



The quest for quality of Ecuadorian cocoa: certification and traceability

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Ecuador is one of the main global producers of cocoa beans: dry bean production reached 284 kt in 2019, dominated by smallholder production.

Only a small percentage of this production reaches prices above the international commodity price. This is due to the commercial behaviour by the value chain actors, who dominantly engage in volume-oriented rather than quality-oriented market access strategies.

Only 2% of world cocoa production corresponds to the fine flavour category (*Cacao Fino y de Aroma*, CFA). Ecuador produces 50% of this category. Moreover, though carefully controlled post-harvest activities, high quality industrial dry beans can be obtained even from commodity fresh beans (e.g. CCN-51, the dominant industrial variety).

Thus, Ecuadorian producers, and specially smallholders, have the potential to further benefit of the quality-oriented international cocoa market.

Other than commodity-oriented commercialisation strategies, additional circumstances limit the orientation towards quality in the Ecuadorian cocoa value chain:

- ▶ On the domestic market, there is no price differentiation between CFA and regular "commodity" cocoa (e.g. CCN-51) for the producer.
- ▶ Traders, exporters and other actors often combine lots of different qualities and origins to overcome potential Cd-related issues.
- ▶ Only 10% of exported cocoa is traceable, 2% features a defined flavour profile, and 3% has some sustainability certification.
- ▶ Smallholder producers have limited access to technology and financing for commercial traceability and certification (e.g. Third Party Certification - TPC) solutions.

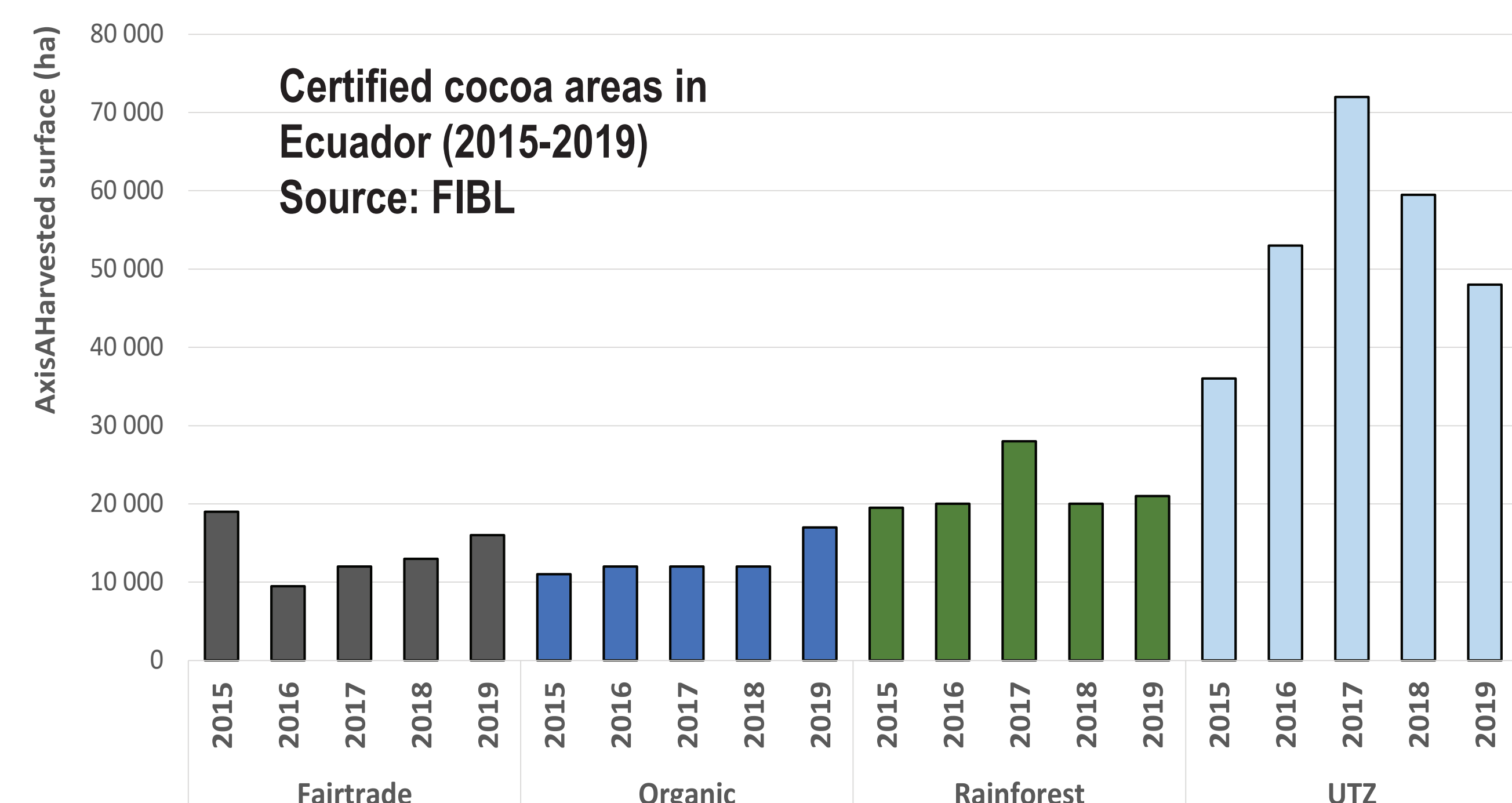
Therefore, we suggest that increasing levels of certification and traceability would significantly contribute to improve the prices obtained by Ecuadorian cocoa, especially benefitting **smallholders producing CFA**, in the context of a quality-oriented strategy.

Certification

- ▶ All conventional TPC schemes are present in Ecuador: sustainability, fair trade, organic, etc, mainly accessible to large producers.
- ▶ A number of constraints prevent many small producers to access these certifications, including costs, low cost-benefit, and weak associativity.
- ▶ Alternatively, various Participatory Guarantee Systems have been developed, most notably the ongoing initiative by the local Napo Province government: the Chakra label, a new standard developed by Kichwa producer organisations.

Traceability

- ▶ To ensure traceability at the cocoa producer group level, several project roadmaps consider the establishment of Control Systems based on the general guidelines proposed by Rainforest-UTZ.
- ▶ Other initiatives, some of which are or have been considered in Ecuador, include the use of genetic markers and/or blockchain technologies.
- ▶ Certain large producers and associations of smallholders, have implemented rather simple traceability systems, based on collection routes and barcoding schemes. Commercial solutions are available.



Public institutions promote different certification and traceability schemes via Agrocalidad, ecological (free from deforestation) or quality attributes (*Cacao Arriba*) but that the very low level of implementation of these initiatives raises questions about their synchronization and their adaptation to the needs of the actors.



Overcoming the constraints to enhanced traceability and certification

To enable producers (and specially small producers) to have access to traceability and / or certification solutions, and thus to benefit from the quality-oriented international markets, several structural issues of the value chain should be overcome:

- ▶ Associativity must be reinforced, in order to mutualise the costs related to a certification system, to meet the logistical requirements of international markets.
- ▶ Territory-based certification systems (e.g. Chakra) should be strengthened rather than product-based systems because they better value local quality resources controlled by producers.
- ▶ Intelligent and accessible traceability systems that can be appropriated by farmers should be encouraged, making the use of high technology (blockchain) conditional on their adaptation to the needs and capacities of producers and producer organisations.

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