



Swiss Platform for
Sustainable Cocoa

Working Group on Living Income & Child Labour-

Living Income Member Event

December 14, 2021



Anti Trust Statement

As participants in this group, we need to be mindful of constraints of antitrust laws. During both the formal and informal parts of this meeting, participants shall not enter into discussions, agreements or concerted action that may have as their object or effect the restriction of competition. This prohibition covers the exchange of competitively sensitive information including, but not limited to, information concerning individual prices, production, sales, capacities, costs, rates, coverages, market practices, claims settlement practices, company level investments, or any other competitive aspect of an individual company's operation.

Each participant is obliged to speak up immediately for the purpose of preventing any discussion falling outside these bounds.

Thank you!

Agenda

Introduction

Welcome Address SWISSCO
Coordination Office

Part I: Guiding Steps towards living income in the supply chain. How to mainstream living income in your company's activities?

Break

Part II: Living Income Offer to Business by SWISSCO Members

Part III: Living Income Studies

Wrap up & Closing

Virtual Networking Spatial Chat
(Optional)



Round of Introduction

Chatbox

*Name,
organisation,
position,
where you work
from today and
how you feel
(emoji)*





**Welcome Address by the
SWISSCO Coordination
Office**

- Filippo Veglio -



PART I: Guiding Steps towards living income in the supply chain.

Towards a Living Income: Introduction to the Living Income Toolkit and Practical Pathways

Initiative for Sustainable Agricultural Supply Chains (INA) | Friederike Martin | December 14th 2021



Farmers are struggling to make a living income



Cocoa in Cote D'Ivoire



\$2352 Actual
 Typical Male-Headed Household (< 4ha cocoa)
\$6516 LI Benchmark
 Male-Headed Typical (3.5 children, 3.5 adults)

\$4164 Gap

Source: Living Income Report Rural Côte d'Ivoire Cocoa Growing Areas

CAUSES

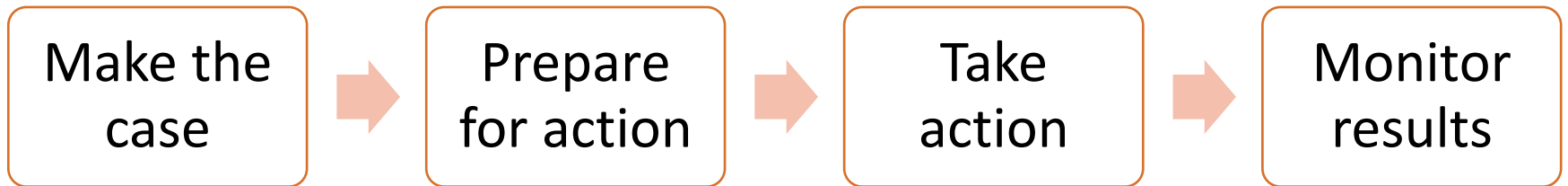


Source: Sustainable Food Lab

Made worse by:

- Unpredictable Weather
- Price fluctuation
- Lack of Information
- Lack of Technology
- No Social Net
- Inability to Organize
- Lack of Alternative Work
- Lack of Knowledge Sharing
- Lack of Investment

Steps towards a living income in global supply chains



Step 1: Building Understanding



What is a Living Income?

A living income benchmark is an estimate of the **cost of a basic and decent standard of living** for a household.

It answers the question: ‘how much does a typical household in a particular place need to earn, from all income sources, in order to live a decent standard of living?’



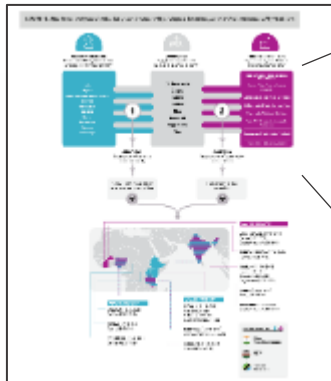
Why is a living income relevant?



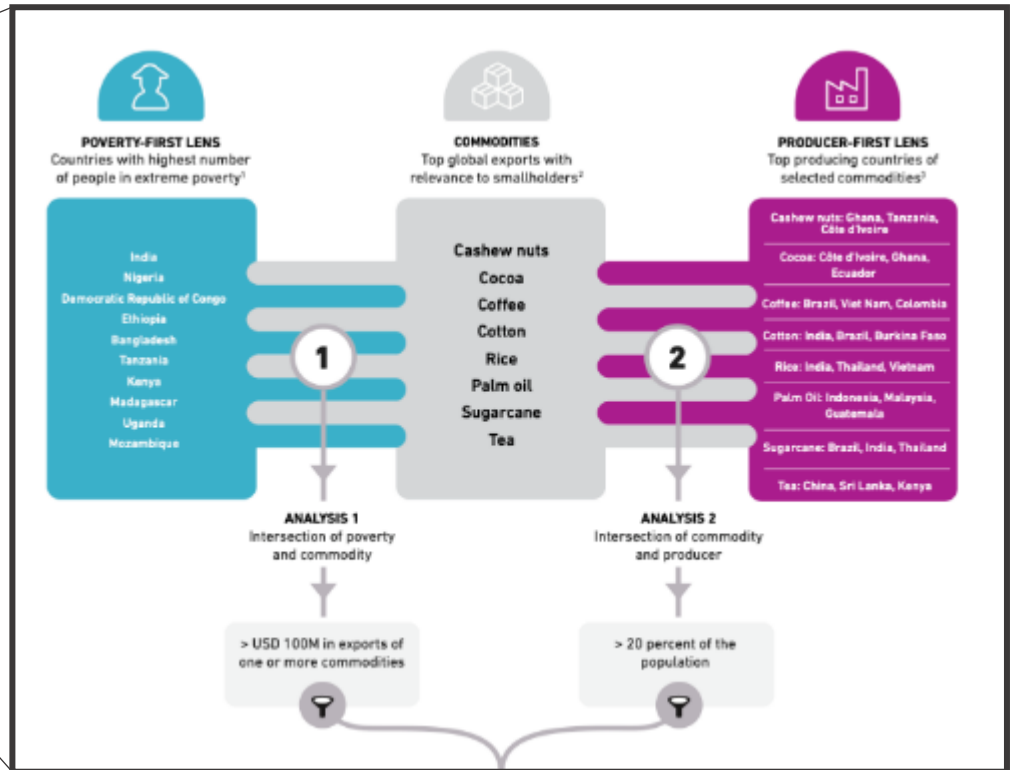
Step 2:
Materiality
*Identifying
your key raw
materials*




Example Materiality Assessment: Farmer Income Lab



Learn more about the Farmer Income Lab [here](#).



A person's hands are shown in the foreground, holding and interacting with a black tablet. The background is a greenhouse filled with rows of plants, likely corn, under a white plastic covering. The scene is brightly lit, suggesting a sunny day.

Step 3:
Traceability and
Hotspot Analysis

Tracing Raw Materials & Finding Hotspots of Poverty



Step 4:

Communicate
Expectations on
Living Income
and Engage
Suppliers



Company commitments



A man in a yellow and blue plaid shirt is standing in a field of large green leafy plants, possibly tobacco. He is holding a tablet computer and looking at the screen. The background is a vast field of similar plants stretching into the distance under a bright sky.

Step 5:

Define Living
Income,
Determine
Actual Income
& Income gap

Our income measurement guidance & the living income story

Benchmark finder

The Living Income Community of Practice
Looking for a Living Income Benchmark?

Gap calculation

The Living Income Community of Practice
KIT | COSA
Guidance manual on calculating and visualizing the income gap to a Living Income Benchmark
Inspired for the Living Income Community of Practice

The Living Income Community of Practice
Looking to measure incomes and the income gap?

Income measurement

The Living Income Community of Practice
KIT | COSA
Guidance on calculating household income
Version 1.1
Prepared for the Living Income Community of Practice

HEA framework

The Living Income Community of Practice
Heartwood FEG
On-Up
Applying the Household Economy Analysis to Measure and Address Income Gaps in Agriculture Supply Chains
Guidance Note for the Living Income Community of Practice - December 2020
Initiated by Ingrid Göttsche and Jennifer Smith



Cost of a basic, decent standard of living for a household



INCOME GAP



Potential household income



OTHER INCOME
NET OFF FARM INCOME

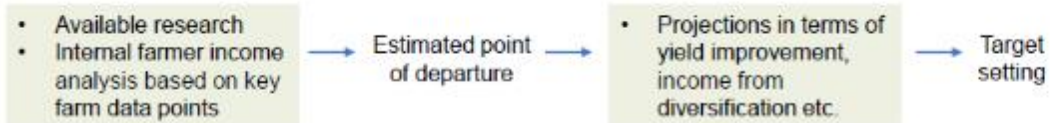
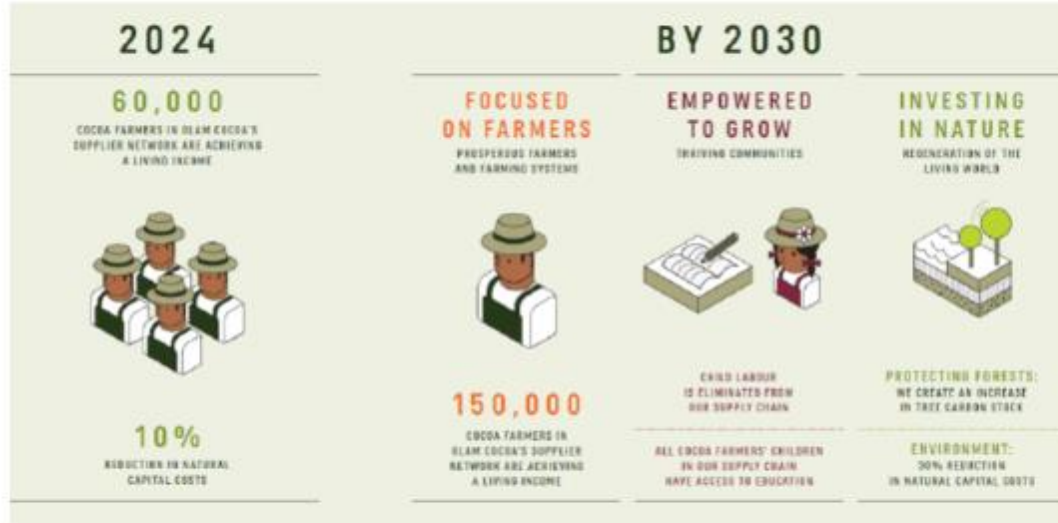
NET FARM INCOME

Step 6:
Formulate living
income strategy
and set an
internal policy
and targets



Company Spotlight

Living Income key part of OLAM's Cocoa Compass strategy



Step 7: Assess and Implement Interventions



There Are Multiple Pathways to a Living Income

In any one supply chain there might be multiple ways to close the Income Gap depending on assets and goals.

