CRAVING A CHANGE IN CHOCOLATE:

HOW TO SECURE A LIVING INCOME FOR COCOA FARMERS

FAIRTRADE

INTRODUCTION

Craving a change in chocolate

"IT WAS THE BEST OF TIMES, IT WAS THE WORST OF TIMES, IT WAS THE AGE OF WISDOM, IT WAS THE AGE OF FOOLISHNESS, IT WAS THE EPOCH OF BELIEF, IT WAS THE EPOCH OF INCREDULITY, IT WAS THE SEASON OF LIGHT, IT WAS THE SEASON OF DARKNESS, IT WAS THE SPRING OF HOPE, IT WAS THE WINTER OF DESPAIR."

Charles Dickens,
A Tale of Two Cities

Ireland is a country that loves chocolate – we each ate 7.7kgs of chocolate per person in 2017 which makes us 3rd in the chocoholic rankings in Europe, just behind Austria and Switzerland, the largest chocolate consumers.[1] It is estimated that the retail value of this chocolate is worth approximately EUR615 million.[2]

But how many of us really know much about where the cocoa in our chocolate comes from? And what life is like for the people who grow it, and the conditions they live in?

There is unfathomable poverty for millions of human beings associated with the growing of cocoa for our chocolate, particularly in West Africa where 70% of the world's cocoa is grown. So much abject poverty in fact, that we may be about to witness many things being done, by a range of actors and stakeholders. Together these initiatives may allow many of these millions to begin to trade their way out of poverty.

Cocoa farmers face a huge number of challenges, but one lies at the root of many of them; most farmers' incomes are simply too low. Estimates before the price of cocoa crashed between September 2016 and February 2017 suggested that the price cocoa farmers receive represents less than seven percent of the value of cocoa sold in Europe.[3] With so little by way of return, farmers are barely able to cover their costs. And what is left is insufficient to live on – to feed, house and educate their families. The future is uncertain for most farmers and many young people are leaving cocoa farming in search of better-paid employment.

Women cocoa farmers carry the greatest burden. In addition to working in the cocoa fields, they are often the ones who must look after children and do additional tasks such as carrying water. They often have fewer rights than men. In Côte d'Ivoire, women carry out 68% of the labour

involved in cocoa farming and yet the Africa Development Bank estimates that they earn just 21% of the income generated.[4]

WE ALWAYS SAY IN THIS SONG THAT WE SING THAT WE ARE STANDING UP AND WORKING FOR THE FUTURE OF OUR CHILDREN. BECAUSE IT'S THEY WHO WILL COME AFTER US.

Rosine Bekoin, cocoa farmer and Secretary of the Women's Society, CAYAT.

Some of the positive things that have been happening in recent times include;
In 2019 the Ghanaian and Ivorian Governments agreed on new pricing mechanisms to come into effect in 2020. These measures should ensure more money will get back to cocoa farmers.[5]

Fairtrade has also been playing an important role in relation to pricing. From October 2019, a new Fairtrade Minimum Price and Premium for cocoa came into effect. In addition we are also introducing a Living Income Reference Price for companies to work towards. However with just six percent of the world's cocoa currently being Fairtrade, we can't do it on our own.[6]
At the 2018 World Cocoa Conference, the cocoa sector

The average cocoa farmer in Ghana earns around $1 per day (about 0.90c), with farmers in Côte d'Ivoire earning less than $1 per day.[16] In both cases, this is well below the extreme poverty line of $1.90 (about €1.70 per day.)

signed a joint commitment to enable farmers to earn a living income.[7] We must now turn that commitment into action. This report outlines an ambitious agenda for action, setting out how governments, chocolate companies, traders, retailers and shoppers can help make that commitment a reality.

In December 2019 some of the largest chocolate companies came together with Fairtrade, the Voice Network, and Rainforest advocating that the EU adopt binding human rights regulations for the cocoa industry in Europe.

In January 2020 "The Alliance for Living Incomes", representative of a large group of German retailers, and supported by the German Federal Ministry for Economic Cooperation and Development (BMZ) agreed to work towards the realization of living income and living wages for farmers and workers in global supply chains. This initiative is now being supported by the Dutch, Belgian and Swiss Governments.[8]

Whilst all of these initiatives are welcome and necessary, the measure of their success will be in the number of cocoa farmers who receive prices allowing them to enjoy a living income

[1] 2017 data from Euromonitor International
[2] Sen Nag, Oishimaya. "Which Countries Eat The Most Chocolate?" World Atlas,Sept. 27, 2018, worldatlas.com/articles/which-countries-eat-the-most-chocolate.html.
[3] Cocoa growers receive around 6.6% of value of a tonne of cocoa sold. Antonie Fountain & Friedel Huetz-Adams,Cocoa Barometer 2015
[4] African Development Bank Economic Empowerment of African Women through Equitable Participation in Agricultural Value Chains (2015) https://www.afdb.org/fileadmin/uploads/afdb/Documents/Publications/Economic_Empowerment_of_African_Women_through_Equitable_Participation_in_Agricultural_Value_Chains.pdf)
[5] Ivorian and Ghanian Government's announcement re price and premium https://www.reuters.com/article/westafrica-cocoa/corrected-update-1-ivory-coast-ghana-add-living-income-cocoa-premium-to-fight-poverty-idUSL8N24B55M
[6] 6% is an estimate based on global Fairtrade sales data and compared with the ICCO sales figures for 2016/2017. Fairtrade International, Monitoring Report 9th Edition (2018) https://www.fairtrade.org.uk/~/media/FairtradeUK/What%20is%20Fairtrade/Documents/Policy%20and%20Research%20documents/Monitoring%20reports /Fairtrade%20Monitoring%20Report_9thEdition%202016.pdf ICCO May 2018 Quarterly Bulletin of Cocoa Statistics https://www.icco.org/about-us/icco-news/389-may-2018-quarterly-bulletin-of-cocoa-statistics.html
[7] ICCO Berlin Declaration of the Fourth World Cocoa Conference (2018) https://www.icco.org/about-us/icco-
[8] German retailers statement about Living Incomes and Living Wages: www.nachhaltige-agrarlieferketten.org/en/news/translate-to-english-living-income-arbeitsgruppe-gemeinsame-erklaerung/

CHAPTER 1 - COCOA'S BITTER TASTE

In 2015, members of the United Nations signed up to the Sustainable Development Goals (SDGs) – a universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity. The Irish Government played a leading role in creating the SDG framework, which includes ambitious goals and targets to end poverty, achieve gender equality, support small-scale farmers and ensure decent work for all.[9]

The world has made great progress towards eradicating poverty over the last few decades. Though a small country, Ireland has helped to change many lives for the better. Despite this progress, we are not acting quickly enough to meet the goals we set ourselves under the SDGs and the issues are still stark. Ten percent of people in developing countries still live below the UN poverty line of $1.90 per day – about €1.70.[10]

The majority of people who live in poverty are in rural areas, and people working in agriculture make up almost two thirds of people living in extreme poverty.[11]

"COCOA PRICES ARE DISASTROUS. WHEN A FARMER GETS UP IN THE MORNING THEY ARE ALWAYS WORRIED: HOW WILL THEY BE ABLE TO FEED AND TAKE CARE OF THEIR FAMILY? HOW CAN THEY SEND THEIR CHILDREN TO SCHOOL?"

Ebrottié Tanoh Florentin, cocoa farmer and General Secretary of CEAA, Côte d'Ivoire

Within their number are the farmers who supply the cocoa for our chocolate who live in abject poverty. The interests of shareholders are still winning out over the rights of cocoa farmers to a decent livelihood.

Cocoa only grows in a belt ten degrees either side of the equator where climate and conditions are suitable. The majority of the world's cocoa is grown in West Africa, with Côte d'Ivoire and Ghana accounting for nearly 60 percent of global production.[12]

Over 90 percent of the world's cocoa is grown on small farms by five to six million farmers.[13] A further 14 million rural workers directly depend on the traded commodity for their livelihoods, part of the 50 million worldwide who depend on the product.[14] Nearly two-thirds of the rural population of Côte d'Ivoire live in poverty.[15] This includes many cocoa farmers. The average cocoa farmer in Ghana earns around $1 per day (about 0.90c), with farmers in Côte d'Ivoire earning less than $1 per day.[16] In both cases, this is well below the extreme poverty line of $1.90 (about €1.70 per day.)

The conditions are tough. Farmers and workers are often exposed to hazardous working conditions, handling pesticides without proper protective clothing, working with dangerous tools, carrying heavy loads and working long hours. Communities lack access to decent education and drinking water, and have poor nutrition.[17]

On a typical farm in West Africa, usually just a few

Quality testing cocoa beans at ECOOKIM Côte d'Ivoire

hectares in size, cocoa provides the bulk of the household income needed to pay for everything from farming tools, fertiliser and hiring help during busy periods to schoolbooks, transport costs, medical bills, clothes and other family essentials.

