Côte d'Ivoire: Cocoa plantation project raises as many doubts as opportunities

- On September 17th KKO International, a Belgian holding company, announced plans to raise up to €13.2mn in funds via an IPO on the Alternext Brussels and Paris bourses to develop its subsidiary Solea into the first large-scale modern cocoa plantation in Côte d'Ivoire.
- As is the case across West Africa, cocoa farming in Côte d'Ivoire is comprised of small holder farmers whose plots average 1ha in size, with extremely low yields of 400kg/ha. This has led to fears that cocoa production in West Africa (representing 70% of global cocoa supply) cannot keep pace with demand for chocolate, which is growing by 2% per year.
- As chocolate manufacturers look to guarantee supply of their key ingredient, the industrial plantation model has gained traction in the cocoa sector, with notable large-scale projects such as United Cacao in Peru and Agriterra in Sierra Leone.
- Solea, which is located to the east of Yamoussoukro in the Bocanda region, is part of this trend. The company aims to reach yields of 5MT/ha by using the fast growing and high yielding Cacao Mercedes hybrid (developed by Côte d'Ivoire's Centre national de recherche agronomique, CNRA), as well as modern agricultural techniques, including irrigation.
- Solea has planted 800 ha of these trees, and aims to increase this to 1,200 ha by the end of this year and 3,000 ha by 2018, with a target of producing 15,000 MT of cocoa by 2024.
- However, the industrial plantation model is ill-suited for West Africa's cocoa sector for several reasons:
  - First, cocoa is an extremely labour intensive crop. Given that harvesting consists of multiple steps (collecting and breaking pods, fermentation and drying of beans), it is not well suited to the efficient division of labour used in other tropical cash crops like palm oil and natural rubber, which limits the benefits of scaling up output.
  - Second, significant investment in production tools, especially in irrigation, will weigh on the commercial viability of such a project, where margins can be thin.
  - And third, given that cocoa is a sensitive and disease-prone tree crop, it is not well suited for a mono-culture or inter-cropped large-scale plantation, as this could elevate post-harvest losses.
- These are the key reasons why similar projects in Côte d'Ivoire have failed to come to fruition, and why the Ivorian cocoa plantations of France's Touton are used for research and development, rather than for commercial production.
- In order to succeed, an industrial cocoa plantation would need multiple levels of certification and the financial backing of a major chocolate company as an offtaker in order to offset the higher production costs.
- Given that these models do not yet exist in Côte d'Ivoire's cocoa sector, the country's production will continue to rely on small-holder farmers who will need partnerships with trading houses and offtakers to boost output and guarantee supply.

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