none"> <li>Exclusion of members who cultivate cocoa in protected areas and use worst forms of child labour</li> </ul>	<ul style="list-style-type: none"> <li>Questions 23.10. and 58 of questionnaire</li> </ul>
<ul style="list-style-type: none"> <li>Willingness to become more profitable and professional</li> </ul>	<ul style="list-style-type: none"> <li>Statement of leaders and members on main strategies and important initiatives during the focus group meeting</li> </ul>
<ul style="list-style-type: none"> <li>Willingness to contribute to data base and to monitoring and evaluation</li> </ul>	<ul style="list-style-type: none"> <li>Ability and willingness to provide data for the quantitative analysis.</li> </ul>
<ul style="list-style-type: none"> <li>Willingness and ability to grow in terms of membership and turnover</li> </ul>	<ul style="list-style-type: none"> <li>Statement of leaders and members on main strategies and important initiatives during the focus group meeting</li> </ul>
<ul style="list-style-type: none"> <li>No defaults on paying back loans</li> </ul>	<ul style="list-style-type: none"> <li>Question 29. in questionnaire</li> </ul>
<ul style="list-style-type: none"> <li>No records on misappropriation of funds</li> </ul>	<ul style="list-style-type: none"> <li>Information on past development of cooperative during focus group meeting</li> </ul>
<ul style="list-style-type: none"> <li>Interest to directly export cocoa beans</li> </ul>	<ul style="list-style-type: none"> <li>Statement of leaders and members on main strategies and important initiatives during the focus group meeting</li> </ul>
<ul style="list-style-type: none"> <li>Willingness to improve active participation of women and youths in the farmers group</li> </ul>	<ul style="list-style-type: none"> <li>Statement of leaders and members on main strategies and important initiatives during the focus group meeting</li> </ul>
<ul style="list-style-type: none"> <li>Diversification of services and structures e.g. female sections</li> </ul>	<ul style="list-style-type: none"> <li>Statement of leaders and members on main strategies and important initiatives during the focus group meeting</li> </ul>
<ul style="list-style-type: none"> <li>Willingness to participate in trainings e.g. Farmer Business School, good cooperative governance, application of OHADA law.</li> </ul>	<ul style="list-style-type: none"> <li>Questions 45. and 46. of questionnaire</li> </ul>
<b>Further predeterminations in the TOR</b>	<b>Verifiable indicators of analysed cooperatives</b>
<ul style="list-style-type: none"> <li>Selected farmer organizations will be medium level cooperatives and other farmer organizations who demonstrate basic capacity and could be substantially brought up to a higher level of functioning.</li> </ul>	<ul style="list-style-type: none"> <li>Based on the criteria "involvement in the cocoa supply chain" only cooperatives are selected. Their basic capacity is assessed through quantitative analysis. Their potential for upgrading is assessed through results of focus group meeting.</li> </ul>
<ul style="list-style-type: none"> <li>Selection of a mixture of producer groups, from small but dedicated informal groups to cooperatives that are already part of exporters programs.</li> </ul>	<ul style="list-style-type: none"> <li>Informal groups have no legal status, are not registered at CCC and cannot fulfil the criteria "involvement in the cocoa supply chain". Therefore only cooperatives are selected. By definition they are already connected to exporters.</li> </ul>

## 8.2. Classification into proposed and not proposed cooperatives

Based on the above criteria and the indicators derived from them, the 40 analysed cooperatives were evaluated. Basis of the evaluation were the results of the quantitative analysis (it is presented in the summary table of questionnaires in [annex 8](#)) as well as the results of the focus group meetings (see profiles of cooperatives in [annex 9](#)).

The basic sample for the selection is the group of 40 preselected cooperatives. The need to select out of them at least 20 cooperatives has been transformed into a selection procedure comprising the following logical steps:

- deletion of those cooperatives, which do not fulfill some important selection criteria and which therefore do not provide a solid basis for good cooperation with project PP;
- the remaining cooperatives comprise those which are proposed as partners in project PP. Insofar this group comprises more than 20 cooperatives a classification is made into two priority groups depending on the degree of fulfilling the important selection criteria: priority group 1 with coop-

eratives fully or mainly fulfilling the criteria; priority group 2 with cooperatives only partly fulfilling the criteria;

- in addition the condition was applied to “select a mixture of producer groups”, that is to form a heterogeneous target group, which enables project PP to apply and test its approaches at a variety of cooperatives. This is seen as a precondition to identify solidly tested instruments for the promotion of cooperatives and their members, which can be disseminated to public and private organizations in Cote d’Ivoire for their respective promotional activities in the cocoa cooperative sector;
- finally, the lists of recommended cooperatives obtained from CCC, DOPA, Cargill, UTZ, EDE, SSAB were also taken into consideration for the selection and classification.

Based on the above considerations in the first step therefore cooperatives were deleted from the sample, which do not fulfill some important selection criteria. This group which is not proposed as partners for project PP comprises 10 cooperatives. The following table lists these cooperatives and provides for each of them the main justification for non-selection. The details or background of the provided justifications can be found in the detailed profiles of cooperatives (see annex 9).

<b>Analysed cooperatives which are NOT PROPOSED for cooperation in project PRO PLANTEURS</b>			
<b>No.</b>	<b>Study no.</b>	<b>Acronym of cooperative</b>	<b>Justification for non-selection</b>
1	7/1 B L/ABE	COOP-CA PAN	During visit: permanent absence of the PCA, delay and disinterest of Director, the distraction of some members. Probably a disguised purchase center
2	9/1 B XS/ABE	COOPEXA COOP-CA	Cooperative established for personal interests. Only 89 Members and small production. Has a deficit.
3	10/1 S M/ABE	COOPRAGRIK -SCOOPS	Originates from a purchase center; No focus group meeting held; influenced by Ghana cocoa prices
4	11/1 B S/ABE	COOPYCA COOP –CA	Membership decreased 65% since 2000 (1222 to 395 members); business data not provided, dominance of director, management deficits
5	15/1 B L/AGN	COOP-CA BENKADI	Office in house of president; president dominates focus group meeting; probably a trader dominated cooperative; no member paid full shares; very few young members
6	16/1 B S/AGN	COOP-CA COOPADA	Less intensive focus group meeting; no business data provided; cooperative cannot be fully assessed
7	19/1 B XL/ABO	CNEK- COOP-CA	One of the largest cooperatives; seat of cooperative in Abidjan and not in project area; probably a trader dominated cooperative; deficits in UTZ conformity assessment; members have large holdings;
8	31/1 B XL/AGB	SCOOPAC COOP-CA	Established by trader and his son; members claim not to know the Board members; seat of cooperative and all documents in Abidjan; no business data available; conflicting discussions at focus group meeting; this is most likely a trade dominated cooperative.
9	33/1 S M/AGB	SCOOPS- EA	Focus group meeting without chairman of management team and little participation of members; no data on membership; 41 mio FCFA deficit in 2013; result in 2014 to be checked before admission to PP
10	40/1 B M/AKO	SCOOPAAS - COOP-CA	2013/2014 no or little surplus; very large storage; effective focus group meeting but less active PCA; 19% female members