Farmers must budget carefully between harvests, but often have to take out costly loans to pay for farm inputs and tide them over. They find it hard to build up savings. This pressure causes many to sell their crop to local traders for whatever price they can get. While some have established co-operatives or other farmer organisations to help fight their corner, pool their resources, reduce costs and benefit from economies of scale, these organisations can't protect farmers from international prices that are too low and volatile.

Far from being a 'male crop' where men do all the 'hard work' as commonly depicted, women's labour is crucial for cocoa production. When considering farming and household and other non-farm tasks together, female workinghours exceed those of men by nearly 30%.[18]

Just 25% of women cocoa farmers in Côte d'Ivôire own land.[19] Even those who do own their land tend to have smaller, more remote and less productive farms. In addition to these women, our new research argues that there are further groups of women who tend to be invisible to market, research and policy actors–those who lack land ownership.

On cocoa farms owned by male partners, women will not usually have the documentation needed to participate in farming and community related decision making, through the participation in farmers' organisations, or development programmes. Because sharecroppers and their wives do not own the land on which they farm, they too face similar barriers to their access and agency. Some groups of women within cocoa farming households may undertake much unpaid labour on cocoa farms, but with little choice or control over their lives.

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[9] UN Sustainable Development Goals http://www.undp.org/content/undp/en/home/sustainabledevelopmentgoals.html
[10] World Bank estimate of 10%. The international individual poverty line is currently set by the World Bank at $1.90 per person per day (approximately €1.70) https://www.un.org/sustainabledevelopment/poverty
[11] World Bank, Poverty And Shared Prosperity 2018 http://www.worldbank.org/en/publication/poverty and shared prosperity
[12] As of 2015. Fairtrade Foundation, Fairtrade and Cocoa (2016) https://www.fairtrade.org.uk/~/media/fairtradeuk/farmers%20and%20workers/documents/cocoa%20commodity%2 0briefing_online7.pdf
[13] Antonie Fountain & Friedel Huetz-Adams, Cocoa Barometer 2010
[14] Ibid
[15] Ibid
[16] 56.8%, Rural poverty headcount ratio at national poverty lines (% of rural population). World Bank (2015) https://data.worldbank.org/indicator/SI.POV.RUHC?view=map
[17] Estimated figures are based on best available evidence at the time of public ation. Conversions into £ are approximations as they are based on 2018 exchange rate (exchange rates fluctuate and therefore $ are most accurate). See Endnote with list of the studies.
[18] R.Vargas Hill and M. Vigneri, 'Mainstreaming gender sensitivity in c ash crop market supply chains', ESA Working Paper No.11-08 (2011)
[19] Antonie Fountain & Friedel Huetz-Adams, Cocoa Barometer 2018

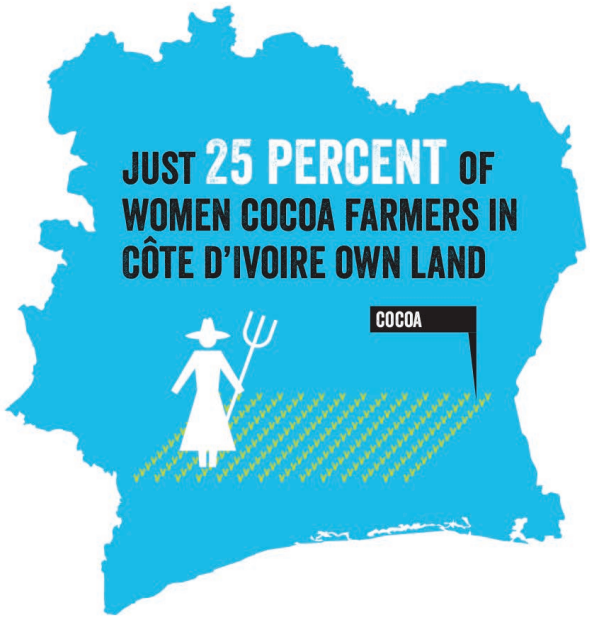
"CURRENTLY, COCOA FARMING IS EXTREMELY DIFFICULT FOR VARIOUS REASONS: THE FOREST HAS DISAPPEARED... THE DISEASES ARE MORE AND MORE FREQUENT. BECAUSE OF CLIMATE CHANGE AND THE EXCESSIVE HEAT, THE MORTALITY RATE OF TREES IS QUITE HIGH. YOU HAVE TO BE VERY BRAVE TO KEEP FARMING. BUT COURAGE IS NOT ENOUGH, YOU ALSO NEED ECONOMIC RESOURCES."

Ebrottié Tanoh Florentin, cocoa farmer and General Secretary of CEAA, Côte d'Ivoire

Low incomes prevent farmers from investing in and developing their farms, fuelling a vicious cycle of low productivity and declining incomes. In Ghana and Côte d'Ivoire, farmers harvest on average approximately 50 percent below what their farms could produce per hectare.[20] Outdated farming methods, low quality planting material, lack of access to farming inputs, technology and finance, and an absence of financial incentives to improve depleted soil fertility or replace ageing trees, are all features of this downward cycle. It takes up to five years for a cocoa tree to bear fruit and then good crops can be harvested for the next 20 years. But with many trees more than 25 years old, they are long past peak productivity. Farmers are often unable to pay decent salaries for workers on their farms when they need extra labour. Hired workers in Côte d'Ivoire receive as little as $209 per year, far below even the minimum wage set by the government.[21]

For women, the situation is acute. In Côte d'Ivoire, women carry out 68 percent of the labour involved in cocoa farming and yet the Africa Development Bank estimates that they earn just 21 percent of the income generated.[22] Women-run cocoa farms make up about a quarter of the total in West Africa.[23] Research by the KIT Royal Tropical Institute has shown that female-headed households in Ghana have around a third less income than male-headed households.[24] Women who do not have a partner to share the farm work need to hire more casual labour, increasing their costs.

Across the agricultural sector, women in developing countries have limited access to resources and are discriminated against. In fact, Côte d'Ivoire and Ghana are ranked 142th and 165th respectively in the UN's Gender Inequality Index (out of 160 countries).[25] Just 25 percent of women cocoa farmers in Côte d'Ivoire own land. Women often experience obstacles in securing legal title for their land, even in circumstances when their husband has died and they are running the family farm themselves. Without land titles, they are often excluded from saving and credit systems, access to training, co-operative membership and certification schemes. Women are often under-represented in farmers' organisations and public meetings, and face discrimination when it comes to securing leadership roles.[26]



[20] This figure is based on KIT research, which found productivity to be between 351kg and 432 kg per hectare, and the Fairtrade Living Income strategy which recommends a productivity benchmark of 800kg/ha. However, higher yields are possible. Marcelo Tyszler, Roger Bymolt and Anna Laven,Demystifying the cocoa sector in Ghana and Côte d'Ivoire (KIT Royal Tropical Institute, 2018) https://www.kit.nl/wp-content/uploads/2018/11/Demystifying-cocoa-sector-chapter10-production-and-yield.pdf

[21] International Labor Rights Forum,The Fairness Gap: Farmer Incomes and Root Cause Solutions to Ending Child Labor in the Cocoa Industry (2014) https://laborrights.org/sites/default/files/publications/Fairness%20gap_low_res.pdf

[22] African Development Bank Economic Empowerment of African Women through Equitable Participation in Agricultural Value Chains (2015) https://www.afdb.org/fileadmin/uploads/afdb/Documents/Publications/Economic_Empowerment_of_African_Women_through_Equitable_Participation_in___Agricultural_Value_Chains.pdf-

[23] Antonie Fountain & Friedel Huetz-Adams,Cocoa Barometer 2018

[24] Median total income is US$1,153 a year for female-headed households, compared to US$1,740 a year fora typical male-headed household. Marcelo Tyszler, Roger Bymolt and Anna Laven,Analysis of the income gapof cocoa producing households in Ghana (KIT Royal Tropical Institute, 2018) https://cocoainitiative.org/knowledge-centre-post/analysis-of-the-income-gap-of-cocoa-producing-households-in-ghana

[25] UNDP, UN Human Development Report 2019http://hdr.undp.org/en/content/table-5-gender-inequality-index-gii

[26] AntonieFountain& Friedel Huetz-Adams,Cocoa Barometer 201 https://www.afdb.org/fileadmin/uploads/afdb/Documents/Publications/Economic_Empowerment_of_African_Women_through_Equitable_Participation_in_Agricultural_Value_Chains.pdf-https://www.afdb.org/fileadmin/uploads/afdb/Documents/Publications/Economic_Empowerment_of_African_Women_through_Equitable_Participation_in___Agricultural_Value_Chains.pdf-http://hdr.undp.org/en/content/table-5-gender-inequality-index-gii

Salimata Diakite, mother of six, says:

"IT'S REALLY HARD BEING A FEMALE COCOA FARMER. BEFORE WOMEN WERE DOING A LOT OF TASKS, WOMEN DO EVERYTHING RIGHT UNTIL THE COCOA DRIES. BUT WHEN THE COCOA HAS DRIED, THE MEN TAKE THE COCOA, SELL IT AT THE CO-OPERATIVE AND ARE NEVER ACCOUNTABLE TOWARDS WOMEN."