Status Quo



Farming family invests in productivity, quality, market knowledge and land allocation to main cash crop.

Specialization



Diversification



Farming family increases productivity and quality of main cash crop, while investing in other crops with viable markets.

Transition



Farming family is not able to reach a living income from only agriculture because of external challenges (i.e. land size) and employ alternative livelihood strategies that result in off-farm income.

Inclusion first: Leaving farmers who need to transition out of a strategy is not part of a living income strategy.

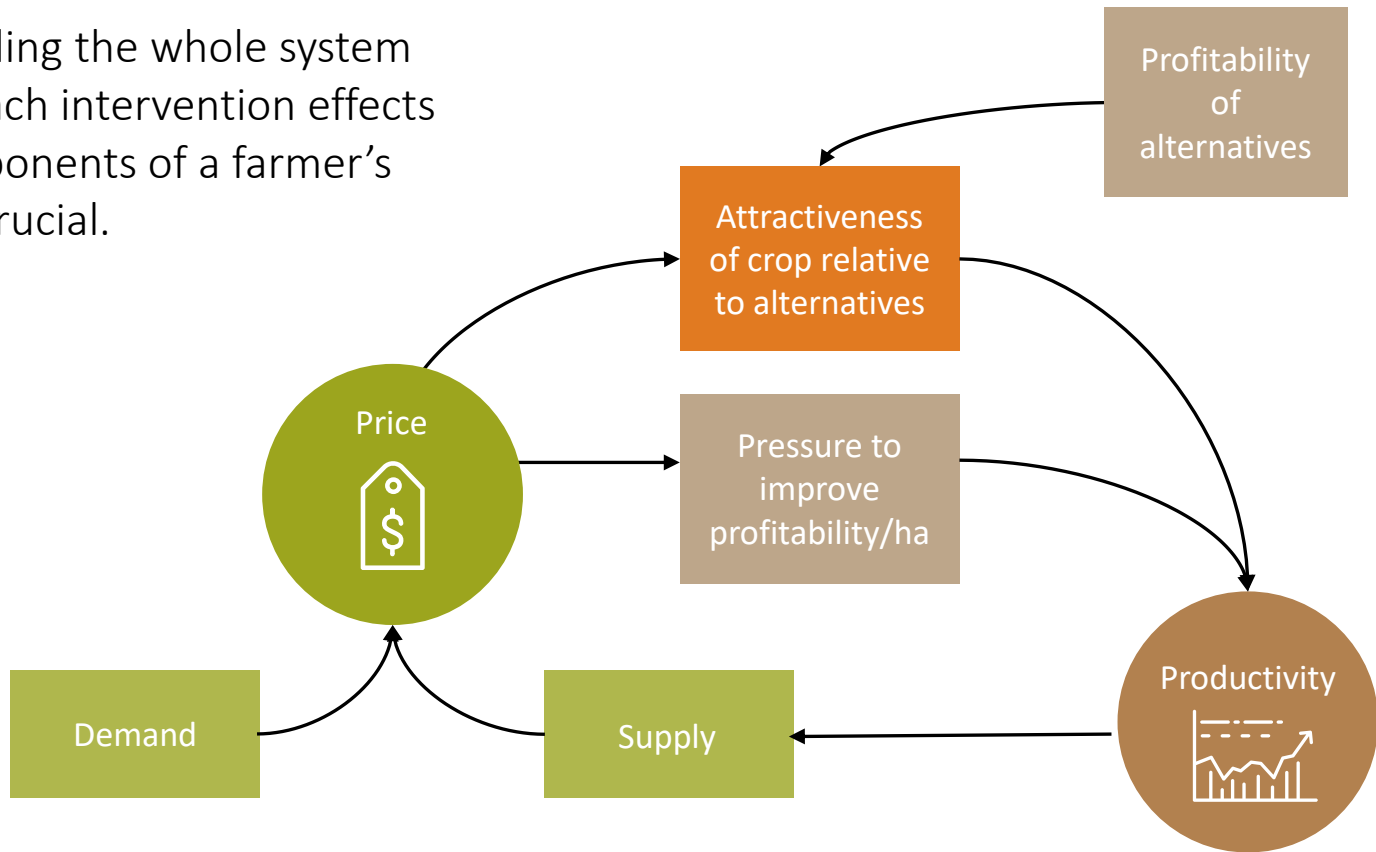
Key Levers

A Living Income strategy must include multiple interventions. At minimum interventions should include
Net Farm Income Levers: including price, productivity and cost of production.



Interventions are Interconnected

Understanding the whole system and how each intervention effects other components of a farmer's income is crucial.



Choosing Pathway Interventions

INVEST IN YOUR VALUE CHAIN



Can we contribute towards programmes and services that help farmers earn more from their farms (productivity, quality, etc.) and be more resilient?

ADAPT YOUR BUSINESS PRACTICES



How do my **trading practices** affect farmers, ability to reach a living income?

How do improved farmer livelihoods benefit my ability to **market my company and products**?

COLLABORATE AT SECTOR LEVEL



What are the **structural issues at the sector level** that are preventing my company's supply chain initiatives from being successful?

What are challenges at the **landscape / community level** (watershed management, deforestation) preventing my company's supply chain initiatives from being successful, that I can't address alone?

A photograph showing a person's hands holding a smartphone over a large basket of fruit. The fruit includes green and red apples, and some green citrus fruits. A person's arm in a light blue shirt is visible behind the basket. The scene is brightly lit, and the background is slightly blurred.

Step 8:
Monitor
Results

Measurement & Evaluation for Living Income



What are your project objectives and how do you plan to achieve them?



What do you need to know to understand if your activities are contributing to intended changes?



What indicators will help you understand if you are reaching your objectives?

Activities
the ways company supports farmers

Output
how many participate / how many services/resources provided

Outcome
the resulting change
(i.e. change in knowledge / skills / behavior)

Impact
ultimate change
(i.e. change in income)



The Living Income Toolkit: Guidance on how to build a roadmap towards LI with the private sector



Guiding steps towards living income in the supply chain

How to mainstream living income in your company's activities

Published by
giz Business Development
for Africa/Indonesia
by GIZ/UNEP/FAO/IFAD

The Living Income
Community of Practice



Hands-on guideline
with **8 practical steps**

Use cases from
businesses &
development
cooperation

Further resources
for deep dive



Businesses
CSR/Sustainability/
Procurement

Cooperation with
private sector

**Newbies &
advanced users**

[Download Living Income Toolkit](#)

Where Can I Find Living Income Benchmarks & further information

ALIGN



www.align-tool.com/resource-library

Guidance on living income and wage strategy, and the benchmark database of public benchmarks. Cross-posted on Living-Income.com

**GLOBAL⁷
LIVING WAGE
COALITION**

www.globallivingwage.org

Anker Living wage estimates available in 34 countries, with application in multiple industries.

**The Living Income
Community of Practice**



www.living-income.com/living-income-benchmarks

All public Living Wage & Living income benchmarks are combined into one easy-to-read document. Cross posted on ALIGN.



www.idhsustainabletrade.com/living-wage-identifier-tool/

The Roadmap on Living Wages offers solutions for measuring and closing living wage gaps and a global LW benchmark finder.

Learn more about Living Income

The Living Income Community of Practice is an alliance of actors from various sectors (private sector, civil sector, academia). Its aim is to improve smallholders' income by combining the levers of the different actors. Within this collaboration, businesses can learn from the experiences of their alliance partners and make use of the methods and guidance offered by these in order to contribute to closing the income gap.

Join the conversation on www.living-income.com

About

[The Concept](#)

[Applications](#)

[Living Income and the SDG's](#)

Resources

[Graphics](#)

[Newsletters](#)

[Papers & Reports](#)

[Recorded Webinars](#)

Measurement

[Measuring Living Income](#)

[Actual Income](#)

[Living Income Benchmarks](#)

[Living Income Proxy](#)

Benchmarks

[LI Community of Practice](#)

[ALIGN Tool](#)

[Global Living Wage Coalition](#)

[IDH – Global LW Benchmark Finder](#)

Closing the Gap

[Cases and](#)

[Collaborations](#)

[Roles of Different Actors](#)

[Leveraging](#)

[Improvement](#)

Events

[Upcoming Events](#)

[Previous Events](#)

THANK YOU!