As can be seen in the above table the main reasons for deletion of cooperatives are: (i) assumption that the cooperative is actually the sales organization of a private trader; (ii) persistent non-provision of requested quantitative data; (iii) financial deficit which endangers sustainable existence of the cooperative; (iv) lack of cohesion between leaders and members during the focus group meeting. All these reasons allow the assumption that the above cooperatives are not in a position to benefit from project PP and to contribute to the achievement of its objectives.

Following the logic of the converse argument the remaining 30 cooperatives are in general judged as able to participate in project PP and to contribute to its objectives. Based on the need to propose at

least 20 cooperatives as partners for the first phase of the project these 30 cooperatives have been classified into two priority groups:

- priority group 1 (cooperatives fully or mainly fulfilling the criteria) is proposed as partners for the first phase of project PP;
- priority group 2 (cooperatives only partly fulfilling the criteria) is proposed as reserve group for the following cases: (i) the partnership with a cooperative from priority 1 group cannot be concluded; a cooperative from priority group 1 drops out from the project for various reasons; there is a need or chance to work with more than 20 cooperatives.

The following table lists these cooperatives and provides for each of them the main justification for classification into priority group 1 or 2. The details or background of the provided justifications can be found in the detailed profiles of cooperatives. It has to be noted that the classification into priority groups in some cases was also based on the condition to arrive at a mixture of producer groups, which allows project PP to apply and test its approaches with a variety of cooperatives and to disseminate a wider range of tested instruments and best practices.

<b>Analysed cooperatives which are PROPOSED for cooperation in project PRO PLANTEURS and classification into priority groups</b>					
<b>No.</b>	<b>Study no.</b>	<b>Cooperative acronym</b>	<b>Pri- ority</b>	<b>Justification for classification</b>	<b>No. mem- bers</b>
1	1/1 B XS/ABE	CAMAB -COOP-CA	1	Experience in food crops diversification and potential for further development it (Rice; Fish breeding); 25% female members; recommended by DOPA	205
2	3/1 B XL/ABE	COOPAZA COOP-CA	1	Gender orientation (19% female members), youths orientation (28% young members), large production potential for food crops; recommended by CCC, DOPA, SSABtrained	876
3	4/1 B M/ABE	COOP-CA PRANIA	1	Able to cope with the loss of the long-term buyer and to engage in new partnership, great initiative; recommended by CCC, DOPA	250
4	5/1 B M/ABE	COOP-CA ABOTRE	1	Youth orientation (40% young members); supervisory committee 60% female members; good participation; recommended by CCC, DOPA	350
5	6/1 B L/ABE	COOP-CA ESPOIR	1	Experience with cooperative owned fermentation center. Large number of non-member suppliers (expansion potential), good potential for food crops; female management team; recommended by CCC, DOPA	400
6	8/1 B L/ABE	COOP-CA YEYOBIE	1	One of the largest cooperatives. 2014 best cooperative of Indenie Djuablin awarded by CCC, experience with CoopAcademy training. Experience with failed investment in storage. Plan to establish loan scheme; recommended by CCC, DOPA, SSAB trained	1.600
7	12/1 B L/ABE	SCAANIAS COOP-CA	1	Successful development; youth involved in management; Supervisory Committee only female members; many community activities; recommended by CCC, DOPA, SSAB trained	508
8	13/1 B L/ABE	SCOOPACA COOP-CA	1	80% members paid shares; increase of yield per ha; very profitable; good management; potential for food crops; community activities; recommended by CCC, DOPA, SSAB trained	1.048
9	17/1 B M/AGN	COOP-CA-ANONKLON	1	Old cooperative with members in many villages in the entire departement; many community initiatives; plan for land titles of members; all members paid shares; only 6% female members; due to distance few members in focus group meeting; recommended by CCC, CoopAcademy training 2015	1.000
10	18/1 B XL/BET	COOP-CA CAPRESSA	1	One of the largest cooperatives; good infrastructure; recommended by CCC; potential for other cash crops; no business and financial data provided; recommended by CCC, SSAB trained	1.030

