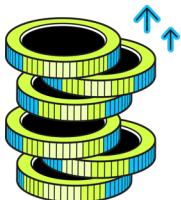


COCOA FARMER INCOME



New Study Shows Higher Incomes for Fairtrade Cocoa Farmers

A comparison of Fairtrade cocoa farmers' household income in Côte d'Ivoire over the last 4 years has shown boosted incomes and lower incidences of extreme poverty, a new household income survey has revealed.

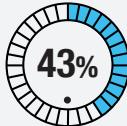
The survey, found that the average annual Ivorian cocoa farmer household income grew from \$2,670 USD in 2016/17 to \$4,937 USD in 2020/21, an increase of 85%. This has been driven, in part, by increased revenue from cocoa sales and diversification through in-kind and off-farm incomes. In addition, a significant number of Ivorian cocoa farmers have moved out of extreme poverty, with 61% of the farmers' households in the current study living above the extreme poverty line, as compared to 42% based on data collected in 2016/17 and published in 2018.

KEY FINDINGS



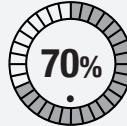
Increase of the average yearly farmer household income

The study found the average yearly farmer household income is \$4,937 USD compared to \$2,670 USD in 2018 study – an increase of 85%.



Increase of the average cocoa yield

On average, the 2020 cocoa yield was 625 kg/ha compared to the 437 kg/ha in 2018. The study shows a positive correlation between Fairtrade trainings and cocoa yields.



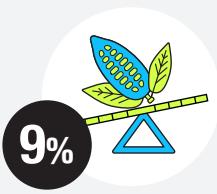
Of households have diversified income sources

70% of households in the study have diversified to some degree, up from 55% in the 2018 study. Currently, 58% of the average household income comes from cocoa, down from 74% in 2018.



The number of households earning a living income

The proportion of households earning a living income doubled, from 7% to 15%. In addition, 61% of the farmers' households in the current study are living above the extreme poverty line, as compared to 42% in 2018. The percentage of farmers living above the poverty line also increased from 23% in 2018 to 43% in the current study.



Increase of farmer incomes if they earned the Fairtrade Minimum Price on all cocoa volumes

If farmers would have sold 100% of their cocoa as Fairtrade and earned the Fairtrade Minimum Price differential as a result, the average farmer household income would have been 9% higher. Instead, farmers sold an average of 45% of their cocoa as Fairtrade.



A holistic living income model is necessary

If households earned the Living Income Reference Price and achieved the target yield of 800 kg/ha, the percentage of farmers in extreme poverty would decrease from 43% in the current study to 9%. Just receiving the Living Income Reference Prices at the current yield levels would reduce the number of households living in extreme poverty to 29%, and increase households earning a living income to 19%.



Conclusion

We are encouraged that Fairtrade cocoa farmers in Côte d'Ivoire have increased their incomes by 85% over the past several years; that a greater proportion are living above extreme poverty (61%); and that a greater proportion are earning a living income (15%).

There is no one solution to ensure that farmers earn a living income. Modeling of different price and yield scenarios show that if all farmers were paid the Living Income Reference Price and reached the target cocoa yield set in our living income model, almost all farmer households would be out of extreme poverty. However, increased yield and Fairtrade Living Income Reference Prices alone cannot lift all farmers to a living income if those farmers do not have adequate land sizes. The study also shows us the importance of diversification, which is an important element of the Fairtrade Living Income Strategy. We will continue to test aspects of our living income model with cocoa farmers and their commercial partners, and share learnings.