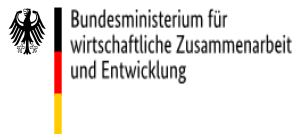
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<https://www.nachhaltige-agrarlieferketten.org/en>

Im Auftrag des:



Durchgeführt von:





Q&A on PART I



Coffee Break



PART II: Living Income Offer to Business by SWISSCO Members

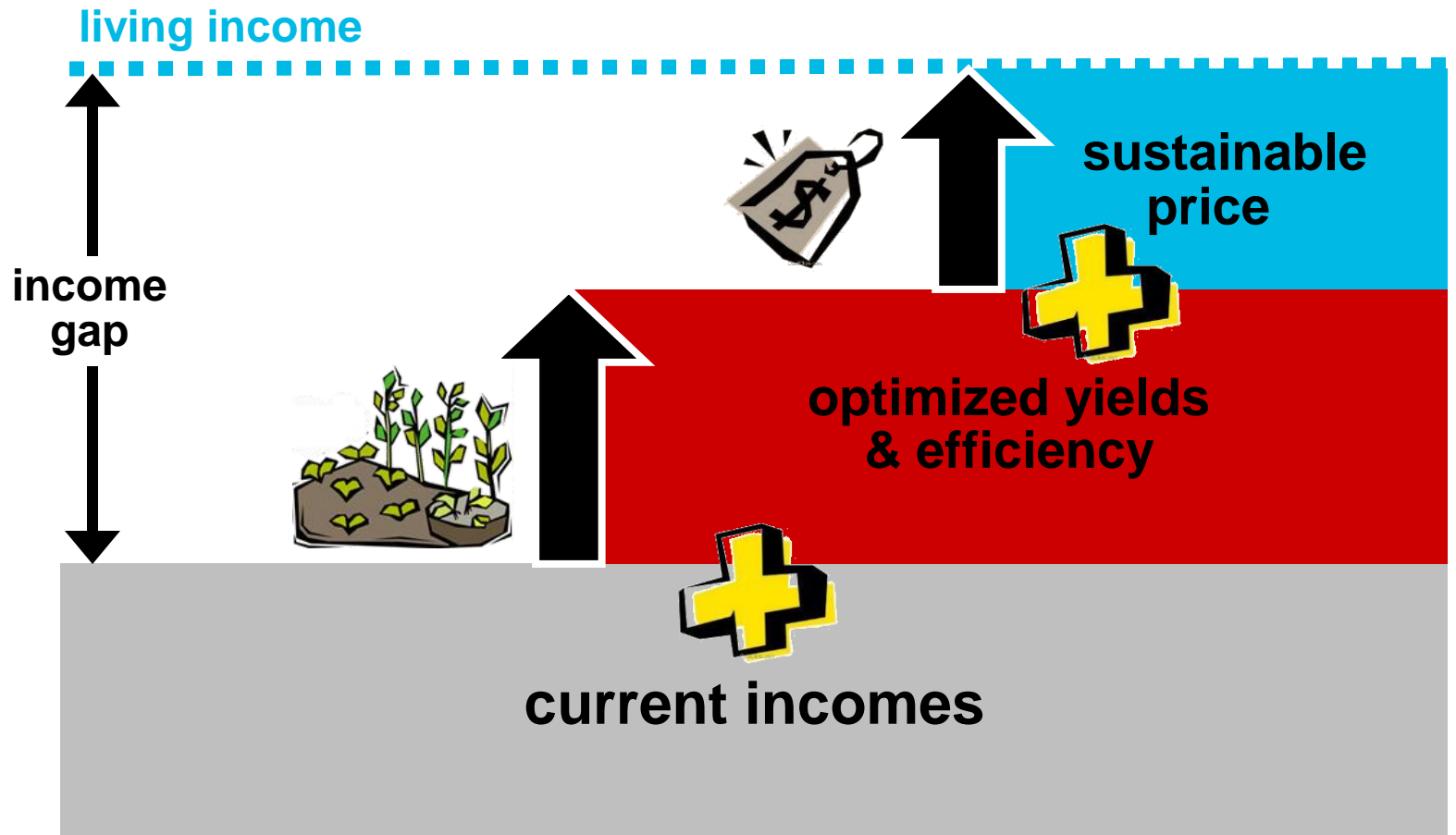


FAIRTRADE

Fairtrade living income & cocoa

Carla Veldhuyzen | SWISSCO | December 2021

income gap analysis



As a standard setter, Fairtrade establishes the conditions to achieve sustainable livelihoods

– including living incomes for producers – so that certification and complementary programmes can be used as performance indicators to measure against sustainability objectives.

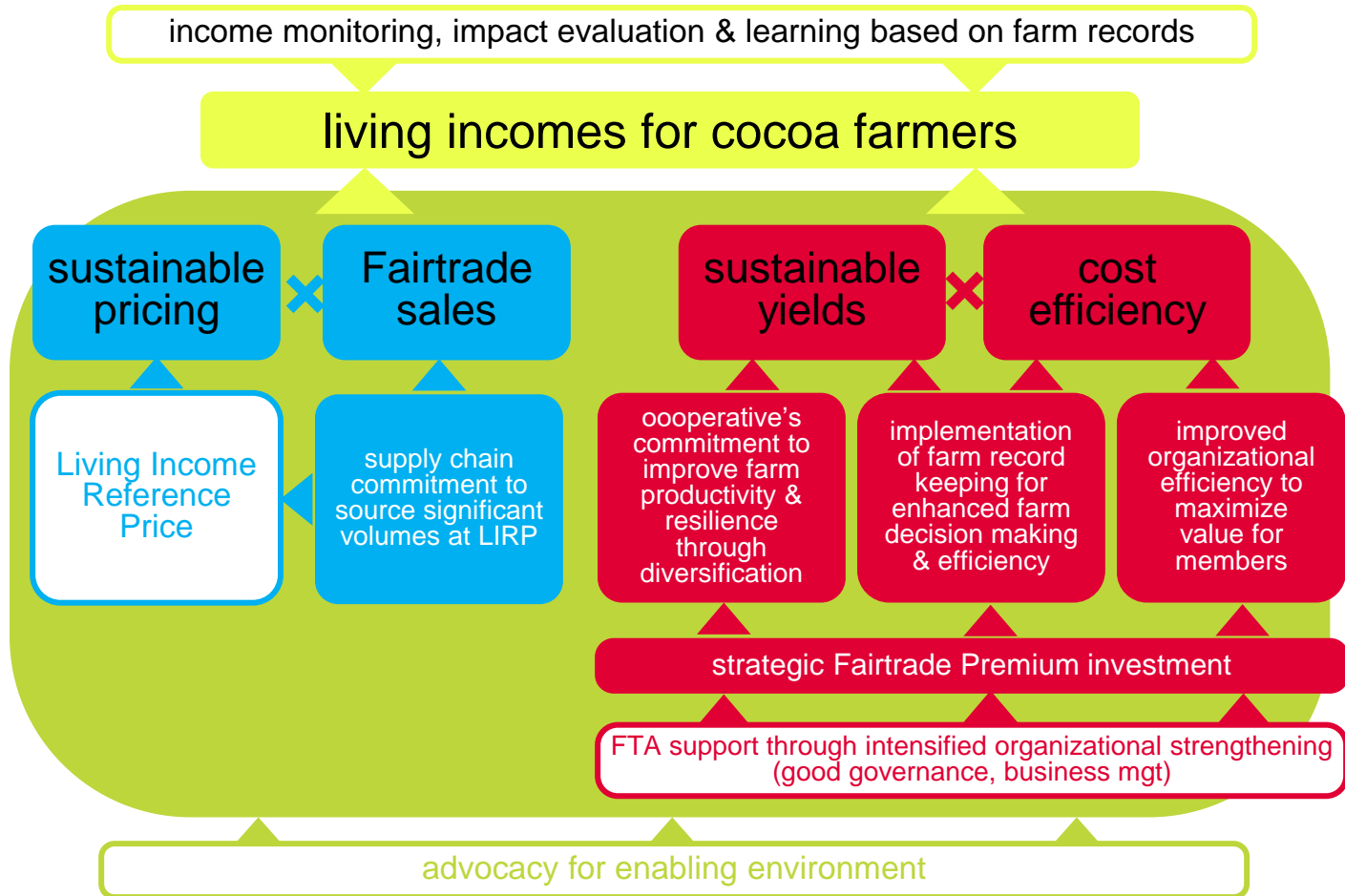
Producer organizations are empowered to drive change at farmer level, through **effectively addressing the needs of their members and creating value** in order to attain sustainable farm yields, build resilience and become profitable farmers.

- In the end, **farmers themselves are responsible** for making good use of the services (technical assistance, subsidies, finance, etc.) provided by or facilitated through their organizations and for adopting the recommended sustainable practices.

The private sector is primarily responsible for enabling living incomes through their purchasing practices. Two **critical purchasing conditions** are:

- **Sustainable (farm gate) prices:** a price which allows cocoa farmers to make the farm investments needed for implementing sustainable production practices *and* earn a net revenue that equals at least a living income ► **Living Income Reference Price**.
- **Long term sourcing commitments:** a guarantee for farmers to have a buyer for their produce in the mid-long term, to ensure a return on their farm investments and **mitigate the risk of oversupply**.





Cocoa & Living Income Programme

component	Living Income Projects	Income Improvement Projects	responsibility
Sustainable pricing commitment	<p>Payment of the Fairtrade Living Income Reference Price</p> <p>A minimum of a 3-year sourcing commitment</p>	Price and/or Fairtrade volume increase commitment	Commercial partner
Sustainable yields component	<p>Sustainable yields component (i.e. GAP, crop or other income diversification, agroforestry, etc.)</p> <p>Cooperative strengthening component (i.e. governance structure, technical assistance services, etc.)</p> <p>Farm Record Keeping</p>	At least one other intervention under the sustainable yields component applicable to Living Income projects	Cooperative, with support from Fairtrade producer network
M&E	Monitoring & Evaluation of income improvement based on Living Income indicator framework	Monitoring & Evaluation aligned with Fairtrade's Living Income indicator framework	Fairtrade International
verification	Audited payments received by cooperative and at farmgate level		FLOCERT



on the shelves



Thank you!





FAIRTRADE

for further details, please contact:

Manuela Stiffler | Max Havelaar Switzerland | m.stiffler@maxhavelaar.ch

Carla Veldhuyzen | Fairtrade International | c.veldhuyzen@fairtrade.net



Sustainability Differential and Sustainability Investments

Ruben Bergsma - Cocoa Sector Lead
Rainforest Alliance

Topics

- Introduction
- Approach to a Living Income
- Zooming in on
Sustainability Differential (SD)
and
Sustainability Investments (SI)





Introduction

Rainforest Alliance Cocoa program overview

Over 1.5 million UTZ or RA certified cocoa produced in 2020

- 1,263,000 MT of UTZ and 328,000 MT of RA
- Main origins are Côte d'Ivoire, Ghana, Cameroon, Nigeria, Ecuador

Over 1 million MT sold in 2020

- 862,000 MT of UTZ (68% of production) and 186,000 MT of RA (57%)
- The majority of sales are from Africa (86%), mainly Côte d'Ivoire and Ghana

Over € 88 million in cash premiums in 2020

- € 73 mln in UTZ premiums globally
- € 15 mln in RA premiums in Côte d'Ivoire and Ghana*

*Rainforest Alliance premiums only recorded in Côte d'Ivoire and Ghana in 2020.