11	20/1 S XS/ABO	COOPAMA SCOOPS	1	Only 5% of members paid full shares; 2011 embezzlement of former director; potential to integrate the oil palm business of many members; recommended by CCC, EDE for Naumann Foundation	568
12	21/1 B XL/ABO	COOPRAMA- COOP-CA	1	30% non-member business (potential to increase membership); nursery for cocoa plants 11 ha; 4 of 5 Board members have Mali nationality; less participatory focus group meeting; recommended by CCC, DOPA;	152
13	22/1 B S/ABO	KGS COOP-CA	1	Nursery for cocoa plants 6 ha; Farmer Field School for members; small share of female members; effective and participatory focus group meeting; recommended by CCC, DOPA, CoopAcademy trained 2014	400
14	23/1 S XS/ABO	SCAMA SCOOPS	1	930 ha under food crop cultivation; very small staff; strong side business coffee; small amount of share (5.000 FCFA); case for collaboration with cooperative union (UCA); interest in diversification to food crops (training for women on cassava production); recommended by EDE for Naumann Foundation;	540
15	25/1 S S/ABO	SCOOPS-ES	1	one of few SCOOPS in analysis; Participate in many qualifications; only 10% female members; effective and participative focus group meeting; experience of project with SACO/SOCODEVI; recommended by CCC	410
16	27/2 B S/ABO	UCA COOP-CA	1	The only cooperative union in the study; case: demonstrate the development of cooperative union; interested to export directly; marketing of food crops if delivered by member cooperatives; its members are recommended by EDE for Naumann Foundation.	4
17	28/1 B M/AGB	CAAM COOP CA	1	Newer cooperative with many young members; female director; case for integration of young members; interested in diversification; recommended by CCC, SSAB trained	315
18	37/1 B M/AKO	COOP CA COOPAAF	1	One of the oldest and largest cooperatives in the study: many activities for community development: large staff; effective and participative focus group meeting; focused strategy; 17% female members; plan to obtain land titles for members; recommended by CCC	1708
19	38/1 B M/AKO	COOPAAAKO COOP-CA	1	17% female members; large staff; nursery for cocoa plants since 2002; member of UCADA cooperative union with 18 members; very good infrastructure; deficit 57 million 2013 (check situation in 2014); has direct export license but uses exporters (case: obtaining export license); diversification to food crops; recommended by CCC	831
20	39/1 B S/AKO	ECAESB COOP CA	1	66% young members (case for integration of young members); 26% female members; case for integration of women; interest in diversification to food crops; effective and participative focus group meeting; recommended by CCC, SSABtrained	612
				<b>Sub total members in priority group 1 cooperatives</b>	<b>12.807</b>
21	2/1 B S/ABE	COOPAAME COOP-CA	2	Gender orientation (26% female members, 33% female Board members), differences between members and board in focus meeting; recommended by CCC, DOPA	392
22	14/1 B XS/AGN	COOPAEB COOP-CA	2	30% female members; few young members; positive focus group meeting; experienced embezzlement in 2010 but recovery; high share value share; recommended by DOPA	263
23	24/1 B L/ABO	SCOABIA COOP-CA	2	Effective and participative focus group meeting; training for female members (food crops) and provision of seeds; experience with PR and information (own newsletter); no data on business and finance provided (then reassessment); recommended by CCC, DOPA, UTZ	1.500
24	26/1 B XS/ABO	SNCA- COOP CA	2	Case for using large storage jointly with cooperatives in the area; less active focus group meeting (language problem); financial data were not provided; only 62 t of sales from 400 members, only 10% female members, few young members; recommended by EDE for Naumann Foundation	425
25	29/1 B XS/AGB	CBA-COOP-CA	2	185 non-members use services; no female members (case	216

				for introducing female membership); very limited infrastructure; explore cooperation with other cooperatives in the area; recommended by CCC	
26	30/1 B S/AGB	COOPAA COOP-CA	2	20% young members; only 1% female members (openness to integration of women questionable); but female director; participation in many qualifications; only 11% members paid full shares; recommended by CCC	486
27	32/1 S S/AGB	SCOOPS BAD	2	relatively new cooperative; very fast growth of sales volume; paid patronage refund to members; only 3% female and 5% young members; plans to handover land to female members; head of management committee is concurrently Director; recommended by CCC, SSABtrained	492
28	34/1 S XS/AGB	SCOOPS-KA	2	Only 8% young members; no financial data provided; effective and participative focus group meeting; plan to establish nursery for cocoa plants; only 8% female members but plan to include women; recommended by CCC	205
29	35/1 B XL/ADZ	SO CAAN COOP CA	2	Fast growth (2008-2015 1000 members); only 8% female members; plan to support diversification to food crops; plan to establish nurseries for cocoa plants; recommended by CCC, CoopAcademy training 2015	1.096
30	36/1 B XS/ADZ	SO COOPAG- COOP CA	2	24% young members; female director; used to be women group within the cooperative; interested in diversification and integration of women; interested to establish nursery for cocoa plants; recommended by CCC, SSAB trained	500
				<b>Sub total members in priority group 2 cooperatives</b>	<b>5.575</b>
				<b>Total members in priority group 1 and 2 cooperatives</b>	<b>18.382</b>

As can be seen in the above table the main reasons for proposing of cooperatives and for classification into priority group 1 are: (i) above average share of female and young members; (ii) experience or interest in diversification; (iii) fast growth; (iv) potential for expansion of membership; (v) experience with nursery for plant material or interest to establish one; (vi) very positive focus group meeting; (vii) good cohesion between leaders and members; (viii) status as only cooperative union in the sample. All these reasons allow the assumption that the cooperatives in priority group 1 are in a good position to benefit from project PP and to contribute to the achievement of its objectives. Cooperatives in priority group 2 allow the same positive assumptions but to a lesser degree.

### 8.3. Recommended plan of action for each proposed cooperative

According to the TOR for each proposed cooperative a plan of action was to be recommended. These plans are to be based on standard action modules. Such modules represent the major planned activities of the project PP or refer to indicators of results 1 to 3 of project PP (see table below). The assignment of standard action modules to cooperatives is a consequence of the quantitative and qualitative analysis of the cooperatives.

Standard Action Modules derived from indicators and activities of Project PP	
Result 1: The professional agricultural organizations selected are structured, provide attractive services to their members that improve their income by better access to the market	
Indicators for result 1	Standard Action Module
<ul style="list-style-type: none"> <li>Up to 50 selected agricultural organizations have developed business plans and databases in order to ensure the operational effectiveness and allow traceability of cocoa beans. The 50 selected agricultural organizations have improved the commercial results.</li> </ul>	1. Developed business plans (all cooperatives)
<ul style="list-style-type: none"> <li>Up to 50 agricultural organizations are registered as cooperative societies in accordance with the cooperative harmonized law (OHADA)</li> </ul>	2. Registration according to OHADA UA (all)
<ul style="list-style-type: none"> <li>All co-operatives cooperating with the project have developed business relationships with exporters/grinders or manufacturers of chocolate and engaged in cocoa beans respecting the national requirements</li> </ul>	3. Business relationship with exporters/buyers (all)
<ul style="list-style-type: none"> <li>At the end of the project, up to 1/3 of the selected co-operatives are orderly certified to one of three voluntary standards that are Fairtrade, UTZ or RA/SAN and are holders of the certificate</li> </ul>	4. Certification with Fairtrade, UTZ, Rainforest (1/3)