Child labour is a major concern, with an estimated 2.1 million children working in cocoa fields in Côte d'Ivoire and Ghana.[27] International Labour Organisation (ILO) conventions permit children to help their parents with a limited amount of work out of school hours, including at harvest time, but such work must be guided by an adult, must not affect their education and must not be dangerous or forced. Work on cocoa farms can be very hazardous, with potential exposure to dangerous pesticides and other chemicals, and the use of machetes to extract beans from the pods. Children who work often miss out on their education, and are locked into a cycle of poverty which passes on to the next generation.

Low incomes and poor productivity in cocoa are also fuelling deforestation. It is estimated that Ghana lost 7,000 square kilometres of forest between 2001 and 2014, or about ten percent of its entire tree cover. Approximately one quarter of that deforestation was connected to the chocolate industry.[28] And in Côte d'Ivoire, it is estimated that 57 percent of land cultivated for cocoa outside certified sources originates from primary forest.[29]

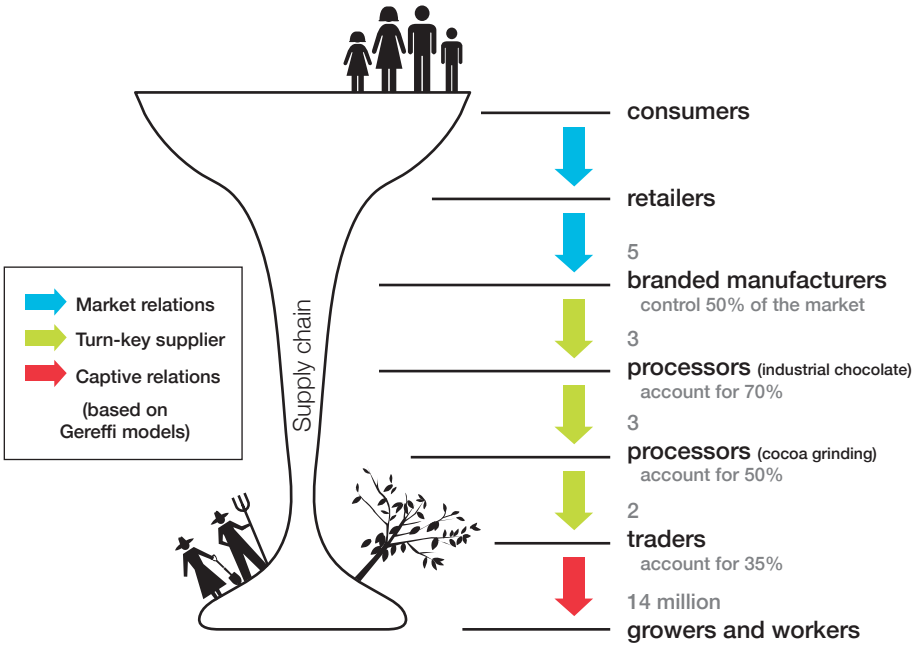
Power in the chocolate supply chain is highly concentrated, with cocoa farmers having next to no power to influence the price they are paid for their cocoa. Just nine global companies dominate the cocoa industry from trading and grinding to processing and manufacturing.[30] Eight traders and grinders control approximately 75 percent of the worldwide cocoa trade. The opening up of the cocoa trade in the late 1980s saw the arrival of the major commodity traders. Cargill, Barry Callebaut and Olam dominate world cocoa processing.[31] Barry Callebaut and Cargill produce about 70-80 percent of the world's couverture, a high-end chocolate containing a high proportion of cocoa butter.

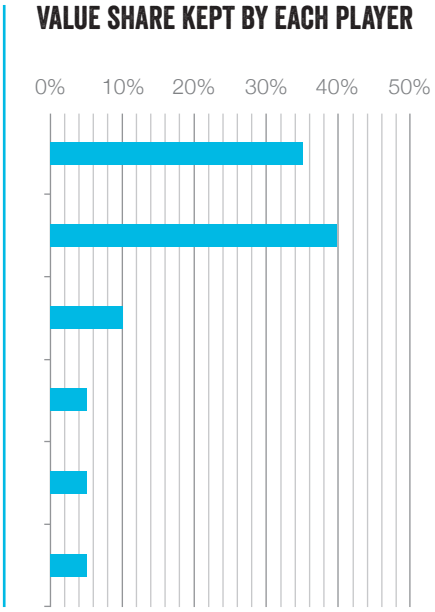
The bulk of the world's cocoa is processed in Europe, though some facilities are now being built in producer countries. In a welcome move for local jobs and infrastructure–as well as opening up the possibility to grow domestic markets for chocolate products–French company Cémoi opened a $6.7 million plant in Côte d'Ivoire in 2015, its first chocolate factory.[32] But sadly, this is the exception.

On the manufacturing side, six big brands account for half of the global chocolate market; Mars, Mondeléz, Nestlé, Ferrero, Hershey, and Lindt & Sprüngli.[33] And this concentration has increased as cocoa and chocolate companies have merged or been taken over by competitors. In such an asymmetrical market that favours buyers and traders, the position of farmers is further weakened. For every tonne of cocoa sold, farmers are estimated to receive less than seven percent of the value. By comparison, manufacturers capture an estimated 35 percent share and retailers 44 percent.[34]

Cocoa farmer Beatrice Boakye, member of Asuadai co-operative, preparing food outside her house, Ghana

[27] Antonie Fountain & Friedel Huetz-Adams, Cocoa Barometer 2018
[28] Etelle Higonnet, Marisa Bellantonio & Glenn Hurowitz, Chocolate's Dark Secret. (Mighty Earth 2018) https://www.mightyearth.org/wp-content/uploads/2017/09/chocolatesdarksecretenglishweb.pdf
[29] Vincent Fobelets & Adrian de Groot Ruiz, The True Price of Cocoa from Ivory Coast (True Price 2016)https://www.chocolatemakers.nl/wordpress/wp-content/uploads/2016/04/TP-Cocoa.pdf Page 21
[30] Emiko Terazono 'Welcome to the world of Big Chocolate' FT 18 December 2014https://www.ft.com/content/80e196cc-8538-11e4-ab4e-00144feabdc0
[31] Antonie Fountain & Friedel Huetz-Adams, Cocoa Barometer 2018
[32] An innovative move in May 2015 saw French company Cémoi open a $6.7m processing plant–Côted'Ivoire's first industrial-scale chocolate factory–which will market products locally and regionally, makingchocolate available and affordable to West Africans for the first time.
[33] Mars 13.3%, Mondeléz International 11.2%, Nestlé 8.8%, Ferrero 8.8%, Hershey, 5.3%; Lindt & Sprüngli,2.4%, according to Candy Industry in 2014.BASIC & The French Fairtrade Platform, The Dark Side of Chocolate (2016)
[34] 6.6%. Antonie Fountain & Friedel Huetz-Adams, Cocoa Barometer 2015





Source: Fair Trade Advocacy Office

The price of cocoa plummeted dramatically between September 2016 and February 2017. Smallholder cocoa farmers in Côte d'Ivoire saw their primary source of income decline by as much as 30-40 percent from one year to the next.[35] Subsidies have protected farmers in Ghana at least during this period, while producers in other countries felt the price decline immediately.[36]

The drop was caused by a large increase in supply, which in turn was driven by a combination of factors. These included a string of production bounces after several years of poor output caused by adverse weather. Tree planting in the previous three to five years as cocoa became an attractive option for some farmers may also have contributed, along with an increase in productivity programmes. Cocoa prices recovered to more normal prices in 2019.

Commodity trading can exacerbate underlying trends in price volatility, and in this case, the speed of the price decline could have been partially due to panic selling, with the increasing use of computer algorithms in the cocoa market facilitating the selling off of investments quickly.[37]

"FAIRTRADE PREMIUM HAS FIRST AND FOREMOST GIVEN PRODUCERS THE POWER TO PURCHASE WHAT THEY NEEDED. IT ALSO ENABLES US TO CARRY OUT SOCIAL MEASURES FOR THE COMMUNITY AND THAT STRENGTHENS THE BASE."