Source: <https://www.rainforest-alliance.org/resource-item/cocoa-certification-data-report-2020/>



Part 1: Approach to a Living Income

What we do



Sustainable Livelihoods for Farmers - A Living Income and Beyond

The Rainforest Alliance's theory of change of achieving sustainable livelihoods for farmers is built around three pillars:

1. Profitable and Resilient Farmers
2. Market Incentives and Shared Responsibility
3. An Enabling Environment

A long-term and systemic response is needed

Price interventions for bridging the gap

Living Income Tool

- Measure share of households above or below living income **benchmark** and **average gap**
- **Monitoring progress**

Annex S5

Living Income Tool
Version 1.1

Translation Disclaimer

For any question related to the precise meaning of the information contained in the translation, please refer to the official English version for clarification. Any discrepancies or differences in meaning due to translation are not binding and have no effect for auditing or certification purposes.

More information?

For more information about the Rainforest Alliance, visit www.rainforest-alliance.org or contact info@ra.org

Document Name:	Document Code:	Version:	
Annex S5: Living Income Tool	SA-G-SD-6-V11	11	
Date of first publication:	Date of revision:	Valid From:	Expires by:
July 1st, 2020	February 28th, 2021	July 1, 2021	Until further notice
Developed by:	Approved by:		
Rainforest Alliance Departments Standards and Assurance, and Global Themes and Partnerships. Designed by Agri-Logic.	Director of Standards and Assurance		
Linked to:			
SA-S-SD-1-V11 Rainforest Alliance 2020 Sustainable Agriculture Standard, Farm requirements SA-G-SD-20-V11 Guidance Document Q: How to use the Living Income Tool Example of completed Annex S5: Living Income Tool Living Income Methodology			
Linked to:			
SA-S-SD-6-V11 Annex 5: Living Income Tool and Methodology			
Applicable to:			
Farm certification holders			
Country/Region:			
Ghana and Ivory Coast			
Crop:	Type of Certification:		
Cocoa	Farm Certification		



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SA-S-SD-6-V11 12/12/2021

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Living Income Module

- A pilot to **test direct payment** of an additional premium from brand owners directly to cocoa farmers.
- **Cash transfers** are combined with **tailored trajectory to build up the resilience** & professionalize producers.
- With monitoring functionality to **measure impact over time**

Uses Living income benchmark calculation



Connected to Living income monitoring tool

Advocacy

- We engage with governments to strengthen policies and their implementation to improve farmers' livelihood and protect nature.
- We build partnerships with local CSO's and farmer organisations and support them in strengthening their advocacy capacity.



**Part 2: Zooming in on
Sustainability Differential (SD) and
Sustainability Investments (SI)**

Components of Shared Responsibility



Sustainability Differential (SD)

Is a mandatory payment of an additional monetary amount to certified **producers** (*farmers*) on top of the market price to **reward them** for producing more sustainably.

Sustainability Investments (SI)

Cash or in-kind investments from buyers of Rainforest Alliance certified products to **farm certificate holders** (*farmer groups*) to enable improvements to **meet the requirements** of the Sustainable Agriculture Standard.





Requirements for Sustainability Differential

- *Group Certificate Holder- 3.2.1*
 - **Documents receipt** of SD amount from buyer
 - **Communicates** SD received to group members
 - **Distributes** full SD amount to group members
 - **Documents** distribution of SD to group members

Requirements for Sustainability Differential



- ***Supply chain certificate holder (First Buyers):***
 - **Additional monetary payment** to certified producers on top of the market price, quality premiums or other differentials - 3.2.3
 - Stipulates level and terms of SD in **contracts**, and indicate those details on invoices - 3.2.4
 - **Payment within 6 months of shipment** - 3.2.5 and Annex S14
 - **Records payment of SD in RA traceability platform** – 3.2.6
 - **Respects minimum level** where applicable - 3.2.7

Requirements for Sustainability Investments

Farm certificate holder (farmer group):

- ✓ Develops an **investment plan** that ranks the investment needs & amounts it needs to comply with RA standard
- ✓ **Documents in-kind and cash** Sustainability Investments received from buyers

Supply chain certificate holder (First Buyers):

- ✓ Ensures the farm certificate holder **receives Sustainability Investments** aligned with the needs of the investment plan
- ✓ **Documents** in-kind and cash Sustainability Investments:
 - In annual investment report
 - In traceability platform



Phased introduction of SD SI

Phase 1: April 2020 – June 2021

Establishing mandatory premiums

Phase 2: July 2021- June 2022

Transitioning from premiums to SD and SI

Phase 3: July 1, 2022 onward

Introducing the minimum SD



2.3

Cocoa Policy

A premium is paid by the first buyer to Rainforest Alliance certified groups for all product claimed as Rainforest Alliance certified

Phase 1: Establishing and recording mandatory premiums

- **UTZ:** Premium mandatory for all UTZ certified cocoa sold
- **Rainforest Alliance:** Premiums often also already paid for certified cocoa
- **From July 1, 2020:** Premium mandatory for all Rainforest Alliance cocoa sales from Côte d'Ivoire and Ghana
- Premiums now recorded for **>95%** of cocoa certified by Rainforest Alliance programs



3.2.3 Farm standard

Payment of the SD in the form of a monetary payment on top of the market price, quality premium or other differentials

Phase 2: Transition from premium to SD SI

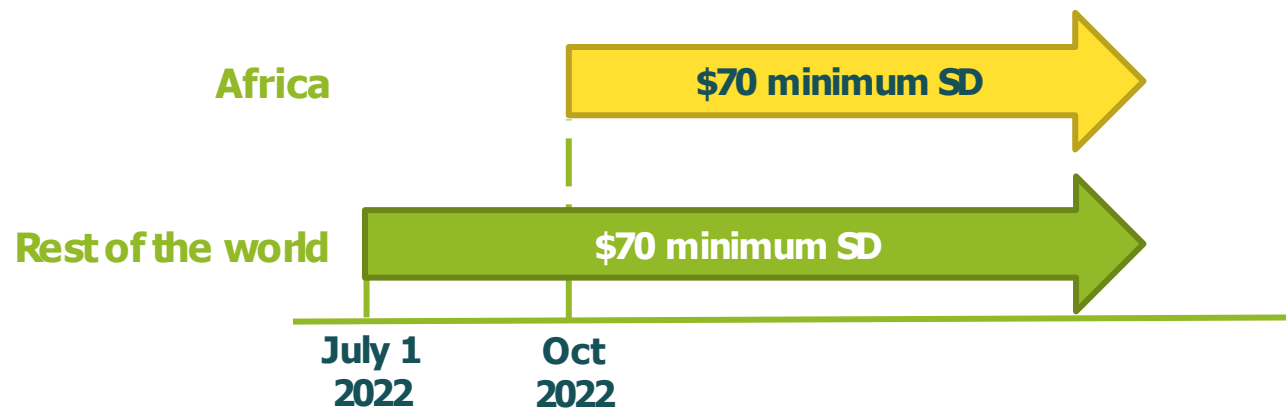
- From July 1, 2021, producers can start to be certified against the **2020 Rainforest Alliance Standard**
- **SD SI is mandatory** for all 2020 Standard cocoa sales (Farm Certificate Holder to First Buyer)
- **First year of certification (2021-22):**
 - No **need to renegotiate premium** if already agreed
 - Agreed premium can be **divided between SD and SI** (eg cash to farmer and cash to group)
 - **Record both SD and SI**
 - **Record in-kind SI separately**



Phase 3: introducing the \$70 minimum SD

- **Africa:** for any certified cocoa sold from the 2022-23 harvest onward (starting October 2022)
- **Rest of the world:** for any certified cocoa sold July 1, 2022 onward

We will closely monitor the effect on SI (based on 2021 SI data and historic UTZ premium data)

