Is Europe funding the compliance it demands? Ivorian cocoa and the deforestation regulation

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***Abstract*—**The EU Deforestation Regulation (EUDR) applies from 30 December 2026. It requires the operator placing cocoa on the European market to prove that it does not come from deforested land, but in practice the burden of this proof falls on cooperatives in producing countries. This note compares what the European Union demands of the Ivorian sector with what it funds to support it, notably under the Global Gateway. First, the classification of Côte d'Ivoire as standard risk, while Ghana is low risk, increases the burden of proof on the Ivorian sector. Second, recurring compliance costs, which are partly fixed, can absorb up to 41% of the margin of a 1,000-tonne cooperative (EUDR and the Ivorian ARS-1000 standard combined), which favours large integrated operators. Finally, European public funding explicitly earmarked for the traceability of Ivorian cooperatives amounts to millions of euros, against an initial need of several tens of millions.

***Keywords*—**EU Deforestation Regulation (EUDR), Global Gateway, Team Europe, compliance costs, traceability, development finance, policy coherence for development

I. Introduction

On 30 December 2026, Regulation (EU) 2023/1115 on deforestation enters into application for most operators, after two postponements; micro and small enterprises will follow on 30 June 2027 [1, 2]. It prohibits placing on the Union market, or exporting from it, seven commodities, including cocoa, coffee and rubber, if they come from land deforested after 31 December 2020 or were not produced in accordance with the legislation of the country of production [1]. No sector is more affected than Ivorian cocoa: in 2024, Côte d'Ivoire produced around 36% of the world's cocoa and sent 66% of its cocoa exports to the Union [3].

The regulation's objective, combating imported deforestation, is not in question here. The question is how the effort is shared. The Union acts through two channels. The first is regulatory: the EUDR. The second is cooperation, grouped since December 2021 under the Global Gateway strategy; this imposes no rules on exporters and presents itself above all as an investment plan [4]. Does what the second funds cover what the first demands?

We argue that it does not, and that this gap weighs on the structure of the sector: it favours large operators at the expense of cooperatives and national exporters. The first part shows how a legally European obligation becomes an Ivorian burden. The second quantifies this burden and shows that it falls first on small cooperatives. The third compares it with European funding.

II. A European obligation turned Ivorian burden

a. The importer declares, the cooperative proves

The legal obligation falls on the operator placing the product on the European market for the first time: importer, grinder or trader [1]. This operator must file a due diligence statement, with the geolocation of each production plot [1]. It does not hold this information itself. It asks its supplier, which asks the cooperative, which must collect it from each of its members. Legally, then, the obligation lies with the European operator, but data collection takes place in Côte d'Ivoire, cooperative by cooperative.

b. A classification that increases the Ivorian burden

The May 2025 classification places Ghana at low risk and Côte d'Ivoire at standard risk [5]. For Ghanaian cocoa, the European buyer may apply simplified due diligence if it establishes that the risk of mixing with products of other origins is negligible, and the authorities check at least 1% of the operators concerned. For Ivorian cocoa, it must carry out full due diligence, and this minimum check rate rises to 3% [1]. It therefore demands more proof from its Ivorian suppliers. Small Ivorian producers are also excluded from the simplified declaration created in December 2025, which is reserved for low-risk countries [2]. The practical scope of this exclusion remains limited, as most farmers sell to a cooperative and file no declaration. The gap between the world's two largest producers lies mainly in the burden of proof the buyer places on the sector.

III. A fixed cost that falls first on small cooperatives

a. A cost Brussels does not measure

The Commission estimates the annual cost of compliance at EUR 2 billion after simplification [6]. This figure covers only the companies subject to the regulation, almost all of them European. It says nothing about the cost borne upstream. The only quantified study of Ivorian cooperatives (IDEF and BF Consult, 2024, seven cooperatives) gives EUR 24,000 to 37,000 of initial investment for the EUDR. It also gives EUR 50,550 to 62,000 per year of recurring

costs for the EUDR and the Ivorian ARS-1000 standard combined, including the salaries of qualified staff [7, 8]. Some of these costs, such as documentary compliance, do not vary with the volume handled [8].