Daniel Tanoj Djue, Vice President,
Capressa co-operative

Existing sustainability initiatives to improve the lives of cocoa farmers are welcome, but are not enough. Over the last decade, a number of multi-stakeholder initiatives and in-house initiatives with significant investment behind them have been developed, and today all of the big cocoa companies either source certified cocoa or have established in-house sustainability schemes. These range from interventions aimed at improving productivity and farming practices on cocoa farms to combating deforestation. These efforts to improve the lives of farmers, communities and the environment are welcome, but the cocoa industry itself has recognised that these have not been enough to achieve significant impact at the scale required.[38]

Many schemes have focused on productivity, since cocoa farms typically have the potential to increase output, for instance by replacing ageing trees. Fairtrade's own experience is that improved productivity can be a helpful component of moving towards living income. For example, farmer Rosine Bekoin saw her productivity double after joining Fairtrade in 2016, a welcome boost to her income when the price cocoa farmers received dropped by 30-40 percent. She said: **'In 2017 I had one tonne, and in 2018 I had 1.5 tonnes, so I can see that the training from Fairtrade enabled me to increase the income from my farm.'**

However, productivity is not a silver bullet, as increased supply will interact with the market in complex ways. Improvements in productivity across West Africa,

Sacks of cocoa are stored in this warehouse which CAYAT co-operative built using Fairtrade Premium

FAIRTRADE'S MODEL

Fairtrade is designed to protect people and the planet from exploitation by addressing the power imbalances and injustices of conventional trade. To be Fairtrade certified, producer organisations and traders must follow its social, environmental and economic standards, called the Fairtrade Standards. Among other requirements, this includes:

- Fair terms of trade: payment of the Fairtrade Minimum Price, which acts as a safety net when market prices fall. In addition, the Fairtrade Premium, an extra sum for farmers to invest in their communities or businesses as they see fit.

- Adherence to a wide range of human rights, women's rights and worker's rights requirements, including core International Labour Organization (ILO) conventions prohibiting human trafficking, forced labour and the worst forms of child labour.

- Fairtrade organisations must also protect the environment, and the Standards include rules on biodiversity, improving water and soil, reducing the use of pesticides and preventing deforestation.

combined with favourable weather, have led to a surge in production in recent years, arguably contributing to a collapse in the world market price of cocoa.The Ivorian government, in the context of this price crash, has placed a temporary restriction on productivity interventions.[39]

Fairtrade's view is that without taking serious action to increase the price and value received by farmers, other programmatic interventions are likely to fail. A more holistic approach is needed.

As well as significant investment in the cocoa industry, a massive investment programme by wealthy country governments is needed to support diversification into other crops and livelihoods.

The goal of living income should therefore become the focus for the design of programmatic interventions, and also demand a radical new approach to pricing. Fairtrade is currently the only certification scheme that pays a guaranteed minimum price, which increased by 20 percent in 2019.

For there to be any real change in the situation facing farmers, the whole cocoa industry must commit to enabling farmers to achieve a living income.

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[35] Antonie Fountain & Friedel Huetz-Adams, Cocoa Barometer 2018
[36] Antonie Fountain & Friedel Huetz-Adams, Cocoa Barometer 2018
[37] Ibid
[38] 'Since the first World Cocoa Conference and the drafting of the Global Cocoa Agenda in November 2012, sector-wide efforts have proliferated to improve the lives of farmers, communities and the environment. However, these have not been enough to achieve significant impact at scale.' ICCO Berlin Declaration of the Fourth World Cocoa Conference (2018) https://www.icco.org/about-us/icco-news/387-berlin-declaration-of-the-fourth-world-cocoa-conference.html
[39] Fairtrade recognises and respects the Ivorian government's current ban on productivity projects.

CHAPTER 2 - FAIRTRADE'S APPROACH TO LIVING INCOMES IN COCOA

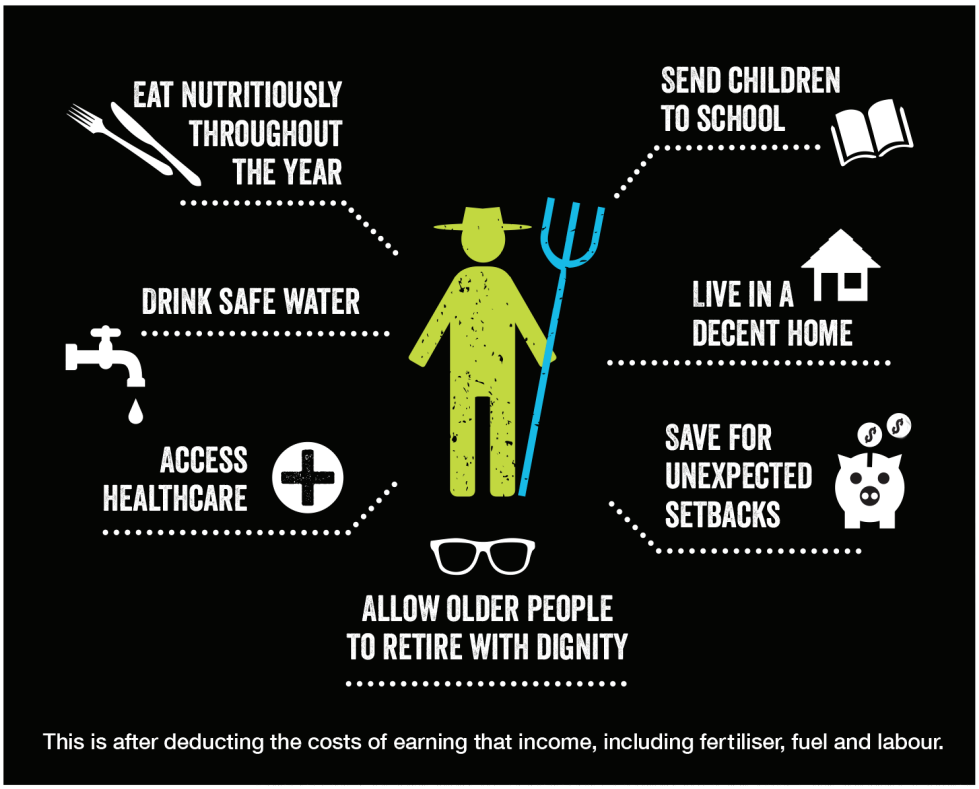
Farmers and workers deserve to earn enough to achieve a decent standard of living, so they can send their children to school, eat nutritiously throughout the year, have some savings for unexpected setbacks, retain future generations in farming and allow elders to retire with dignity.

Defining a living income

Living income is closely related to the concept of a living wage, but it is not the same. While living wage refers to the wage earnt by an employee, living income is used for small holder farms where farmers do not work for an employer, but depend on income generated from farming.

The terms living income and living wage may be relatively new, but the idea behind them is not. Seventy years ago, the Universal Declaration of Human Rights set out many basic rights that everyone, everywhere should be able to enjoy to lead a dignified life. Article 23 (c) states that 'Everyone who works has the right to just and favourable remuneration ensuring for himself and his family an existence worthy of human dignity, and supplemented, if necessary, by other means of social protection.' [40]
A living income, simply put, should cover the costs of food water, housing, education, healthcare, transport, clothing and other essential needs, including provision for unexpected events. But what does a living income mean in practice? Studies in cocoa communities by Fairtrade International and by The Living Income Community of Practice are helping to put numbers behind this relatively new concept.[41]

These studies have estimated the living income to be approximately US$2.50 (approx. €2.23) per person per day in Côte d'Ivoire and US$2.16 (approx. €1.93) per person per day in Ghana.[42]



[40] UN Declaration on Human Rights http://www.un.org/en/universal-declaration-human-rights
[41] See endnote with list of the studies.
[42] Estimated figures are based on best available evidence at the time of publication. Conversions into £ are approximations as they are based on 2018 exchange rate (exchange rates fluctuate therefore $ are most accurate). See endnote with list of the studies.