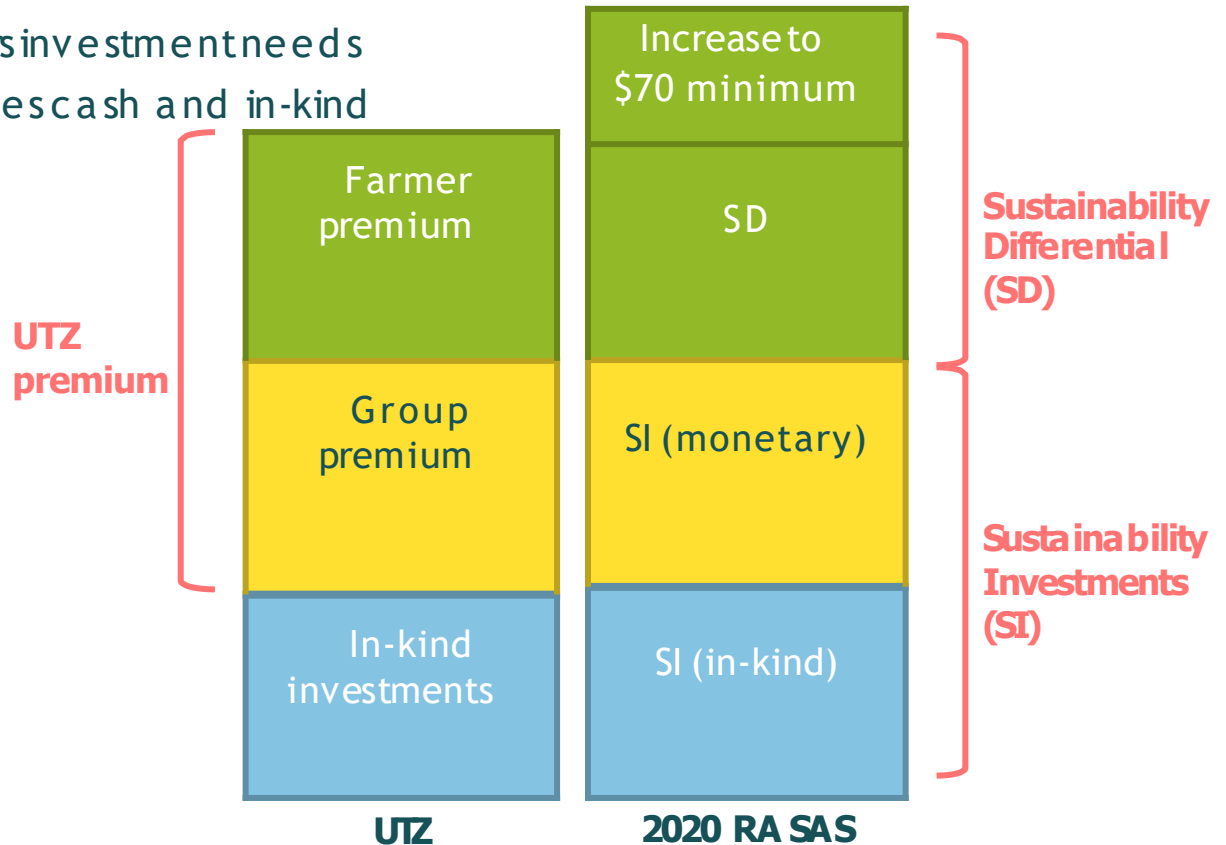


3.2.7
Annex 14

At least the prescribed minimum is paid

The \$70 minimum in context

- The \$70 minimum SD is only part of the equation - it does not include SI
- \$70 is the start, not the norm. If we see a shift of all SD payments towards \$70 then we will intervene with extra measures.
- SI covers investment needs
- SI includes cash and in-kind



3.3.1

Management at least annually defines the investments needed to improve sustainability and develops an investment plan

Working with the Investment Plan

- ***Before the harvest***
 - Results of all assessments
 - Listing investment needs
 - Investment allocation
- ***During and after the harvest***
 - Receipt of SI from buyers (can include pre-financed, cash, in-kind services)
 - Actual investments take place
 - Updating of the plan
- ***Prior to new season***
 - Annual report of investments into RA online platform (% allocation per category)





THANK YOU



RAINFOREST ALLIANCE

rainforest-alliance.org

233 Broadway, 28th Floor
New York, NY 10279
USA

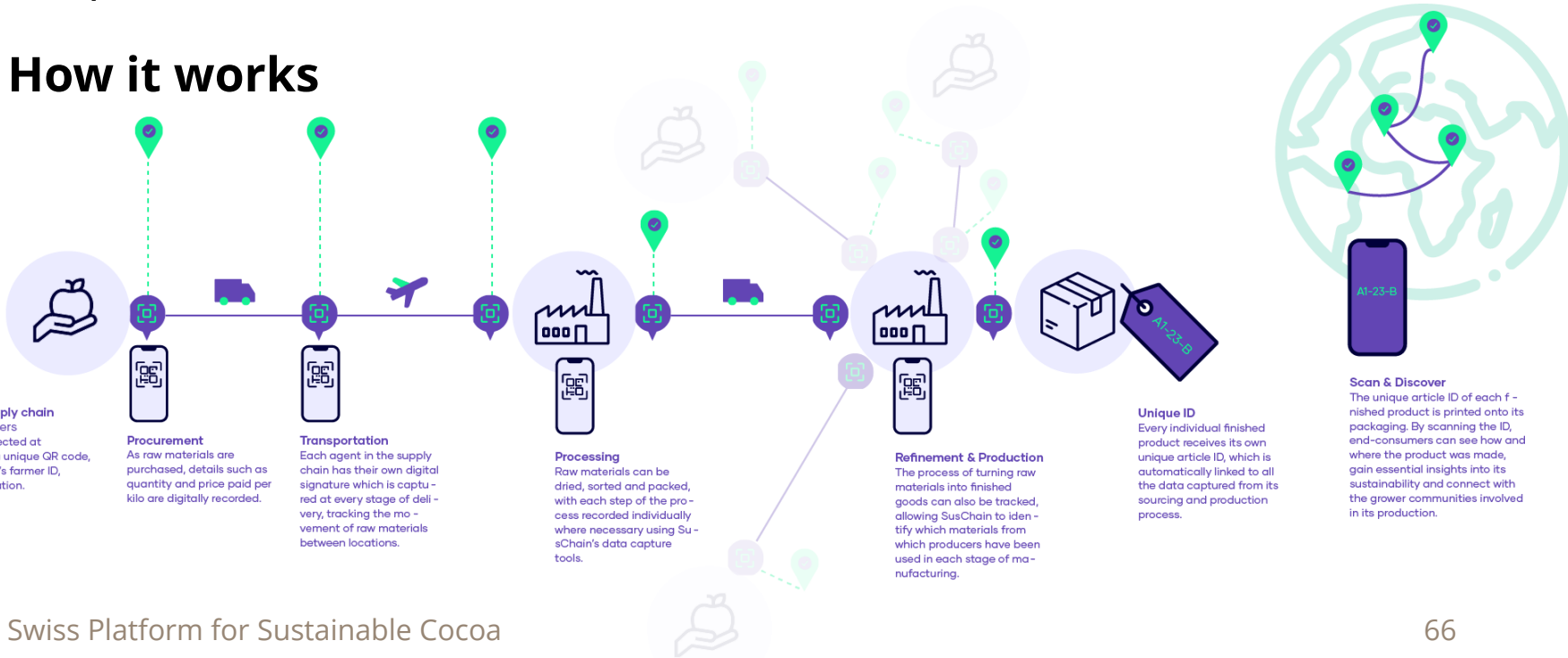
De Ruyterkade 6
1013 AA, Amsterdam,
The Netherlands



Traceable from bean to bar

- Immutable, cryptographically signed data
- Flexible data types
- Highly scalable
- Open source

How it works



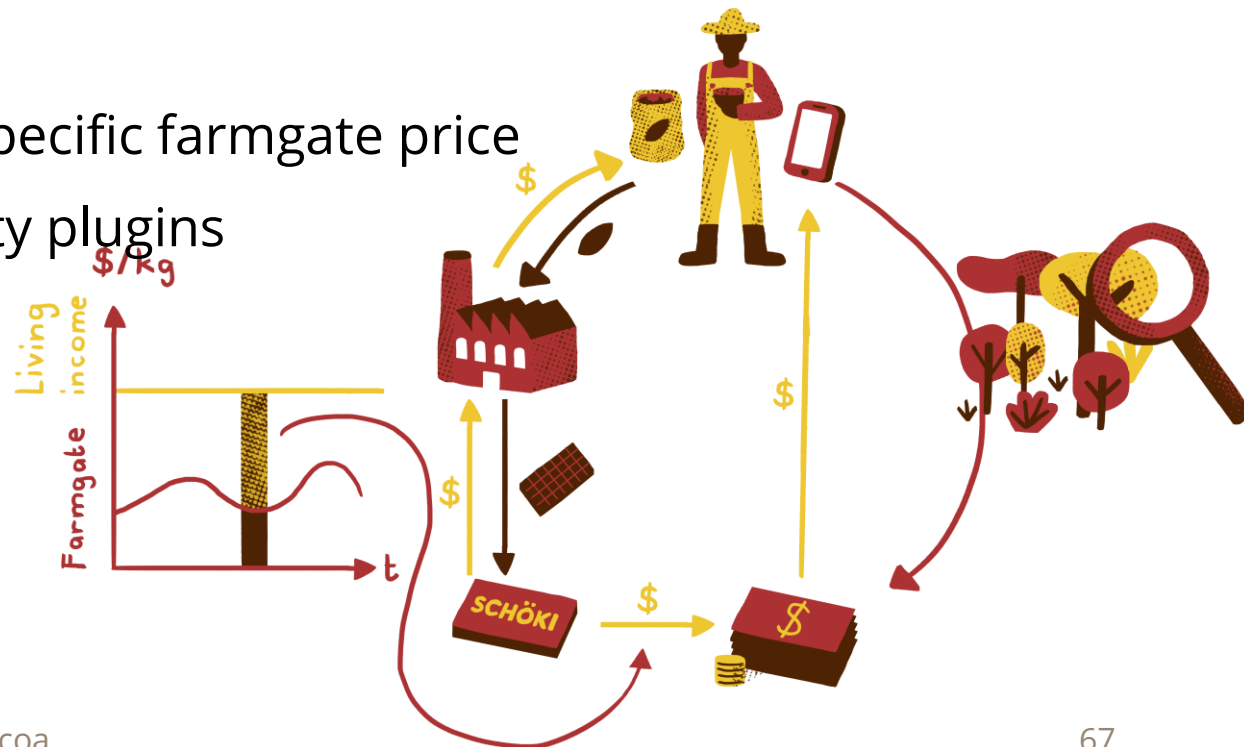


Living-income Plugin

- trace cocoa purchase by using SusChain
- Ensured living income farmgate price
- LI-premium via direct payment

Next steps

- Calculate region specific farmgate price
- Other sustainability plugins





SCHÖKI: True fairness – a living income cocoa price

- First SusChain use-case
- 100% traceable supply chain
- Living income for all raw materials



SusChain initiative

- A non-profit, open source, sustainability focused initiative
- Partner with us
- hello@suschain.org