<ul style="list-style-type: none"> <li>The increase of members of organizations (50% on average at the end of the project in relation to the initial number) indicates interest of unorganized producers to join professional agricultural organizations</li> </ul>	5. Increased membership by 50% (all)
<ul style="list-style-type: none"> <li>Activity: Train the leaders and managers of producer organizations in order to facilitate the compliance of their structures to the provisions of OHADA relating to the organization of co-operative societies</li> </ul>	6. Training and coaching for cooperative governance and business
<b>Result 2: The families of producers increase their yields in a sustainable manner, produce cocoa beans in compliance with the requirements of the market and reinforce the biodiversity in the plantations</b>	
Indicators for result 2	Standard Action Module
<ul style="list-style-type: none"> <li>At the end of the project, the average yields of cocoa have increased by 40 per cent compared to the initial level through the use of good agricultural practices and the accessibility to the productivity packages</li> </ul>	7. Increased yields of cocoa
<ul style="list-style-type: none"> <li>At least 75% of the cocoa beans of the major campaign delivered to exporters/choppers have quality of grades 1 or 2</li> </ul>	8. Improved quality of cocoa
<ul style="list-style-type: none"> <li>Activity: On the basis of an assessment of needs, facilitate the creation of approximately 25 group centers of fermentation and drying at the level of sections of selected co-operatives, in order to promote the group based post-harvest treatments of cocoa beans in order to improve the quality.</li> </ul>	9. Fermentation and drying centers at section level
<ul style="list-style-type: none"> <li>Activity: Develop financial products in collaboration with micro finance institutions such as UNACOOPEC and Advans to facilitate access to micro-credits for the provision of inputs and training to the organized producers</li> </ul>	10. Micro Finance scheme
<ul style="list-style-type: none"> <li>Activity: Facilitate the development of at least one private or community nursery of seedlings of cocoa and seedlings of shading trees, with the plant material supplied by the Council of Cafe-Cacao and by SODEFOR, for each cooperative associated with the project.</li> </ul>	11. Cooperative nurseries for planting materials
<b>Result 3: The families of producers increase their income through the diversification of the production and improve the consumption of nutritional food products</b>	
Indicators for result 3	Standard Action Modules
<ul style="list-style-type: none"> <li>At least 50% of the families of producers trained produce surplus of food products or small animals that are sold locally or through the agricultural organizations</li> </ul>	12. Diversification to food crops
<ul style="list-style-type: none"> <li>Activity: Train at least 5,000 families of producers (100 families per producer organization) with emphasis on women (at least 50 %) and young producers (25 %) on aspects of diversification in terms of agricultural production and food ...</li> </ul>	13. Integration of women and youths (female farmers and young farmers) into cooperatives

Based on the quantitative and qualitative analysis of the cooperatives the following additional standard action modules are defined and are proposed for implementation in project PP.

Results of the analysis of cooperatives	Standard action modules
<ul style="list-style-type: none"> <li>In order to improve productivity and sustainability of cooperatives the vertical structure inside the cocoa cooperative sector needs to be strengthened (e.g. through establishment / strengthening of cooperative unions).</li> </ul>	14. Vertical cooperation between cooperatives
<ul style="list-style-type: none"> <li>Selected cooperatives which fulfill the necessary conditions can be enabled to directly export cocoa beans in order to improve the income of their members.</li> </ul>	15. Licensing for direct export

As required in the TOR and as a follow up of the field study of cooperatives it was analyzed which of the above standard action modules match best the 20 selected cooperatives. The following table presents the 20 proposed cooperatives as partners of project PP together with the recommended plan of action in the form of standard action modules. It has to be noted that the action modules 1-3 and 5-8 are to be applied for all participating cooperatives. It also must be noted that the standard ac-

tion module 4. Certification is required only for 7 cooperatives, because the remaining 13 are already certified according to at least one of the three common certificates.

Recommended standard action modules for 20 proposed cooperatives																	
No	Study no.	Cooperative acronym	1. Business plan (all)	2. OHADA registration (all)	3. Business with exporters (all)	4. Certification (UTZ, RF, FT), 1/3	5. Increased membership (all)	6. Training and coaching (all)	7. Increased cocoa yields (all)	8. Improved cocoa quality (all)	9. Fermentation / drying centers	10. Micro finance scheme	11. Nurseries planting material	12. Diversification to food crops	13. Integration women / youths	14. Vertical cooperation	15. Export licensing
1	1/1 B XS/ABE	CAMAB -COOP-CA	1	1	1	F	1	1	1	1				1	1		
2	3/1 B XL/ABE	COOPAZA COOP-CA	1	1	1	F	1	1	1	1	1		1	1	1		
3	4/1 B M/ABE	COOP-CA PRANIA	1	1	1	1	1	1	1	1					1		
4	5/1 B M/ABE	COOP-CA ABOTRE	1	1	1	1	1	1	1	1				1	1		
5	6/1 B L/ABE	COOP-CA ESPOIR	1	1	1	1	1	1	1	1				1	1		
6	8/1 B L/ABE	COOP-CA YEYOBIE	1	1	1	F	1	1	1	1	1	1	1				
7	12/1 B L/ABE	SCAANIAS COOP-CA	1	1	1	F	1	1	1	1	1	1	1		1		
8	13/1 B L/ABE	SCOOPACA COOP-CA	1	1	1	F	1	1	1	1	1		1	1	1		
9	17/1 B M/AGN	COOP-CA-ANONKLON	1	1	1	F	1	1	1	1	1		1	1	1		
10	18/1 B XL/BET	COOP-CA CAPRESSA	1	1	1	F	1	1	1	1	1		1	1			
11	20/1 S XS/ABO	COOPAMA SCOOPS	1	1	1	F	1	1	1	1				1			
12	21/1 B XL/ABO	COOPRAMA- COOP-CA	1	1	1	1	1	1	1	1							
13	22/1 B S/ABO	KGS COOP-CA	1	1	1	F	1	1	1	1	1		1	1	1		
14	23/1 S XS/ABO	SCAMA SCOOPS	1	1	1	1	1	1	1	1	1		1	1	1	1	
15	25/1 S S/ABO	SCOOPS-ES	1	1	1	F	1	1	1	1					1		
16	27/2 B S/ABO	UCA COOP-CA	1	1	1	1	1	1	1	1				1		1	
17	28/1 B M/AGB	CAAM COOP CA	1	1	1	1	1	1	1	1				1	1		
18	37/1 B M/AKO	COOP CA COOPAAF	1	1	1	F	1	1	1	1	1		1		1		
19	38/1 B M/AKO	COOPAAAKO COOP-CA	1	1	1	F	1	1	1	1	1		1	1	1	1	1
20	39/1 B S/AKO	ECAESB COOP CA	1	1	1	F	1	1	1	1	1		1	1	1		
		Totals	20	20	20	7	20	20	20	20	11	2	11	14	15	3	1

As mentioned above the presentation of the selection of 20 cooperatives is complemented by two documentations from the field study:

- (i) the summary table of the responses to the questionnaire of 40 cooperatives (see [annex 8](#));
- (ii) profiles of 40 cooperatives including information obtained during the focus group meetings including judgement of the research team on effectiveness of the meeting and cohesion between cooperative leaders and members (see [annex 9](#)).