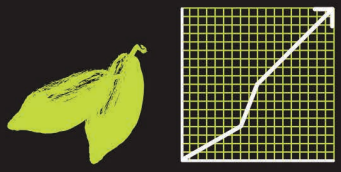
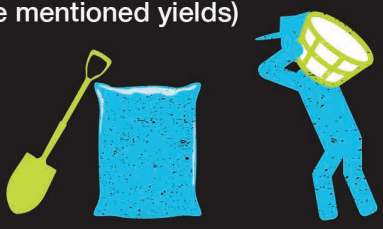
A typical farmer's current income		Extreme poverty line	A living income	
Côte d'Ivoire: Less than $1 (€0.89) per day	Ghana: Around $1 (€0.89) a day	$1.90 (approx. (€1.70) per day	Côte d'Ivoire: $2.50 (approx. (€2.25) a day	Ghana: $2.16 (approx. (€1.93) a day

Fairtrade's approach.
Achieving living incomes in cocoa requires a comprehensive approach, bringing together tactics such as raising productivity, farm efficiency and Fairtrade sales. Central to success is increasing the price farmers receive, and that is why Fairtrade has introduced the new Living Income Reference Price.

Cocoa farmer Beatrice Boakye, member of Asuadai co-operative, preparing food outside her house, Ghana

Setting the Living Income Reference
Fairtrade has estimated the price needed for an average farmer household to make a living income to be US$2,200 per metric tonne at farm gate for Côte d'Ivoire and US$2,100 per metric tonne at farm gate in Ghana. This price has been established after extensive research, including the benchmark studies mentioned above, and consultation with stakeholders including cocoa farmers, traders, companies, researchers, civil society and governments. In order to work out the price needed to achieve this living income – the Living Income Reference Price – we took into account four parameters.[43]

PARAMETERS OF THE LIVING INCOME REFERENCE PRICE

1. Cost of a decent standard of living (living income benchmark) 	The Living Income Community of Practice studies calculated this to be US$2.16 per person per day in Ghana and US$2.50 per person per day in Côte d'Ivoire.[44]
2. Sustainable yields (productivity benchmark) 	Adequate productivity levels are determined based on feasible yields, obtained when implementing sustainable agricultural practices. Cocoa farmers were asked what a realistic productivity target would be and agreed a yield of 800kg/ha is realistic. It is currently 437kg/ha on average in Côte d'Ivoire.[45]
3. Viable farm size (to fully employ the available household labour) 	This means there needs to be enough land to grow enough cocoa to generate a living income, grow food for the household and have some fallow land. The average household in Côte d'Ivoire contains 8 people, in Ghana 6 people. Taking the above into account the viable farm size was established at 5.30 hectares in Côte d'Ivoire and 4 hectares in Ghana.
4. Cost of sustainable production (in order to achieve above mentioned yields) 	The main costs include fertiliser, pesticides, hired labour (paid a living wage) [46] and investment in equipment and infrastructure. We have calculated these costs to be US$418 and US$358 per hectare in Côte d'Ivoire and Ghana respectively.[47]

LIVING INCOME REFERENCE PRICE = $\frac{\text{cost of decent living + cost of sustainable production}}{\text{viable land area x sustainable yields}}$

[43] More information on how the Living Income Reference Price is calculated can be found here:https://files.fairtrade.net/2019_RevisedExplanatoryNote_FairtradeLivingIncomeReferencePriceCocoa.pdf
[44] See endnote.
[45] Fairtrade acknowledges and respects the current Ivorian government ban on productivity projects.
[46] Assuming comparable household compositions for rural workers and farmers, proxy living wages are estimated based on The Living Income Community of Practice benchmark study results (see endnote), at US$9.25 per day in Côte d'Ivoire and US$8 per day in Ghana.
https://files.fairtrade.net/2019_RevisedExplanatoryNote_FairtradeLivingIncomeReferencePriceCocoa.pdf
[47] Antonie Fountain & Friedel Huetz-Adams, Cocoa Barometer 2018

Increases to the Fairtrade Minimum Price and Fairtrade Premium

It will take time to achieve living incomes for cocoa farmers, and Fairtrade cannot do it alone. And, although Fairtrade already provides important benefits to farmers, we need to do more. We want to see farmers selling more of their cocoa on Fairtrade terms. It is also crucial that prices begin to rise as agreed by the Governments' in Ghana and the Ivory Coast.

Fairtrade significantly increased the Fairtrade Minimum Price and Premium farmers receive from October 2019 to help close the gap. Fairtrade is the only certification scheme that has a mandatory minimum price, which acts as a safety net for farmers when market prices fall while allowing them to benefit when market prices rise.

The Fairtrade Minimum Price for cocoa rose to $2,400 per metric tonne at the point of export (known as FOB, or Freight on Board), a 20 percent increase. For organic cocoa, the Fairtrade price will be $300 above the market price or the Fairtrade Minimum Price, which ever is higher at the time of sale, a change from the current minimum fixed price of $2,300 per metric tonne for Fairtrade certified organic cocoa.[48] The current cocoa price set by the government of Côted'Ivoire, the world's biggest cocoa producer, is approximately $2164.08 at FOB.[49] Fairtrade buyers pay farmer organisations the differential when the Fairtrade Minimum Price is higher. This means that for all cocoa delivered by Ivorian farmer organisations to their Fairtrade buyers between the 1st of October 2019 and 31st of March 2020 ***an additional $235.92 per tonne is payable***. This amount is then passed on by the farmer organisations to their farmer members.

The Fairtrade Premium also increased from $200 to $240 per metric tonne, the highest fixed premium of any certification scheme. The Fairtrade Premium is an amount on top of the selling price. The full amount is paid directly to farmer organisations to spend on projects of their choice. The Premium helps to build strong and viable co-operatives that can respond to their members' needs and strengthen them as long-term business partners for buyers.

Impact of Fairtrade

Although there's more work to be done to achieve a living income, farmers have been benefiting from Fairtrade since it was established 26 years ago.

Over the past four years, Fairtrade cocoa co-operatives have earned €124 million in Fairtrade Premium to spend on projects of their choice that benefit their businesses and communities. In 2018 alone, Fairtrade cocoa farmer co-operatives earned nearly €46 million in Fairtrade Premium to invest in their communities and businesses.[50] The case studies in this report outline the positive difference that this investment has already made to farmers and their communities.

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[48] As announced in December 2018https://www.fairtrade.org.uk/Media-Centre/ News/December-2018/Cocoa-farmers-to-earn-more-through-a-higher-Fairtrade-Minimum-Price

[49] Set in West Africa CFA francs (XOF) at 1,297,948 per metric tonne.

[50] These figures are based on Fairtrade sales datahttps://files.fairtrade.net/publications/2019MonitoringCocoa10thEd.pdf

Tiote Blandine, collecting water at a Fairtrade Premium funded well near Abengourou, Côte d'Ivoire

When consumers enjoy chocolate with Fairtrade ingredients they are helping to make a huge difference to cocoa farmers' lives. There is a huge range of Fairtrade chocolate sold throughout Ireland such as ExplodingTree, Divine, Chocolate and Love, Tony Chocolonely's; and mainstream brands like Mars, Nestlé, Starbucks and Green & Blacks source high volumes of Fairtrade cocoa. Retailers like Lidl Ireland are now selling significant volumes of Fairtrade cocoa and Aldi Ireland have also begun to sell Fairtrade chocolate.

"THE MINIMUM PRICE IS ONE OF THE ADVANTAGES OF THE FAIRTRADE LABEL COMPARED TO OTHERS... WHEN THE MARKET PRICE FALLS, WE AUTOMATICALLY USE THE MINIMUM PRICE. THIS ALLOWS THE PRODUCERS TO KEEP FARMING AND EVEN TO IMPROVE THE PRODUCTION."

Ebrottié Tanoh Florentin, cocoa farmer and General Secretary of CEAA, Côted'Ivoire

We're also working to expand the volume of cocoa that farmers sell on Fairtrade terms and working with chocolate companies to increase the amount of Fairtrade chocolate sold to Irish shoppers.

Since 2014, for example, businesses have been able to source Fairtrade certified cocoa as an ingredient in composite products without all other ingredients being Fairtrade sourced. This has led to increased sales for farmers: in 2018, the global volumes of Fairtrade cocoa sold grew by 21 percent.[51]

Incomes must be at the heart of company sustainability efforts

As discussed in the previous chapter, it's time that sustainability efforts in cocoa were refocused on the shared goal of achieving living incomes. Fairtrade pioneers Divine and Café Direct showed the world that business could be done differently when they set up models that shared their profits with producers. Divine remains the first and only 100 percent Fairtrade chocolate company that is farmer-owned, while 50 percent of profits from Café Direct go to a charity set up to support farmers directly. A recent arrival in Ireland, Dutch chocolate brand Tony's Chocolonely has also placed living incomes at the heart of its business strategy, with a commitment to pay higher prices for its Fairtrade cocoa. Its annual report states: 'When cocoa farmers have good living conditions the likelihood of child labour and other types of illegal labourdecrease significantly.'[52] The company has committed to paying the revised Fairtrade Living Income Reference Price, and Tony's include the Fairtrade premium in this calculation.