Q&A on PART II



PART III: Income Studies



Living Income Benchmark Study Peru, 2022

Isabel Heidler, Max Havelaar Switzerland



Living Income Benchmark Study

General background

Living Income concept

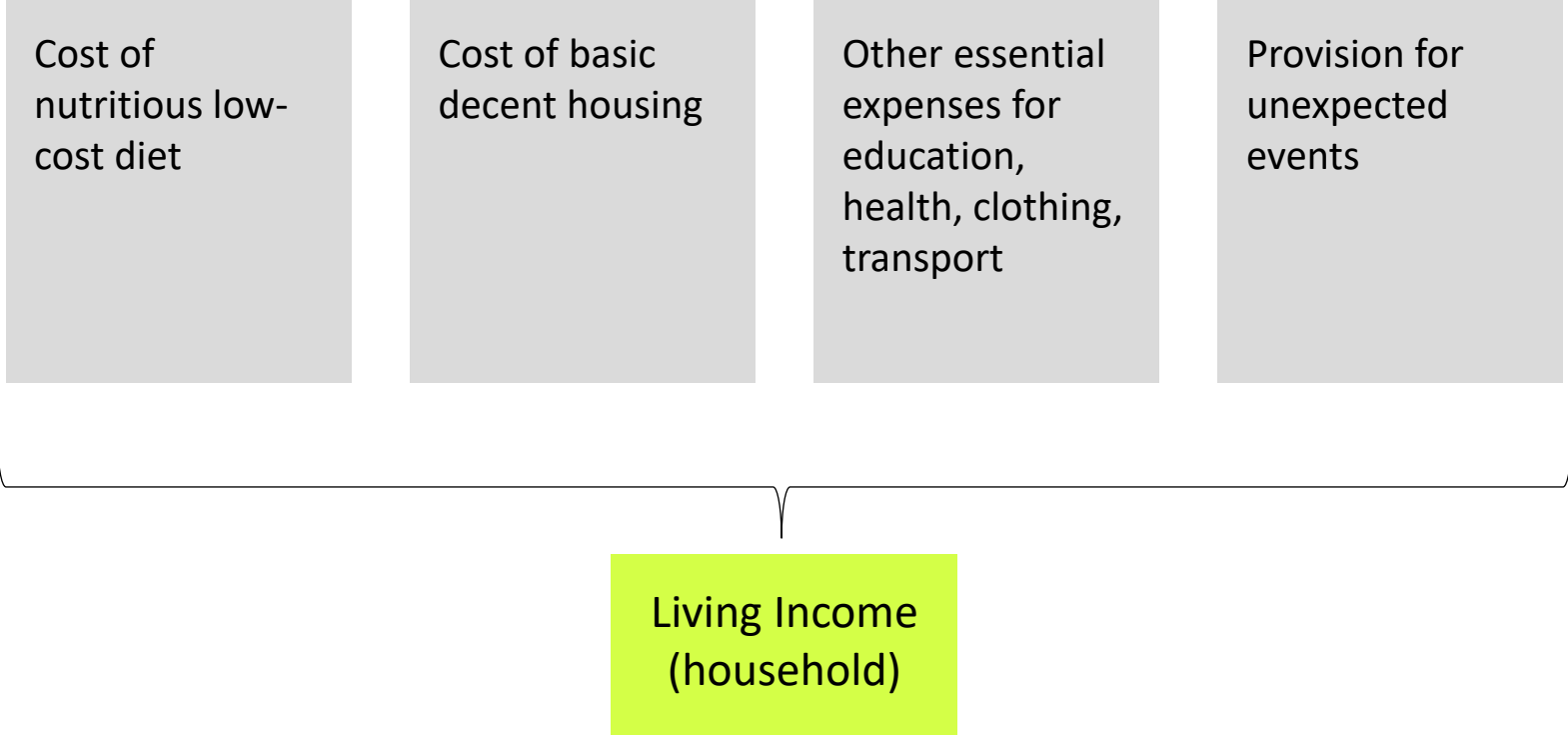
A Living Income refers to an income that allows a typical family to live in dignity.

Cost of
nutritious low-
cost diet

Cost of basic
decent housing

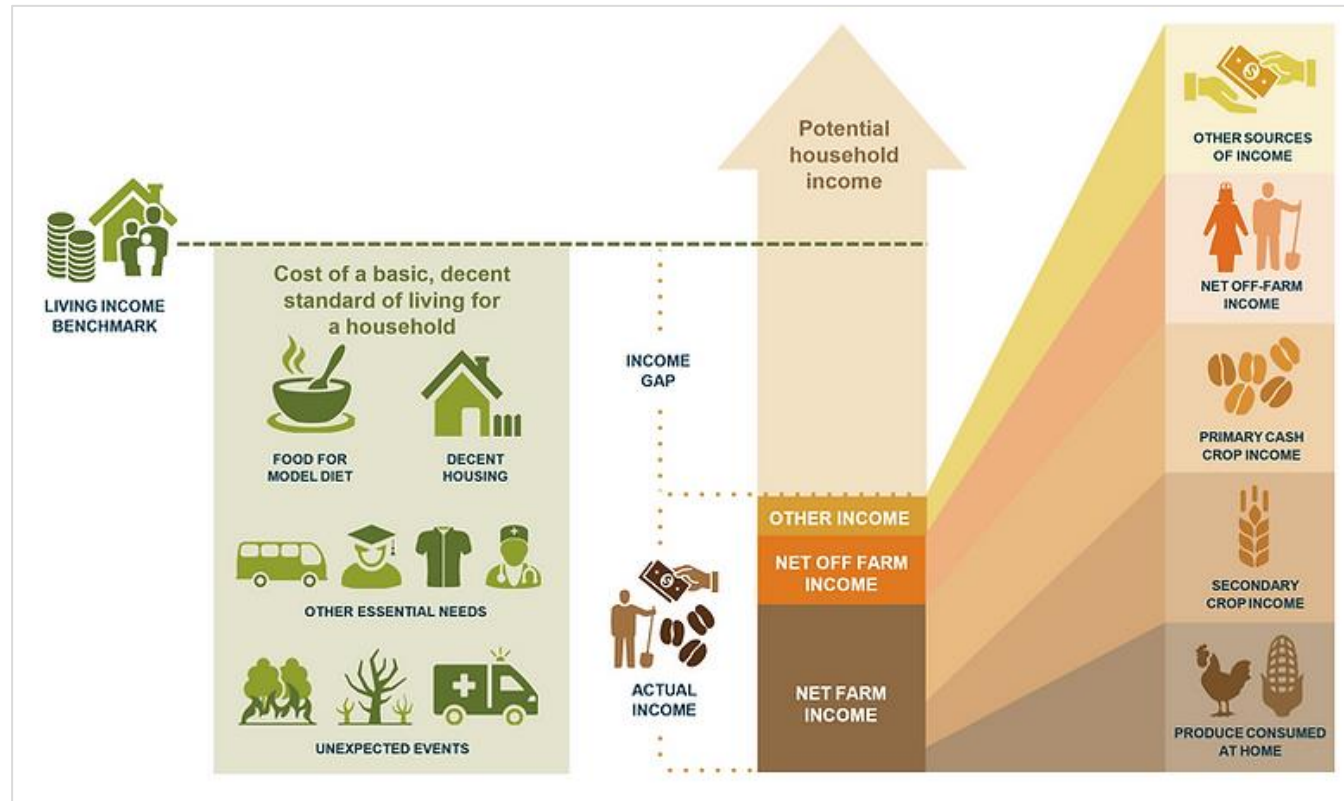
Other essential
expenses for
education,
health, clothing,
transport

Provision for
unexpected
events



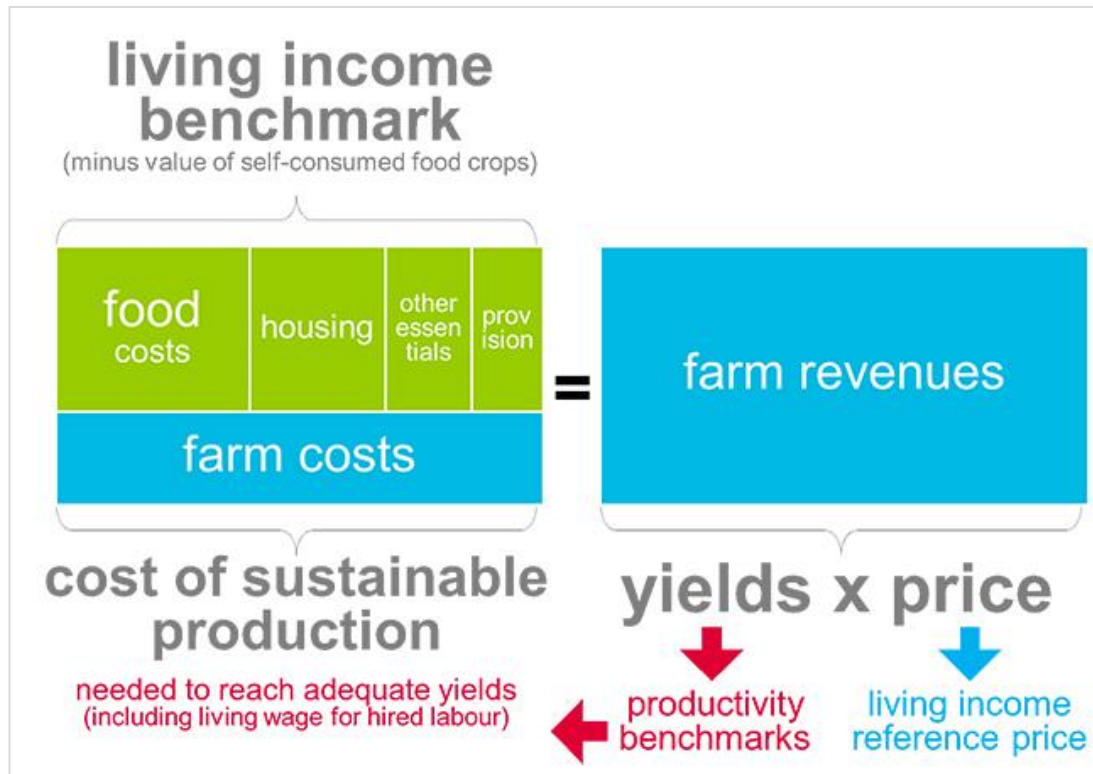
Living Income
(household)

Living Income Benchmark Study



Source: The Living Income Community of Practice

Fairtrade's Living Income Reference Price



Living Income Benchmark Study in Peru – San Martin, Cajamarca, and Piura

Study details

Living Income Benchmark Study in Peru - Consortium of stakeholders

Cocoa stakeholders

- Swiss Platform for Sustainable Cocoa
- Landscape Approach in San Martin, Peru

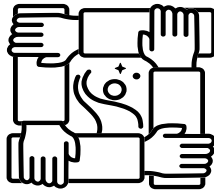


Coffee Stakeholders

- Starbucks
- Nespresso
- Keurig Dr Pepper
- Sustainable Harvest Coffee Importers
- Olam Specialty Coffee
- Solidaridad-Peru