#### 8.4. Proposed qualification for strengthening the proposed cooperatives<sup>52</sup>

In summing up the field study, the 40 Cooperatives which were visited between December 2014 and January 2015 have the following main weaknesses and difficulties:

- Limited cash flow and surplus,
- Low mobilization and participation of members,
- Cooperative leaders are often separated from the members
- Inefficient utilization of personnel, infrastructure and facilities

On the other side the encouraging fact was established that most of the cooperatives visited are open to change and would like evolve toward true cooperatives. These cooperatives have been proposed for promotion in project PP (see above 7.3.). In order to do so there still remains the need to

<sup>52</sup> The contents of this sub-chapter was presented to CCC on 12 March 2015

find the right approach to support effective cooperative societies and to coordinate the approaches between the stakeholders. For assignment of trainings to cooperatives the table Training record in **Annex 8** (Compilation results of the cooperative analysis).

Recommendations:

*In its approach project PP should accommodate the establishment of synergies with the ongoing training program for cooperatives in consistency with the vision of the Ivorian Government. However, in order to strengthen the effectiveness of the promotion of cooperatives the project PP should see the need to supplement this base by developing further contents and methods for qualification on legal aspects, institutional, diversification, governance as well as cooperative ethics.*

*Therefore a collaboration framework for the qualification efforts is proposed with specific roles for the two main qualification providers:*

*Role of Technoserve:*

- *Training on the basis of the usual curricula;*
- *Focus on marketing management, financial management, operation management, personnel management, planning*
- *Suggestion of 2 Training sessions of 28 days divided in 2 modules during 3 months) for total of 40 Participants from 20 cooperatives.*

*Role of PRO-CACAO / ANADER:*

- *Coordination post-training coaching of cooperatives by trained experts (ADR<sup>53</sup> and TS<sup>54</sup>) of ANADER;*
- *Support of co-operatives on the legal issues, institutional development, diversification as well as on the ethical principles of cooperatives*

*This collaborative approach is to be based on a systemic vision of the co-operative as a business and as a group of actively participating members. Additional content and methods should be provided in addition to regular curricula and approach offered by Technoserve.*

*In case such a collaborative approach is not feasible or is not accepted, as an alternative the training providers could qualify different groups of cooperatives with their respective approaches. This has the advantage that the impact achieved by the different approaches can then be evaluated and can be compared between them.*

*Under methodological aspects the qualification should follow a systemic vision, which sees the co-operative as a business as well as an open human system, for which must be taken into consideration the development of interactions between various actors: (i) interactions between members; (ii) inter-cooperation between members and leaders; (iii) collaboration between cooperatives, (iv) the internal participation of members etc. Therefore it is proposed that project PP supports cooperatives in a systemic approach, by granting a certain importance to the interactions between the partners in the system on the basis of the cooperative principles.*

*In addition project PP shall follow in its qualification efforts a collaborative vision, which envisages an approach that is collaborative, open, participatory and sustainable and avoiding directive interventions. Such an approach is characterized by:*

- *open process with high degree of participation of target groups;*
- *meetings of cooperatives by region every 6 months, in order to facilitate the discussions and exchanges of experience between the cooperatives;*
- *Dissemination of information and training tools to targets groups and partners of the project;*
- *Internal Coordination of post-training coaching in collaboration with PRO-CACAO/ANADER.*

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<sup>53</sup> Animateur de Développement Rural

<sup>54</sup> Technicien spécialisé

*In order to fulfill the training needs, which we established in the field study, the following additional contents is proposed, i.e. in addition to the regular offers of Technoserve and ProCacao/ANADER:*

- *The legal management of cooperatives*
- *The right in the co-operatives*
- *The functionality of cooperatives*
- *The diversification towards food crops*
- *The integration of women and youths*
- *The development of vertical structures*

*This additional training contents can be outlined in more details as follows.*

#### *The legal management of cooperatives procedures*

- *Training in the legal management of their enterprises (verbatim and particular acts)*
- *Preparation of a manual of procedures and co-operative acts;*
- *Workshop on understanding drafting of statutes and contracts of activities;*
- *Initiation of cooperatives to the contractual negotiation.*

#### *The right in the co-operatives*

- *Training on the OHADA Uniform Act relating to the right of cooperatives: Rights and obligations of cooperators; Rights and obligations of the cooperative; Functioning of bodies; Rules of participation of the members;*
- *Development of an explanatory brochure of the right in the cooperatives containing: an explanation of the legal framework for cooperatives; details of other legal materials (labor law, tax law, the law of the competition, the land law, the law of contract, the right of the related sureties and guarantees, access to social protection, etc. )*

#### *Training on cooperative values and principles*

- *Train and sensitize cooperatives on their role and their demarcation in relation to commercial enterprises;*
- *Train the cooperators on the content of cooperative principles and their implications for day to day activities;*
- *Train members on co-operative values for better governance;*
- *Support the participation of the members (full payment of the shares, contribution to the debates and decisions),*
- *training of leaders in soft skills for moderation, conflict resolution etc.*

#### *Support for the diversification of the membership*

- *Support for the integration of young people and of women as members in the cooperatives*
- *Concrete support for: Insertion of women's groups in producing food in the cooperatives; encouraging the integration of women and young people as cocoa farmers in the cooperatives; motivate landowners to integrate into the cooperative; motivate independent producers to join the cooperative.*

#### *Support to the orientation of activities*

- *Accompany the cooperative societies to support the decisions of investment in the production of their members: securing land ; mapping of land parcels;*
- *Sizing of investments of production;*
- *Facilitation of access to the inputs and individual performance recording.*

#### *Measures for social protection and financing in cooperatives*

- *Social Protection through support for the establishment of mutual health: legal framework; insurance techniques; risk Management, etc.*

- Financial protection by supporting the establishment of systems for microfinance (legal framework, prudential rules, etc.); savings and credit cooperatives; mutual savings and credit; mutual guarantee funds.