From October 2020 all Ghanaian and Ivorian farmers' prices are set to increase with their governments' remarkable policy decision in 2019. Through the governments' market intervention, farm gate prices of $1,820 per tonne for farmers for deliveries from the 1st of October 2020 are required.[53] However, this price of $1,820 still leaves some way to go to reach the Fairtrade Living Income Reference Price of $2,200 per tonne at farm gate in Côte d'Ivoire and $2,100 in Ghana.[54]

In December 2019 a joint position statement was released by Barry Callebaut, Mars, Mondelez, Fairtrade International, Rainforest Alliance and Voice. This requested the European Union to enact legislation that requires all companies placing cocoa or cocoa products on the EU market to enact mandatory due diligence on human rights, child labour and the effects of cocoa production on the environment.[55]

Critically, for Fairtrade, the position paper states the ultimate aim is a fully sustainable cocoa supply chain that provides living incomes for cocoa farmers.Fairtrade's view is a living income should be an outcome of any Human Rights Due Diligence legislation, as a living income provides access to those things that are established as human rights: nutritious food, water, decent housing, clothes, education and medical care.[56]

Fairtrade Africa goes further to support farmers

The producer network, Fairtrade Africa, offers a range of services to co-operatives. Additionally, and in recognition of the specific challenges facing cocoa farmers, the Fairtrade West Africa Cocoa Program was established in 2016 to provide further support to cocoa farmers. The programme helps co-operatives to become stronger, more inclusive and viable businesses that are better equipped to respond to their members' needs. It is helping thousands of farmers by giving co-operatives technical support and training, which supplements the financial benefits they receive through sales under Fairtrade terms. This means farmers have the resources to put the training into action and are able to purchase whatever resources, tools, transport or equipment they need to run their farms. Linked to this, Fairtrade is carrying out monitoring and evaluation to assess the impact of its long-term goal of increasing farmers' incomes. Women sorting cocoa beans, CAMAYE co-operative, Côte d'Ivoire. This artisanal chocolate making project is an example of the Fairtrade Premium funding income diversification projects.

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[51] https://www.reuters.com/article/westafrica-cocoa/corrected-[51] https://files.fairtrade.net/publications/2018-19_FI_AnnualReport.pdf

[52] Tony's Chocolonely Annual Report 2017-2018https://tonyschocolonely.com/uk/en/annual-fair-report-2017-2018

[53] https://www.reuters.com/article/westafrica-cocoa/corrected-update-1-ivory-coast-ghana-add-living-income-cocoa-premium-to-fight-poverty-idUSL8N24B55M

[54] https://files.fairtrade.net/2019_RevisedExplanatoryNote_FairtradeLivingIncomeReferencePriceCocoa.pdf

[55] https://www.voicenetwork.eu/2019/12/cocoa-companies-call-for-human-rights-and-environmental-due-diligence-requirements/

[56] https://www.fairtrade.net/news/why-fairtrade-supports-strong-euregulations-cocoa

CHAPTER 2 - WOMEN IN COCOA

'INVISIBLE WOMEN'

Unfortunately, the unpalatable truth is that the production of this precious commodity rests all too often on inequality, injustice and exploitation. The average cocoa farmer in Ghana earns around $1 per day (around €0.89), with farmers in Côte d'Ivôire earning less than $1per day.[57] In both cases, this is well below the extreme poverty line of $1.90 (about €1.70) per day. This already unacceptable situation is even worse for a large number of women farmers.

In Côte d'Ivoire, women carry out 68% of the labour involved in cocoa farming and yet the Africa Development Bank estimates that they earn just 21% of the income generated.[58] Research by the KIT Royal Tropical Institute has shown that female-headed households in Ghana have around a third less income than male-headed households.[59]

Far from being a 'male crop' where men do all the 'hard work' as commonly depicted, women's labour is crucial for cocoa production. Male farmers are able to intensify their cocoa farming, and expand and upgrade as farmers, because they rely on women (single or multiple spouses, sisters, daughters, other younger women in their care) growing food crops and doing the household work, while also undertaking certain cocoa farming tasks.

Cocoa farming tasks undertaken by women include weeding and preparing the land for planting; purchasing seeds and seedlings; planting cocoa seedlings; caring for young trees and intercropping of foodcrops while the trees are young; harvesting and plucking; pod breaking; carrying the beans to the homestead or depot; fermenting and drying, and bagging the dried beans. In fact there are few tasks which are mostly undertaken by men alone.[60] Meanwhile it has been estimated that women spend on average 1.5 more time on domestic (unpaid) work than men (26 hours vs 10), while when considering household and farming and other non-farm tasks together, female working hours exceed those of men by nearly 30%.[61]

Despite their central role in cocoa production, women face much more constraints than men, both as female land owners or female labour providers.

Just 25% of women cocoa farmers in Côte d'Ivôire own land.[62] Even those who do own their land tend to

Rosine Bekoin, graduate of the Fairtrade Africa Women's School of Leadership and Secretary of the Women's Society, CAYAT, Côte d'Ivoire

have smaller, more remote and less productive farms. The small size of their land makes them less able to achieve economies of scale. Because land rights tend to be weaker if land is left fallow for long periods of time, women facing greater land tenure insecurity may not be able to leave their land to recover, undermining its fertility and thus future profitability.[63] These women also tend to have less ability to mobilise (whether it be unpaid labour from other family members, or wage labourers), face more restrictions in accessing inputs, extension services, training and credit. As a result they also have lower returns from cocoa production.[64] Women who do not have a partner to share the farm work need to hire more casual labour, increasing their costs.

Special attention is needed towards additional groups of women who tend to be invisible to market, research and policy actors - those who lack land ownership.

On cocoa farms owned by men, the wives will not usually have the right documentation – known as a farm passbook – that not only provides rights to the farming land and the profits from the harvest (i.e. access to tangible economic resources) but also the visibility and therefore access to cooperative membership, agricultural extension services, inputs, training, financial credit and premium payments from certification schemes.[65] It also means they are not participating in farming and community related decision making, through the participation in farmers' organisations, development interventions, etc. As a result of all of this, women's access and agency are significantly constrained.

The wives of farmers who are sharecroppers can similarly lack access and agency. Sharecroppers, usually migrant farmers from poorer areas neighbouring the cocoa lands, receive one third of the cocoa crop in exchange for performing all the necessary production tasks of a mature farm (i.e. spraying, weeding, harvesting).[66] But they do not own the land on which they farm, which is owned by others. As such, sharecroppers and their wives face similar barriers to their access and agency.

Furthermore, though the practice appears to be fading away among the current generation of cocoa farmers, it remains common for farmers who are sharecropper to have more than one wife or partner. These women are seen as providing additional (unpaid) labour, but some research suggests that as 'junior' wives they may have little choice or control and are particularly disempowered [67]

Kra Zelna Madeleine speaks to others as part of the Women's School of Leadership, Côte d'Ivoire

WHAT IS 'SHARECROPPING'?

Sharecropping agreements are widespread in cocoa production, at least in Ghana.[68] Under these agreements, land owners leave the care of already developed farms (i.e. already bearing fruits) to sharecroppers who receive one third of the crop in exchange for maintain the farm. Sharecroppers, usually migrant farmers from poorer areas (e.g. the northern and eastern regions of Ghana, Burkina Faso and Togo included), can be considered both tenant farmers and labourers, "dependent yet independent", at the same time.[69] Therefore they can be seen as a hybrid between the two, being paid their share as 'labourers', but also paying over a share of the crop as 'tenants'.[70] This ambiguity often turns sharecroppers (and those farming with them, such as wives and other family members) invisible to research and policy actors.