Anker Research network & Social Accountability International (SAI),
Sustainable Food Lab & Max Havelaar Switzerland

Stakeholder's contributions



In Kind

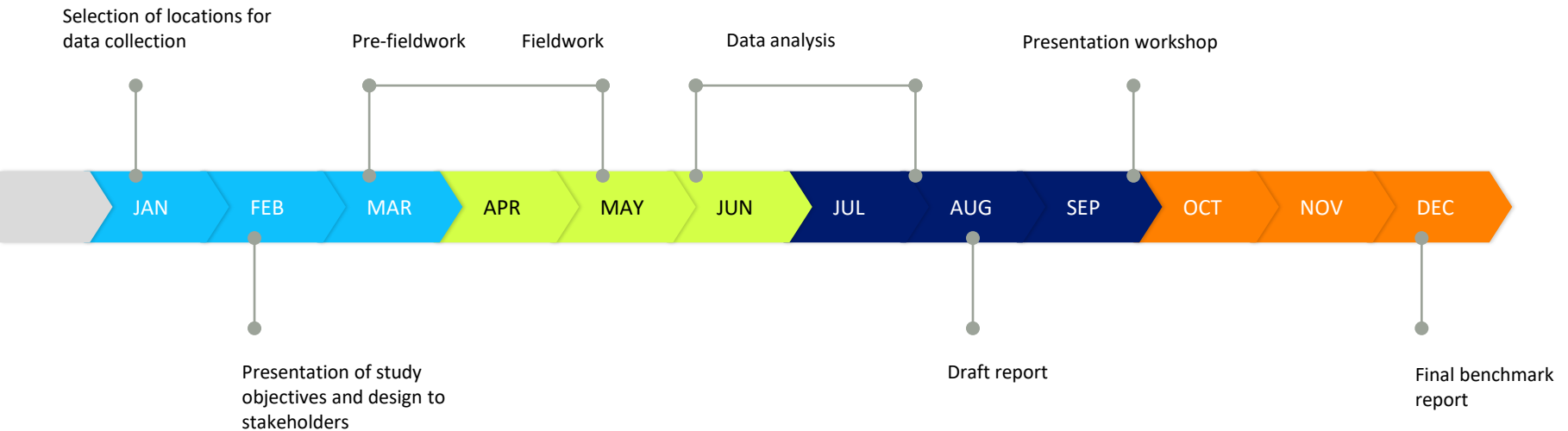
Peru Ministry of Agriculture
Fairtrade Int'l/CLAC
Sustainable Food Lab
Max Havelaar Switzerland
Solidaridad-Peru
UNDP
Bellwether Coffee



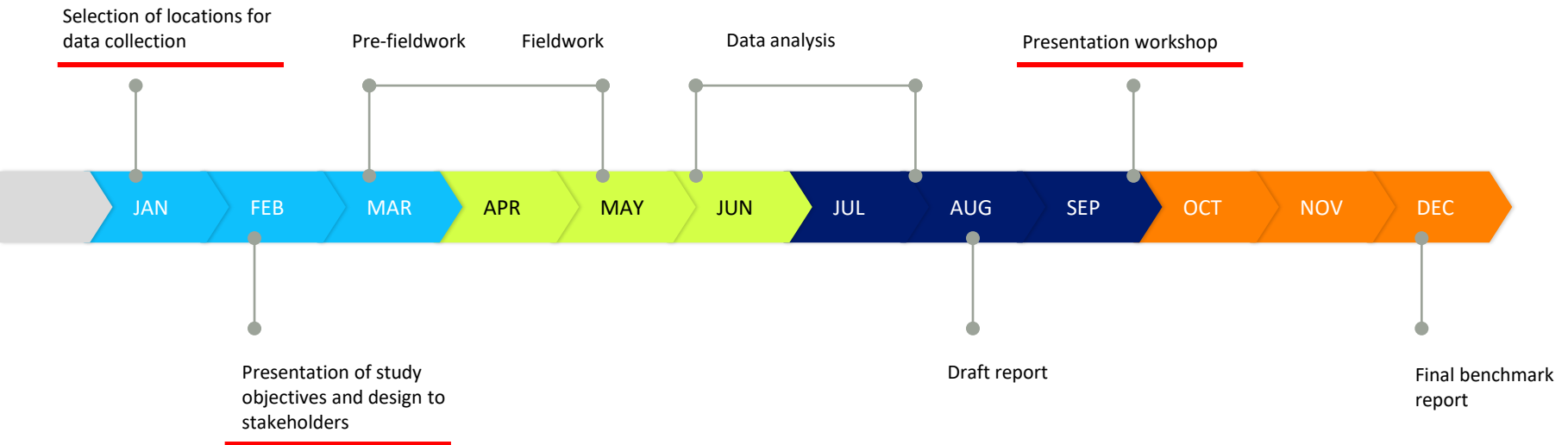
Financial Sponsorship

Swiss State Secretariat for Economic
Affairs (SECO)
Starbucks
Keurig Dr Pepper
Sustainable Harvest Coffee Importers
Olam Specialty Coffee
Solidaridad-Peru

Time plan



Time plan – engagement with SWISSCO





SWISSCO December 2021

Jon Walker



Agenda

1. Background to and composition of the studies
2. Fairtrade's financial interventions
3. Comparison study 2016/17 v 2020/21
4. Fairtrade Minimum Price intervention modelling



2nd Ivorian household income study

2016/17 data comparison with 2020/21

The cooperatives included in the sample are cooperatives that participated in the study published in 2018 and that were still certified. Some differences in sampling with the previous study could hinder comparability.*

384 farmers

16 coops

Impact of Fairtrade price interventions

The cooperatives included in the sample have minimum sales on Fairtrade terms of 20%. The average sales on Fairtrade terms per cooperative is 45%. The cooperatives were selected using purposive sampling: only cooperatives with sales above 20% on Fairtrade terms were considered.

482 farmers

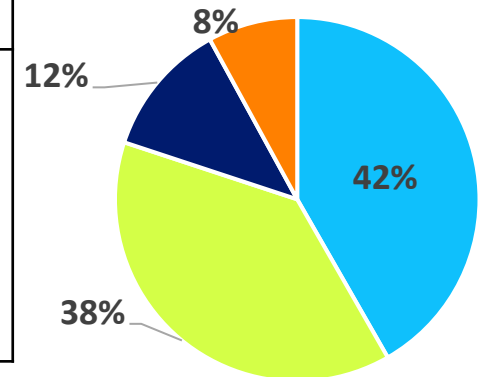
20 coops

**the researchers calculated a 95% confidence level, with a 5% error margin, meaning it is highly likely that the change reflected in the study is due to actual change in circumstances and not just a different set of households.*

Fairtrade's financial interventions per tonne – Côte d'Ivoire

Date	Government Farmgate price	<u>Fairtrade Min Price differential</u> – must be paid to the farmer*		<u>Fairtrade Premium</u>
Oct 19 – March 20	\$1,377.78	\$235.92		\$240
April 20 – Sept 20	\$1,390.64	\$212.14		
Oct 20 – March 21	\$1,787.28	\$0.00		
April 21 – Sept 21	\$1,340.83	\$318.24		
Oct 21 – March 22	\$1,457.52	\$121.70		

How coops spend the Fairtrade Premium



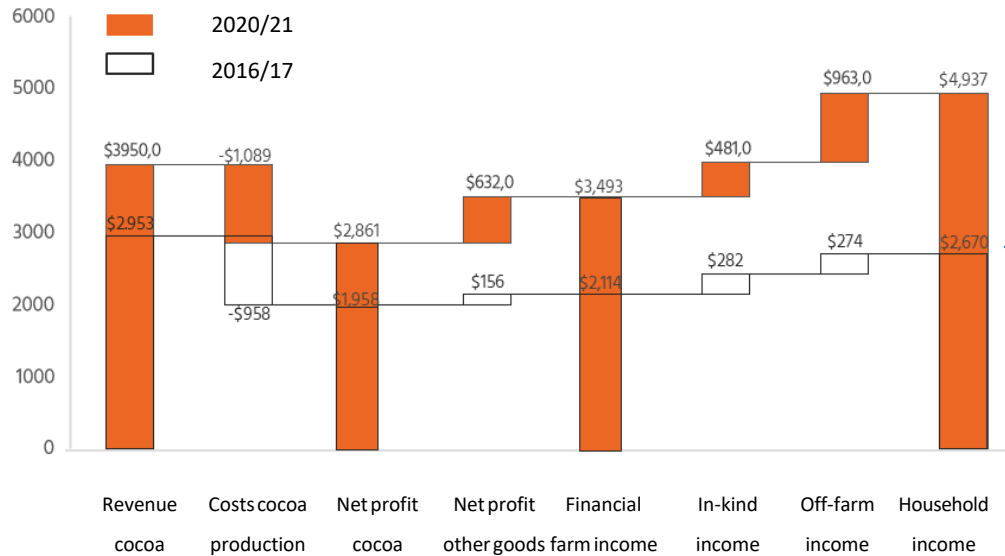
- Services to farmers
- Investment in Coop

*Fairtrade Min Price differential calculated by subtracting the Ivorian government Valuer FOB Garanti from the Fairtrade Minimum Price of \$2,400 per tonne at FOB

Note: Additional +\$300 per tonne Fairtrade organic payment on top of market price

Comparison study | average farmer household income 2016/17 v 2020/21

The average yearly household income is 4,937 USD per household, compared to 2,670 USD per household