b. A cost structure that favours the largest

A cooperative's collection margin was raised from FCFA 80 to FCFA 100 per kilo in summer 2024 [9]. For 1,000 tonnes, it represents around EUR 152,000; with costs unchanged, recurring costs absorb 33 to 41% of it. For 500 tonnes, they absorb 66 to 81% (author's calculations, at the fixed rate of FCFA 655.957 to the euro). These proportions cover the EUDR and ARS-1000 combined; the study does not make it possible to isolate the share specific to the EUDR. It was also carried out when the margin was still FCFA 80: at that level, the share absorbed reached 41 to 51% for 1,000 tonnes.

A large trader spreads a comparable cost over hundreds of thousands of tonnes. In 2024, the top six traders accounted for 67% of Ivorian exports [3]. Without support, the regulation therefore tends to strengthen integrated operators, whatever their nationality. Exporting cooperatives, around twenty each year, which accounted for around 10% of Ivorian exports between 2016 and 2019 [10], are the first to be exposed.

The 2026-2027 season aggravates this finding. The farmgate price fell from FCFA 2,800 per kilogram for the 2025-2026 main crop to FCFA 1,200 for the 2026-2027 main crop [16], and several estimates anticipate a harvest of around 1.8 million tonnes, against nearly 2.2 million the previous season [16, 17]. As the collection margin is set per kilogram, the fall in price does not directly reduce it; the fall in volumes, on the other hand, reduces the base over which fixed costs are spread. If the decline in the harvest were evenly distributed, a 1,000-tonne cooperative would collect only around 820 tonnes, and its recurring costs would absorb 40 to 50% of its margin, against 33 to 41% before (with the margin unchanged at FCFA 100 per kilogram).

The 2025-2026 season also showed the fragility of cooperatives' cash flow: faced with a slowdown in marketing, the State had to buy back cocoa at the guaranteed price, and some farmers were paid in vouchers rather than cash [18]. It is in this situation that cooperatives will have to finance their compliance.

IV. European funding that falls short

a. Broad envelopes with no breakdown

The Team Europe "Sustainable Cocoa" initiative is credited with EUR 326 to 429 million depending on the documents [11, 12]. These amounts, some of which are presented as indicative, combine contributions from the Union and its Member States. They cover farmers' income, forests, child labour and governance. No breakdown for traceability is published.

b. Targeted funding far below the need

The main European programme supporting smallholders in the face of the EUDR, SAFE, co-financed by the Union, Germany and the Netherlands, does not operate in Côte d'Ivoire [13]. The only programme identified whose stated objective is traceability at the level of producer organisations is Équité Cacao, with EUR 6 million for Côte d'Ivoire, Ghana and Togo [14]. It is financed by France (FFEM and AFD), not by the Union budget. Other support exists, notably for the national traceability system, but no published document indicates how many Ivorian cooperatives have been equipped thanks to European funding.

By comparison, the Coffee and Cocoa Council counts around 3,000 cooperatives [8]. If only 1,000 of them were to equip themselves, the initial investment would reach EUR 24 to 37 million, before any recurring costs (author's calculation).

V. Conclusion

The EUDR sets a precise, dated and monitored obligation. European support remains vague, without breakdown and largely absent from Ivorian cooperatives. Without correction, a regulation designed to protect the forest will also help concentrate the Ivorian cocoa market among a few large operators.

The Union's budget calendar offers an opportunity to correct this gap. The Union is negotiating its Global Europe instrument for 2028-2034, with EUR 200.3 billion in the Commission's proposal [15]. Three indicators, published country by country, would be enough to link the two channels:

1. the amount committed and disbursed for traceability at the level of cooperatives and national exporters, separate from loans and forest projects;
2. the number of cooperatives actually equipped, by size;
3. the change in the share of exporting cooperatives and national exporters after 2026.

The Commission should also allow the national traceability systems of standard-risk countries to submit data on a grouped basis. Its simplification review already envisages submissions by representatives, cooperatives or public authorities [6].

The third indicator is the most revealing. If, in the years following entry into application, the share of cooperatives and national exporters declines, European support will have failed, whatever the amounts announced.

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