Women at CAYAWE co-operative in Aniassue in Côte d'Ivoire chaff cocoa beans at the end of a day drying them in the sun

[57] Estimated figures are based on best available evidence at the time of publication.Conversions into £ are approximations as they arebased on 2018 exchange rate (exchange rates fluctuateand therefore $ are most accurate).
[58] African Development Bank Economic Empowerment of African Women through Equitable Participation in Agricultural Value Chains(2015)https://www.afdb.org/fileadmin/uploads/afdb/Documents/Publications/Economic_Empowerment_of_African_Women_through_Equitable_Participation_in___Agricultural_Value_Chains.pdf)
[59] Median total income is US$1,153 a year for female-headed households, compared to US$1,740 a year for a typical male-headed household. Marcelo Tyszler, Roger Bymolt and Anna Laven, Analysis of the income gap of cocoa producing households in Ghana (KIT Royal Tropical Institute, 2018)https://cocoainitiative.org/knowledge-centre-post/analysis-of-the-income-gap-of-cocoa-producing-households-in-ghana
[60] S. Barrientos and A.O. Bobie, 'Promoting gender equality in the cocoa-chocolate value chain: opportunities and challenges inGhana', GDI Working Paper, 2016-006 (2016)
[61] R.Vargas Hill and M. Vigneri,'Mainstreaming gender sensitivity in cash crop market supply chains', ESA Working Paper No.11-08 (2011)
[62] Antonie Fountain & Friedel Huetz-Adams,Cocoa Barometer 2018
[63] M. Goldstein and C. Udry, 'The profits of power:landrights and agricultural investment in Ghana', p.3.
[64] R.Vargas Hill and M. Vigneri, 'Mainstreaming gender sensitivity in cash crop market supply chains', ESA Working Paper No.11-08 (2011)
[65] S. Smith, 'Assessing the gender impacts of Fairtrade', Social Enterprise Journal, vol. 9, no.1 (2013), p.102; R. Meinzen-Dick et al., 'Women's land rights as a pathway to poverty reduction: Framework and review of available evidence', Agricultural Systems, vol.172 (2019), p.72; D. Skalidou, In or out?: Exploring selection processes of farmers in cocoa sustainability standards and certification programmes in Ghana, PhD Thesis, University of East Anglia (2018).
[66] T. Takane, 'Incentives embedded in institutions: the case of share contracts in Ghanaian cocoa production', The Developing Economies, vol.38, no.3 (2000). p.374; M.H. Knudsen, and N. Fold, 'Land distribution and acquisition practices in Ghana's cocoa frontier: The impact of a state-regulated marketing system' Land Use Policy , vol. 28, no. 2 (2011), p. 378.
[67] D. Skalidou, In or out?: Exploring selection processes of farmers in cocoa sustainability standards and certification programmes in Ghana.
[68] S. Boni, 'Clearing the Ghanaian forest. Institute of African Studies', University of Legon, Ghana (2005); T. Takane, 'Incentives embedded in institutions: the case of share contracts in Ghanaian cocoa production', The Developing Economies, vol.38, no.3, (2000). p.374.
[69] A. Robertson, 'On sharecropping', Journal of the Royal Anthropological Institute, vol.15, no.3 (1980), p.411.
[70] 1A. Robertson, 'On sharecropping', p.4

CHAPTER 2 - WOMEN ON THE MOVE

Awa Traoré, Director General, CAYAT co-operative, says
'We provide a lot of training and coaching to producers in all kinds of good agricultural practices to improve their capacity. We work with Fairtrade Africa to deliver training to producers in the field, including financial management and entrepreneurship, on top of agricultural practices.

In order to make it accessible, we've also built a radio station to share these messages. It's a really important tool to communicate with many farmers. We fight against child labour, and every year we put 65 million CFA into projects to ensure that farmers' children can attend school. All of this has been possible thanks to Fairtrade Premium.'

WOMEN'S SCHOOL OF LEADERSHIP

In rural cocoa farming communities, women typically rise at 5am to carry out chores such as cooking, cleaning or fetching water from the village well. They then head to the fields where they toil all day to cultivate and harvest cocoa pods until their evening tasks begin. The additional burden of domestic responsibilities means that women have less time to spend on farming, which affects their earning potential. With the aim of empowering women and increasing women's leadership in Fairtrade co-operatives, Fairtrade Africa set up the Women's School of Leadership in 2017. The project, funded initially by Co-op and Compass Group UK and Ireland, has been supporting women to gain practical skills and greater confidence. Anne Marie Yao, Fairtrade Africa's Regional Cocoa Manager, runs the project. She says: **"Women already have the skills and capacity to make a difference, so if we give them the resources and power they will have an influence."**

Graduate Salimata Diakite, a mother of six, says: **'It's really hard being a female cocoa farmer. Before women were doing a lot of tasks… women do everything, right until the cocoa dries. But when the cocoa has dried, the men take the cocoa, sell it at the co-operative and are never accountable towards women. But with Fairtrade Africa's school, we can teach our men gently and with negotiations that this is not the way things should go, since we are all working together.'**

The first group of graduates from the Women's School of Leadership are sharing their new found skills and inspiring others in their communities with their achievements by starting new businesses or taking up leading roles in co-operatives. Since graduating, Awa Traoré, Director General of CAYAT co-operative, has focused on sharing her experiences further. With funding from the Fairtrade Premium, she has set up a radio station to share the importance of gender equality, among other topics. In addition, Awa has been part of efforts to increase the involvement of co-operative members' wives through CAYAT's Women's Society. Together they advocate for more women to access land. Awa says: **'Women are very important in the development process. If you want to change the lives of producers, you have to focus on women.'**

Alphonsine N'Guetia, cocoa farmer, Coopaza co-operative, Côte d'Ivoire

BEN & JERRY'S AND FAIRTRADE'S PROJECT IS WORKING TO INCREASE LIVELIHOODS OF COCOA FARMERS BY 25%

Ben & Jerry's is working jointly with Fairtrade, Sustainable Food Lab and Barry Callebaut to make an even greater impact on improving the livelihoods of farmers. The company already sources Fairtrade ingredients for its ice creams, but it wanted to go further to address the systemic problems of low incomes for cocoa farmers. In 2016, Ben & Jerry's started funding an innovative pilot, part of the Producer Development Initiative (PDI), which is being implemented on the ground by Barry Callebaut in partnership with Fairtrade Africa.

The initiative works with three Fairtrade cocoa co-operatives in Côte d'Ivoire – Coopaza, Capressa and Coobadi – to develop stronger business partnerships and to increase the incomes of their 3,800 farmer members. Fairtrade have seen how this holistic approach ultimately ensures farming communities are more resilient to the problems of poverty, child labour and climate change. By putting living incomes at the heart of this programme, Ben & Jerry's and Barry Callebaut are enabling Fairtrade cocoa farmers to invest in their futures.

Ben & Jerry's has worked closely with their cocoa supplier Barry Callebaut to develop an innovative technical support programme and to date, nearly 900 farmers have participated in state-of-the-art farmer field programmes.

Farmers are supported to invest in rejuvenating their farms with individualised plans and access to tools, financing and ongoing coaching. Farmers with older trees face low yields and are more vulnerable to the impacts of climate change. Planting new trees is expensive and can result in loss of income for up to five years, so the programme helps farmers to invest in tree replanting by providing multi-year technical support and sharing costs. Moreover, throughout this period, farmers have the security of the Fairtrade Premium generated from cocoa sales, and they choose to invest this in whatever suits their individual needs. Early successes witnessed so far in the programme suggests that a combination of sustained increase in cocoa productivity, stable prices, technical services and additional cash crops or enterprises is the best route to achieving a living income. This is an industry-leading approach, as such measures are essential for small-scale farmers to undertake investments that are critical in the long-term.

The Fairtrade Premium enables farmers to respond to the challenges they experience and become more entrepreneurial. For example, Julienne Kouadio yah Assoko, a member of Capressa and a single mother of two teenagers, has seen her yields decline in recent years partly due to unpredictable weather and partly due to a shortage of skilled labour as she needs help on her farm. One way she has responded to this challenge is to supplement her income by investing Fairtrade Premium in diversification. She now grows rubber and vegetables and bought 400 chickens to rear for the local market, all of which are proving profitable. She uses the additional income to pay for her children's education – one is now attending university.

As a widow, Alphonsine has also had the sole responsibility of providing for her three children and has struggled to manage her money in the past, often having to borrow. She has to get up at 4am every day to clean and tidy before walking two hours to her farm where she has two hectares of land. Since taking part in farming school, she is making the most of her land and her production has improved since Capressa gave farmers seeds for shade trees. She also now has a savings account with the co-operative and through training sessions has learnt how to budget. She is saving to build her own home and wants to start up a clothing business. She says: **'Through the co-operative I believe I can achieve things.'**

What's next for Fairtrade?
Fairtrade is implementing a living income strategy in cocoa, together with farmers, brands and retailers, including improved Fairtrade Minimum Price and Premium, and more programme interventions.

However, reaching a living income for cocoa farmers will require collective action across the industry, as well as an enabling public policy environment. As proud as we are of our impact, less than 6% of total global chocolate sales are currently Fairtrade and global stakeholders will need to work together if cocoa farmers are going to receive living incomes.

It will take considerable effort and commitment from everyone to make living incomes possible. There are positive examples of where Governments and companies are making new efforts, and the next chapter sets out ideas for action and examples of how we can achieve this goal.

Fairtrade cocoa is kept separately from conventional cocoa after processing at ECOOKIM's warehouse in Abidjan

CHAPTER 3 - AN AGENDA FOR ACTION

The ambitious goals and targets to end poverty, support small-scale farmers and decent work for all enshrined in the Sustainable Development Goals will not be met unless urgent action is taken to support farmers in some of the poorest parts of the world. Below, we outline an agenda for action, setting out how governments, chocolate companies, traders, retailers and shoppers can help achieve living incomes for cocoa farmers. It's time cocoa farmers got a sweeter deal.