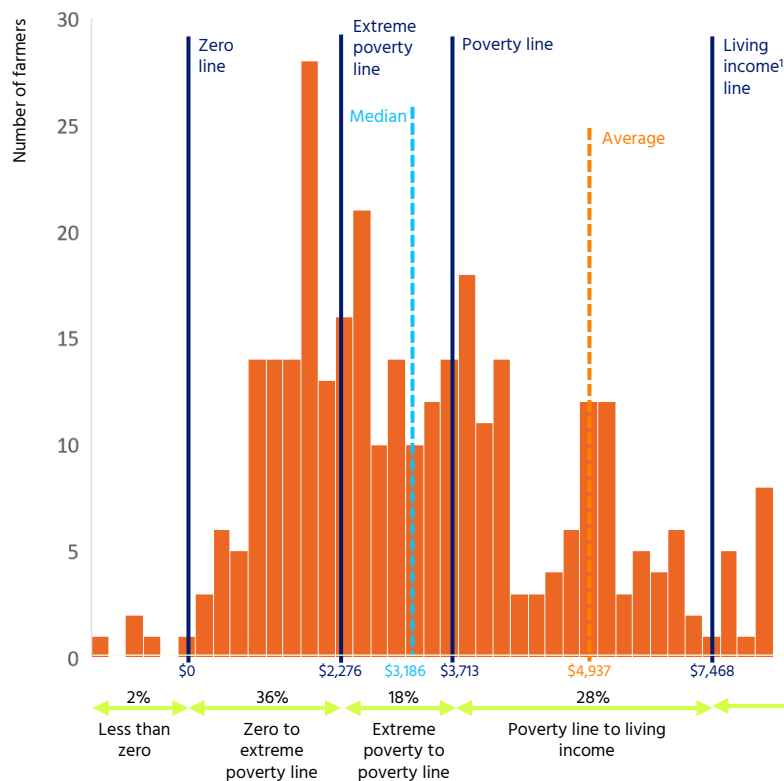


- Cocoa yield up
- Higher number of trees per ha
- Younger trees
- More diversification
- Fairtrade Minimum Price

Indicator	Average (2020)
In-kind income from agricultural goods	\$438.51
In-kind income from spouse or others	\$42.40
In-kind income	\$480.91
Wage income	\$746.62
Other income	\$216.45
Off-farm income	\$963.07

RESULTS | household income distribution: Comparison

85% of farmers earn below the living income



Key insights:

- The distribution of income per household per year is peaked towards low incomes. This means that most farmers earn below the average. Main drivers of farmer income below the median are farm area, yield, diversification and cocoa price. 15% of farmers earn above the living income.
- The extreme poverty line and poverty line are calculated based on World Bank guidelines. The extreme poverty, corrected for the purchasing power in Côte d'Ivoire, is USD 0.76. The poverty line for Côte d'Ivoire, is USD 1.24.

Indicator	Unit	2020/21	2016/17
Less than 0 USD/household	%	2.2%	5.5%
0 to extreme poverty line	%	35.7%	52.3%
Extreme poverty line to poverty line	%	18.4%	19.4%
Poverty line to living income	%	28.3%	16.2%
Above living income	%	15.4%	6.6%

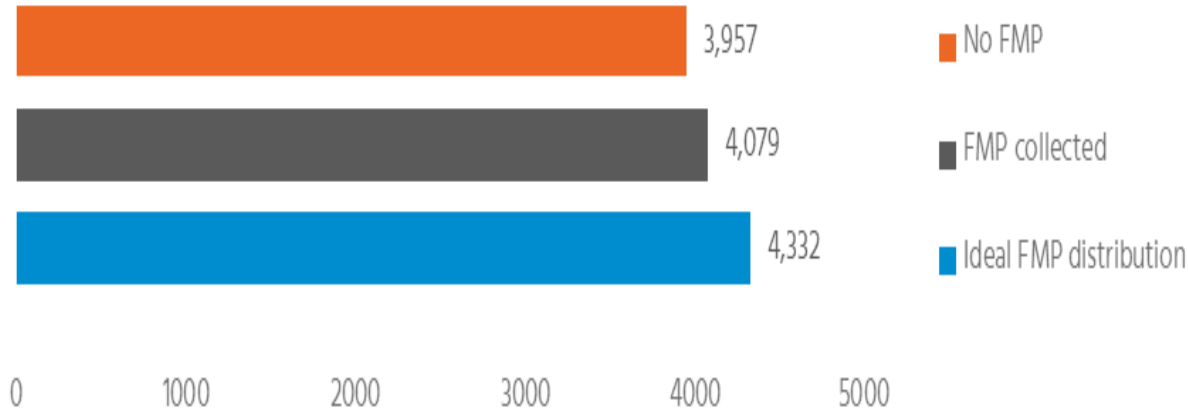
Table 5: Development of farmer household income distribution

The median farmers lies in the green cells, while the average farmer lies in the yellow cells.

Figure 12: Farmer household income distribution (USD/year)

¹ Estimated using median household size, excluding social security

Fairtrade Minimum Price | Effect FMP Differential on Income



Average farmer household income under different scenarios

- Reference period Oct 2019/20 season, FT Min Price differential \$235.92 per tonne
- If a farmer sells all cocoa on FT terms at times of low prices HH income +9%
- Fairtrade Minimum Price is designed to be a safety net



FAIRTRADE
INTERNATIONAL

Thanks!



LIVING INCOME: FROM RIGHT TO REALITY

potential issues and
recommendations for business



OXFAM Briefings for
business SERIES:

LIVING INCOME



**WHY A
BRIEFING for
Business on
Living
INCOME?**

An inflection point for living income:

- Lots of support but few commitments
- Lots of analysis but few proven strategies
- Lots of pilots but little scale
- **Lots of opportunities but also significant risks**



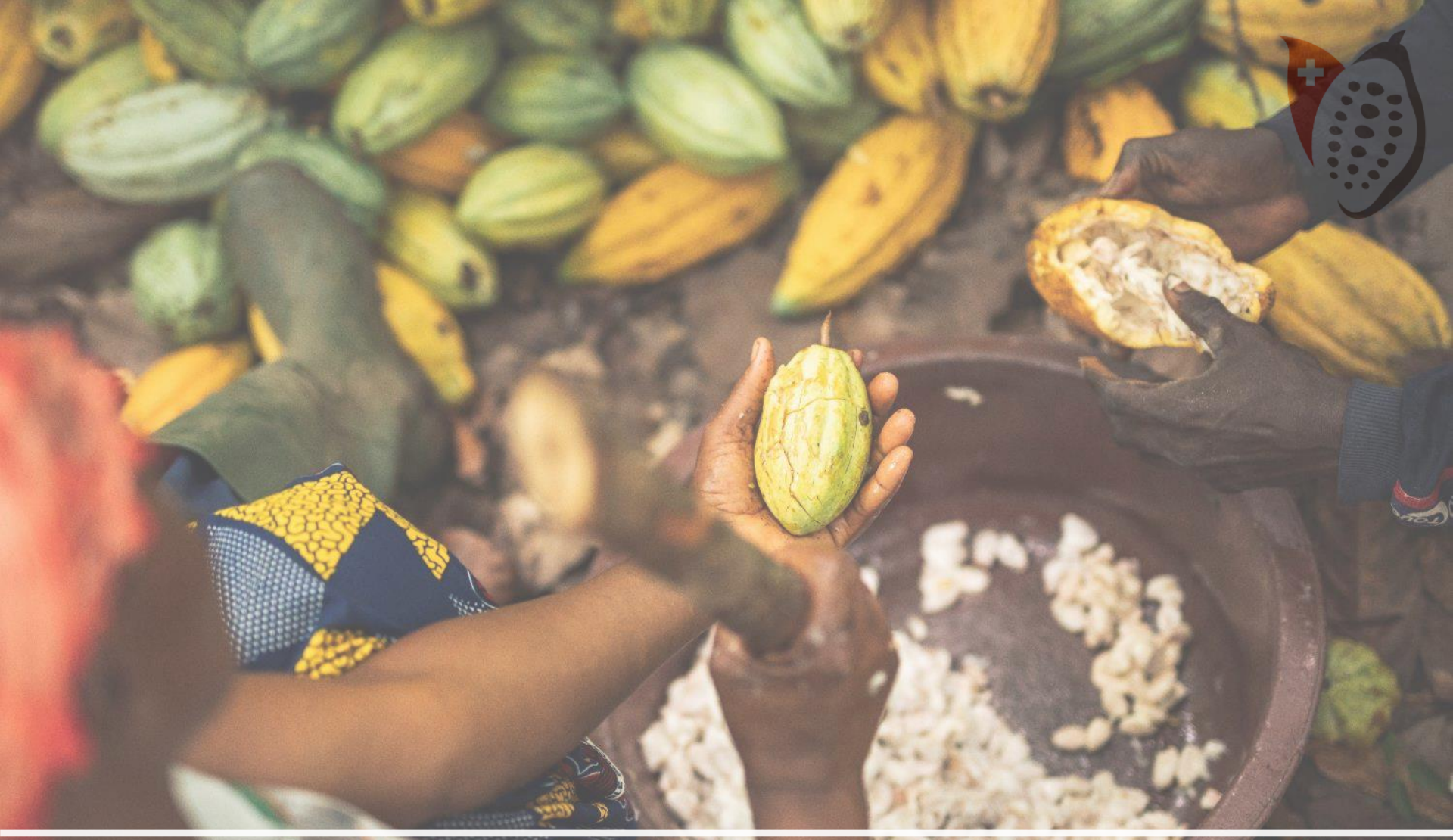
8 Critical AREAS for Companies and LIVING INCOME

- 1. Adopt a human rights due diligence approach**
→ *Start with your own impact on farmers*
- 2. Ensure living income strategies benefit the most vulnerable farmers**
→ *Don't just 'cream from the top'*
- 3. Integrate living income in procurement practices**
→ *Align the way you source with living income*
- 4. Elevate pricing as a living income strategy**
→ *It remains the elephant in the room*



8 Critical AREAS for Companies and LIVING INCOME

- 5. Make living income strategies gender-inclusive**
→ Otherwise, they can reinforce gender inequalities
- 6. *Increase farmers' bargaining power on living income***
→ *Right now, farmers carry the burden of change*
- 7. *Share data and insights on living income***
→ *Lack of information remains a major barrier*
- 8. Enable strong government and sector-level action on living income**
→ *Companies can't do it alone*



Q&A on PART III



Wrap up & Closing



Virtual Networking (Optional)