### **Coaching for cooperatives after training**

Under methodological aspects it is proposed to follow up the training events with intensive coaching of the participants on the spot inside the respective cooperatives. The coaching is to be provided as appropriate by agents of Technoserve or of ANADER after having obtained necessary training. This demands the following inputs and provisions:

- Several sessions of training of trainers on various themes for the agents of ANADER in collaboration with PROCACAO.
- Practical training of producers on cultivation techniques and diversification through the FBS by agents of ANADER ;
- Establishment of a mechanism for transmission of information and tools to cooperative leaders to be used for other challenges;
- Regular exchanges of information and experience between members of co-operatives at the regional level (DR), facilitated by the ANADER ;
- Program of individual monitoring of the applications of the techniques learned (co-operatives/producers) by the agents of the ANADER;
- Establishment of a system of monitoring and internal evaluation on the basis of harmonized indicators

### **Consolidation and development of institutions**

The upgrading of cooperatives must be supported by an appropriate improvement of the framework and of the relevant institutions. This refers to public institutions like DOPA and the Clerks of courts as well as private institutions such as cooperative unions and federations as well as public accountants. The following activities are beyond the mandate and scope of the project PP. They can be developed into a new field of collaboration between GISCO and MINAGRI-DOPA / CCC or can be implemented by the respective stakeholders for cooperative policy themselves.

### **Qualification for technical support executives of DOPA**

- Training on techniques and tools of the cooperative law (OHADA UA, values and principles of cooperative, public international law cooperative, etc. );
- Training on tools to monitor and evaluate the cooperatives;
- Consultation on cooperation with the OHADA high court (CCJA) for clarifications on certain provisions of the OHADA UA concerning the right of co-operatives, in order to facilitate their understanding and application;

### **Qualification for the clerks of courts**

- Training on the specificity of cooperatives (demarcation with the commercial companies) in order to avoid the risk of confusion;
- Support for the establishment of a strategy of collaboration with the DOPA for more effective control during the registration of cooperatives

### **Qualification for cooperative unions and federations**

- Training on synergies and higher productivity through division of tasks between levels
- Exercising the subsidiary activities in cooperative unions;
- Representing the cooperative movement by federations;
- Facilitating the flow of information and the sharing of experiences.
- Training on the mergers of small less productive cooperatives on the same territory as an alternative to the formation of unions, possibly with the support of the federation.

### **Qualification for cooperative audit<sup>55</sup>**

- *Perform the supervision missions;*
- *Ensuring the audit, accounting and monitoring of cooperatives;*
- *Establishment of cooperative audit as extension of the financial audit by public accountants*

*In summing up this sub-chapter it can be concluded that the strengthening of the capacities of cooperatives in the framework of project PP should be implemented in a synergy of the efforts of all available and appropriate offers for qualification of cooperatives in Cote d'Ivoire (including Technoserve and Pro Cacao/ANADER) as well as the own experts of the Project PP.*

*A proposal for the detailed action plan for qualification of cooperatives and their framework can be found in annex 3. It has to be noted, that this proposed action plan is subject to the approval of the relevant stakeholders and also subject to the availability of the required funds.*

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<sup>55</sup> Audits of cooperatives are not treated in the OHADA UA and are open to regulation in each member state. Therefore the proposed cooperative audit as expansion of the existing financial audit can be introduced in Cote d'Ivoire.

## Annex 1

### **Analysis of the differences between simplified cooperatives (SCOPS) and cooperatives with board (SCOPCA) in the OHADA Uniform Act on cooperative law**

The OHADA lawmakers appear to have established SCOPs to integrate para-cooperative structures<sup>56</sup>, and let “classic” cooperative be organized under the form of a SCOPCA. Such distinction had been considered wisely, and therefore lawmakers have instated more flexible rules for SCOPs, in compliance with the pre-existing national rules, while setting stricter norms for SCOPCAs.

Reading the uniform act, though, it appears that no rule is stated as to the choice between the two forms, which means that cooperators are free to choose. Besides, it is not certain that the uniform act triggers the disappearance of para-cooperative structure insofar as the uniform act only targets cooperatives and must be construed as abrogating only the provisions regarding the “cooperatives”, which para-cooperative organizations are not exactly, as they frequently take another name (CIGs in Cameroon, for instance).

The aim of that analysis is to underline the differences between the two cooperative forms so as to provide cooperatives with guidelines. In any case, when amending their articles so as to make it compliant with the UA, cooperatives must choose between the SCOP and the SCOPCA. This analysis may also interest para-cooperative structures wishing to transform into cooperative societies and which would therefore have to choose between either cooperative forms.

At first sight, we find that SCOPs are meant for smaller cooperatives and SCOPCAs for larger cooperatives. Saving and loan cooperatives, for instance, would rather take the form of SCOPCAs due to their sometimes large quantity of members as well as the financial importance of their operations. Likewise, SCOPCAs are most costly than SCOPs due to the numerous institutions they might be in need of, as seen below.

This analysis is not exhaustive but tries to list the most important elements of differentiation between the two forms, along two axes:

#### **Axis 1 : Incorporation**

##### **Minimal number of cooperators**

SCOPs: 5 natural or legal persons (Article 204 UA-SC).

SCOPCA: 15 Natural or legal persons (article 267 AU-SC).

##### **Incorporation deed, deposit of funds**

In SCOPs, monies coming from the payment of shares must be deposited **immediately** with a licensed banking establishment (Article 213 AU-SC), while in SCOPCAs, members must do so within **eight days** (Article 274 UA-SC). Besides these requirements as to the timing, the lawmakers have added supplemental provisions for SCOPCAs, notably, the obligation for the depositing person to provide the banking establishment, on depositing the funds, with a list mentioning the identity of subscribers and the amount contributed by each; the society being obliged to communicate a list of subscribers to each requesting person.

Likewise, the lawmakers have made thing easy for the SCOPs by diversifying the varieties of financial institutions with which the funds may be deposited: banks, savings and credit cooperatives, postal cheque centres,..., while no such specification exists as to SCOPCAs, even if it is generally stated that the deposit may be made with any institution licensed by national law to receive such funds.

#### **Axis 2 : Organisation and functioning**

##### **The SCOPCA as legal frame for unions and federations**

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<sup>56</sup> Such as CIGs in Cameroon or producer groups in Guinea or in Burkina Faso.

Unlike cooperatives, unions and federations do not have any choice. Furthermore, in case their statutory provisions are not sufficient, the UA-SC lets the SCOPCA rules apply. Thus, unions and federations are governed by the SCOPCA rules and the SCOPS rules are ineligible.

### **Organs**

Organs of SCOPSs and SCOPCAs do not follow the same terminology.

A classic distinction opposes control organs and management organs. The difference as to control organs is merely nominal: « supervisory commission » in SCOPSs and “supervisory board” in SCOPCAs. Rules applicable thereto are almost identical.