1. The Irish Government
The Irish Government can play a key role in helping to create greater opportunities for cocoa farmers in a number of key areas; The Government should support a global initiative of governments and business to enable living incomes in supply chains, starting with cocoa. Promising initiatives on cocoa, and more broadly, are being developed by other governments and multi-lateral institutions that Ireland could back in order to drive forward change.

- The Irish Government should endorse the 'Beyond Chocolate' initiative (launched by the Belgian government) which brings together over 40 stakeholders including major chocolate manufacturers and retailers, who have committed to ensuring that cocoa farmers they source from receive a living income by 2030 at the latest.[71]

- The Irish Government should actively support the 'Alliance for Living Incomes' initiated by the German government in 2019. It is globally focused, and now has the support of the Dutch, Swiss and Belgian Governments, and aims to develop solutions for a sustainable cocoa sector.

- The Irish Government should support the creation of a UN binding treaty on business and human rights to regulate, in international law, the activities of transnational corporations and other business enterprises – with a gender and human rights perspective.[72]

- The Irish Government should support calls for binding EU regulations on human rights (incl. living income) for the European cocoa market along the lines that Fairtrade, the Voice network, some large cocoa companies and Rainforest have signed up to in a joint statement in December 2019.[73]

2. Taxation Policies
The Irish Government should review its taxation policies including VAT and levies, to ensure that the marginalized producers of products like cocoa sold in Ireland are not further marginalised by these policies. When imposing taxation and levies, the Irish Government should consider whether the primary producers of products like cocoa are earning a living income or living wage or are living in poverty. Where they are not earning a living income, the Government should use at least 50% of the income from these taxes to invest in a Sustainability Fund in Irish Aid to help support sustainable livelihood creation.[74]

3. Making Living incomes a priority for Irish Aid
Irish Aid should put achieving living incomes and wages at the heart of its commitment to leaving no one behind, and to reaching the furthest behind first.[75]

We suggest such an approach should:

- Put farmers at the centre. The fund should empower farmers and farmer organisations to shape the interventions that will enable them to increase their incomes.

- Work with the governments of Côte d'Ivôire and Ghana, and the chocolate industry, to design, implement and pilot gender-sensitive programmes that would improve women's economic empowerment.

- Support international regulatory initiatives of the chocolate industry aimed at greater sustainability and human rights observance at EU level and at producing country Government level.

- Support pilot projects with Irish and global companies that will promote sustainable cocoa production, such as by helping to improve farming practices, diversify incomes, renovate trees, and produce more on less land.

- Address local market failures and dysfunctions to address issues such as poor quality fertilisers.

4. Ensure Fair and Sustainable Government procurement
The Irish Government should ensure it uses its market power to encourage fair and sustainable production of cocoa. This will entail having a clear 'Fair and Sustainable' Government procurement policy requiring Government Departments and state agencies to support initiatives and companies that have credible commitments to living incomes.[76]

Duase Community, Ghana From left hand side; Rebecca Amaa Achiaa, Grace Nyanta, Mary Yaa Afrah, Akua Serwaa Nico, Haligathar Amadu

The Chocolate Industry
At the World Cocoa Forum two years ago, stakeholders including the global chocolate industry agreed to should develop and implement policies that enable cocoa farmers to make a living income.[77]
As this report has noted, steps have been taken towards that goal but much remains to be done.

We call on Irish based chocolate companies, traders and supermarkets to:
• Join the Alliance on Living Incomes in Cocoa.
• Support the introduction of Human Rights Due Diligence legislation in the EU as set out above.
• Design and implement gender-sensitive programmes that would help enhance the economic empowerment of women cocoa farmers, as set out above.
• Commit to sourcing their cocoa on Fairtrade terms as a first step.
• Commit to the goal of ensuring that cocoa farmers receive a living income by 2030.

Cocoa-exporting country governments
Living Income Differential
Farmer incomes will increase further next year with the governments of Côte d'Ivoire and Ghana's remarkable policy decision in June last year to introduce a 'Living Income Differential'. Through the governments' market intervention, farm gate prices of $1,820 per tonne for farmers for deliveries from the 1st of October 2020 are required.

Fairtrade strongly welcomed this announcement.[78] As proud as we are of our impact in Fairtrade, since the majority of cocoa produced in Côte d'Ivoire and Ghana is not Fairtrade certified, the governments' intervention is a real opportunity to drive change at scale for farmers in the two countries, which together produce more than 60 percent of the world's cocoa supply.

We should note that the price of $1,820 still leaves some way to go by comparison with Fairtrade's definition of a Living Income Reference Price at $2,200 per tonne at farm gate in Côte d'Ivoire and $2,100 in Ghana.

What we can all do
As shoppers we all have considerable power and influence. The growth of ethical consumerism in recent years has signalled to companies that they must become more sustainable and has led to many positive changes. As we launch our new campaign, we encourage people to get involved. Shoppers can buy Fairtrade chocolate and help to ensure farmers get a better deal. For those who want to go further, there are many community groups across Ireland campaigning in support of living incomes for farmers. We encourage everyone to get involved in local events to support this campaign.

Conclusion
The problems outlined in this report point to a social, economic and environmental disaster that is as unsustainable as it is unjust. If we are to end the poverty experienced by cocoa farmers, especially cocoa's invisible women, action to meet their right to a living income is urgently required. With only ten years left to meet the Sustainable Development Goals, urgent action is needed to enable all cocoa farmers, especially women, to reach a living income. Addressing the position of invisible women will require tailored interventions.

We call on the Irish Government and Irish based chocolate companies to act with ambition, and join us in ending the exploitation of all cocoa farmers, whilst not forgetting about cocoa's invisible women.

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[71] https://www.idhsustainabletrade.com/initiative/beyondchocolate/
[72] https://www.nachhaltige-agrarlieferketten.org/en/news/translate-to-english-living-income-arbeitsgruppe-gemeinsame-erklaerung/
[73] https://www.business-humanrights.org/en/summary-revised-draft-of-the-binding-treaty-on-business-and-human-rights
[74] https://www.fairtrade.net/news/why-fairtrade-supports-strong-euregulations-cocoa
[75] https://www.fairtrade.ie/blog/issues-opportunities-and-responsibilities-irish-government-support-needed-for-fairer-trade-sustainable-development-climate-mitigation-and-a-just-transition-for-marginalised-producers/
[76] https://www.fairtrade.ie/blog/issues-opportunities-and-responsibilities-irish-government-support-needed-for-fairer-trade-sustainable-development-climate-mitigation-and-a-just-transition-for-marginalised-producers/
[77] ICCO Berlin Declaration of the Fourth World Cocoa Conference (2018) https://www.icco.org/about-us/icco-news/387-berlin-declaration-of-the-fourth-world-cocoa-conference.html
[78] https://www.fairtrade.net/news/fairtrade-supports-implementation-of-a-living-income-differential

Endnotes
All references in this report are based on existing research which was published or internal sources which were the best available at time of publication. The income-related references in this report are being constantly reviewed by the sector and therefore the estimates that we refer to here are based on the below public sources (the best available as of February 2020)

For Côte d'Ivoire:-
Fairtrade International, Living Income Reference Prices for Cocoa: An Explanatory Note (2019)
-https://files.fairtrade.net/2019_RevisedExplanatoryNote_FairtradeLivingIncomeReferencePriceCocoa.pdf
Benchmark Report prepared for The Living Income Community of Practice (2018)nhttps://docs.wixstatic.com/ugd/0c5ab3_71310ed04c5d4fec8805580ed901c933.pdf
-KIT, Analysis of the income gap of cocoa producing households in Côte d'Ivoire (2018) https://docs.wixstatic.com/ugd/0c5ab3_fc3386a550b94a898c7757ee13 ab59e6.pdf

For Ghana
-Benchmark Report prepared for The Living Income Community of Practice (2018) https://docs.wixstatic.com/ugd/0c5ab3_55017cee608047d494f56b496925ae4a.pdf
-KIT, Analysis of the income gap of cocoa producing households in Ghana (2018) https://docs.wixstatic.com/ugd/0c5ab3_93560a9b816d40c3a28daa a686e972a5.pdf

All hyperlinks referenced in this report were accessed on the 5th of February 2020

Women cocoa farmers working on a demonstration plot, CAYAT co-operative, Côte d'Ivoire

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Front and Back Cover image: Cocoa farmer Beatrice Boakye, from the Asuadai Co-operative, Ghana. Cover photography by Yaw Okyere Darko

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