As to management organs, the role is held in SCOPSs by the management committee and by the board of directors in SCOPCAs. The management committee comprises three natural (not legal) persons *at most* but this number may be increased to five if the cooperative reaches one hundred members (Article 223), while the board of directors is composed of three directors *at least*, and twelve at most, persons whether they be natural or legal persons (Article 295).

Besides, the SCOPCA may add new organs such as a statutory auditor, a contribution auditor or a manager.

### **Quorum and majority at general meetings**

During OGMs, in both SCOPSs and SCOPCAs, decisions may be taken only if half of the members are present, on first convening. However, in SCOPSs, no quorum is required on second convening, absent any contrary provision in the articles, while the presence of one-quarter of the members of the SCOPCA is required in such case (though the articles of the SCOPCA may set a lower quorum in such case where the society has at least one thousand members (Article 364).

A simple majority is generally required in SCOPCAs and in SCOPSs, but in the latter, dismissal of the chairman and members of the management committee requires a two-third majority (Article 244).

### **Information rights**

The UA-SC sets forth a right to information which extent is broader in SCOPCAs than in SCOPSs. In SCOPSs, it takes the form of a permanent right to be informed of all society matters and a right to be communicated any and all documents likely to enlighten the member, prior to any general meeting (Articles 237 and 238).

IN SCOPCAs, these rights appear stronger and broader, as the lawmakers have set detailed rules at Articles 351 and 352, listing whole sets of document accessible to members, under specific condition.

### **Cumulating mandates**

Rules on cumulating mandates are stricter in SCOPCAs than in SCOPSs.

In SCOPSs, the chairman of the management committee may be elected as director of a SCOPCA but not as chairman of the board of directors and, likewise as member of other management committees but not as chairman.

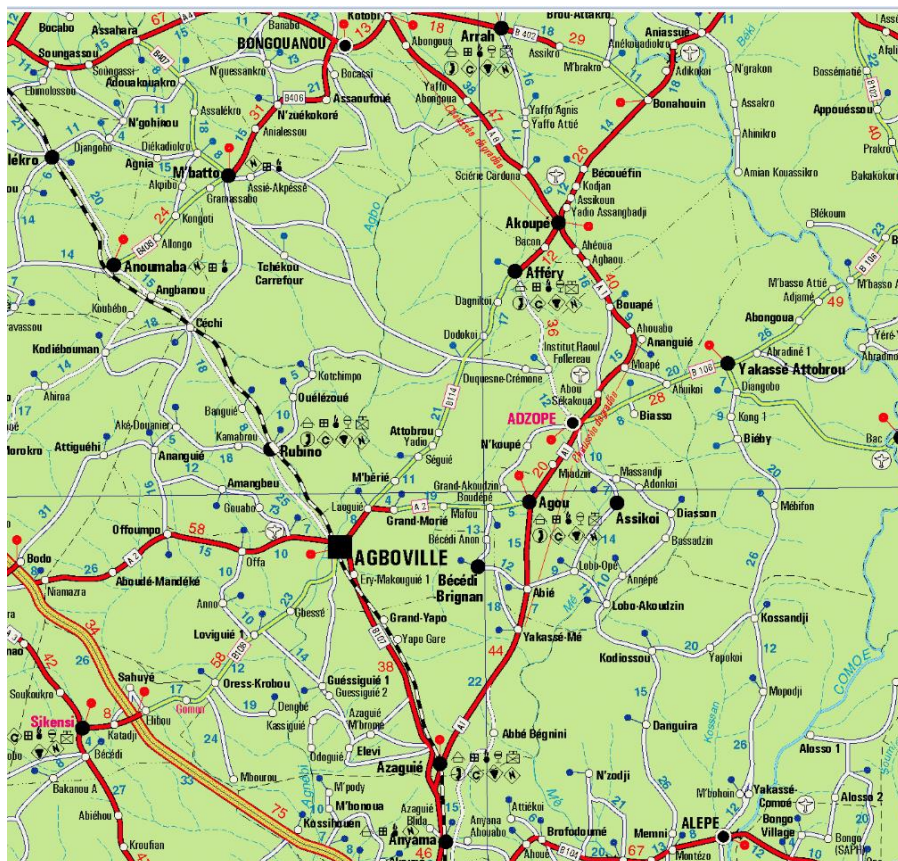
However in SCOPCAs, directors may not be elected as directors of other cooperatives having their registered seat in **the same member State** (but may be members of management committees in SCOPSs). Otherwise, they shall have to choose one mandate and renounce the other. As to the chairman of the board of directors, he may not serve as a chairman of the board or of the management committee in other cooperatives located **in the same member State**. Likewise, in its capacity as director, **he may not serve as a director of another SCOPCA having its registered seat in the same Member State**. Otherwise, he shall have to choose one mandate and renounce the other, though he may serve as a member of another management committee, not as its chairman.

Annex 2 Maps for orientation on 7 départements selected for implementation of the field research on cooperatives.

Map of départements Abengourou and Agnibilekrou



Map of départements Agboville, Akoupé and Adzopé



Map of department Aboisso



### Annex 3: Proposed action plan for qualification of cooperatives and their framework in project PRO PLANTEURS

Note: The action plan is subject to the approval of the stakeholders and to the availability of funds

<b>Qualification Area</b>	<b>1. Legal framework (Output 1)</b>
Target group	<u>Cooperative leaders</u>
Problems, qualification needs	Detailed application of the OHADA UA in the cooperative; using opportunities of new legal framework
Appropriate methods	Information, discussions, exchange between cooperatives
Proposed approach	Special short training for cooperative leaders (3 days), afterwards coaching
Possible facilitation	ANADER trainers after ToT in ProCacao project
<b>Qualification Area</b>	<b>2. Cooperative Governance (Output 1)</b>
Target group	<u>Cooperative leaders</u>
Problems, qualification needs	Strengthening the participation of members; soft skills for making members meetings effective and participative; motivating members to obtain real ownership and to fully pay their shares; developing members into new leaders;
Appropriate methods	Information, discussions, exchange between cooperatives Role plays, exercises, soft skills development
Proposed approach	Special short training for cooperative leaders (3 days), can be combined with 1., afterwards coaching
Possible facilitation	ANADER trainers after ToT in ProCacao project
<b>Qualification Area</b>	<b>3. Application of cooperative values and principles (Output 1)</b>
Target group	<u>Cooperative leaders</u>
Problems, qualification needs	Meaning of values for the cooperative; Practical application of principles in the activities of the cooperative
Appropriate methods	Information, discussions, exchange between cooperatives
Proposed approach	Special short training for cooperative leaders (3 days), can be combined with 1., afterwards coaching
Possible facilitation	ANADER trainers after ToT in ProCacao project
<b>Qualification Area</b>	<b>4. Cooperative business management (Output 1)</b>
Target group	Cooperative leaders
Problems , qualification needs	Managing the cocoa collection, storage and transporting; negotiating with buyers; marketing management; accounting; personnel management; provision of supplies to members (plants, pesticides, fertilizers, tools)
Appropriate methods	Information, discussions, exercises
Proposed approach	Intensive training for cooperative leaders (24 days), afterwards coaching

Possible facilitation	Training: Technoserve / Coop Academy Coaching: ANADER trainers after ToT in ProCacao project
<b>Qualification Area</b>	<b>4. Cooperative business management (Output 1)</b>
Target group	<u>Cooperative leaders</u>
Problems, qualification needs	Managing the cocoa collection, storage and transporting; negotiating with buyers; marketing management; accounting; personnel management; provision of supplies to members (plants, pesticides, fertilizers, tools)
Appropriate methods	Information, discussions, exercises
Proposed approach	Intensive training for cooperative leaders (24 days), afterwards coaching
Possible facilitation	Training: Technoserve / Coop Academy Coaching: ANADER trainers after ToT in ProCacao project
<b>Qualification Area</b>	<b>5. Diversification to food crops (Output 3)</b>
Target group	<u>Cooperative leaders</u>
Problems, qualification needs	Benefits for the cooperative of diversifying to food crops; management of diversification ; finding markets for food crops;
Appropriate methods	Information, discussions, exercises
Proposed approach	Special short training for cooperative leaders (3 days) and afterwards coaching
Possible facilitation	ANADER trainers after ToT in ProCacao project
<b>Qualification Area</b>	<b>6. Integration of women and youth into cooperatives (Output 3)</b>
Target group	<u>Cooperative leaders</u>
Problems, qualification needs	Benefits of membership of female and young cocoa farmers; women as suppliers of food crops; Attracting women and youths as new members to the cooperative
Appropriate methods	Information, discussions, exercises, role plays, public events in villages
Proposed approach	Special short training for cooperative leaders (3 days), can be combined with 5. afterwards coaching
Possible facilitation	ANADER trainers after ToT in ProCacao project
<b>Qualification Area</b>	<b>7. Establishment of cooperative unions (Output 4)</b>
Target group	<u>Cooperative leaders</u>
Problems, qualification needs	Benefits of membership in cooperative unions; establishment/development of cooperative unions;

Appropriate methods	Information, discussions, exchange between cooperatives in one area
Proposed approach	Special short training for cooperative leaders in selected cooperatives of the same area (3 days), afterwards coaching
Possible facilitation	ANADER trainers after ToT in ProCacao project
<b>Qualification Area</b>	<b>8. Cooperative micro-finance (Output 1)</b>
Target group	<u>Cooperative leaders</u>
Problems, qualification needs	Benefits and establishment of microfinance schemes; legal requirements; management and accounting; Information of members
Appropriate methods	Information, discussions, exchange between cooperatives
Proposed approach	Special short training for cooperative leaders in selected cooperatives (5 days), afterwards coaching
Possible facilitation	ANADER trainers after ToT in ProCacao project
<b>Qualification Area</b>	<b>9. Better participation of members in cooperatives (Output 1)</b>
Target group	<u>Cooperative Members</u>
Problems, qualification needs	Rights and obligations of members in the new OHADA legal framework; Enabling members to become more active and participative; Understanding of members to fully pay for their shares; Creating interest to be elected as cooperative leaders; Practical meaning of principles for business activities of the members
Appropriate methods	Information, discussions, role plays
Proposed approach	Information events for members during members meetings Information events during visits to villages
Possible facilitation	Leaders of the cooperative after training (see above)
<b>Qualification Area</b>	<b>10. More productive cocoa growing and diversification to food crops (Output 2)</b>
Target group	<u>Cooperative members</u>
Problems, qualification needs	1. Application of good agricultural practices for cocoa plantations; 2. Using better inputs obtained through the cooperative; 3. Benefits for members of diversifying to food crops; Benefits of membership of female and young cocoa farmers; 4. women as suppliers of food crops;
Appropriate methods	Information, exercises, practical demonstrations in the field
Proposed approach	Farmer Field School (FFS) training
Possible facilitation	ANADER trainers (after ToT)

<b>Qualification Area</b>	<b>12. Dissemination of project results (PP output 4)</b>
Target group	<u>Cooperative leaders, cooperative facilitators, staff of MINAGRI DOPA</u>
Problems, qualification needs	<ol style="list-style-type: none"> <li>1. Exchange between cooperatives at regional level</li> <li>2. Exchange between facilitators at national level</li> <li>3. Development of vertical structures in the cooperative sector</li> </ol>
Appropriate methods	Discussions, networking
Proposed approach	<ol style="list-style-type: none"> <li>1. Regular (e.g. half-yearly) round table meetings of promoted cooperatives in one region (1 day),</li> <li>2. After each year of project PP workshop for facilitators of cooperatives in all relevant projects for exchange of experiences and approaches (2 days)</li> <li>3. After first PP phase national conference on development of cooperatives in the cocoa sector for identification of needs, dissemination of approaches, networking etc. (2 day),</li> </ol>
Possible facilitation	ANADER trainers and coaches after ToT in ProCacao project
<b>Qualification Area</b>	<b>13. Development of the institutional framework (output 4)</b>
Target group	<u>Cooperative leaders, staff of MINAGRI DOPA, court clerks, public accountants</u>
Problems, qualification needs	<ol style="list-style-type: none"> <li>1. Registration of cooperatives</li> <li>2. Supervision of cooperatives</li> <li>3. Cooperative audit</li> <li>4. Cooperative federations</li> </ol>
Appropriate methods	Information, exercises
Proposed approach	<ol style="list-style-type: none"> <li>1. Training for experts of MINAGRI DOPA and court clerks (3 days)</li> <li>2. Training for experts of MINAGRI DOPA and court clerks (3 days)</li> <li>3. Training for public accountants, experts of MINAGRI DOPA (10 days)</li> <li>4. Meetings and fora of the cooperative sector, institution building</li> </ol>
Possible facilitation	Experts of Project PP