



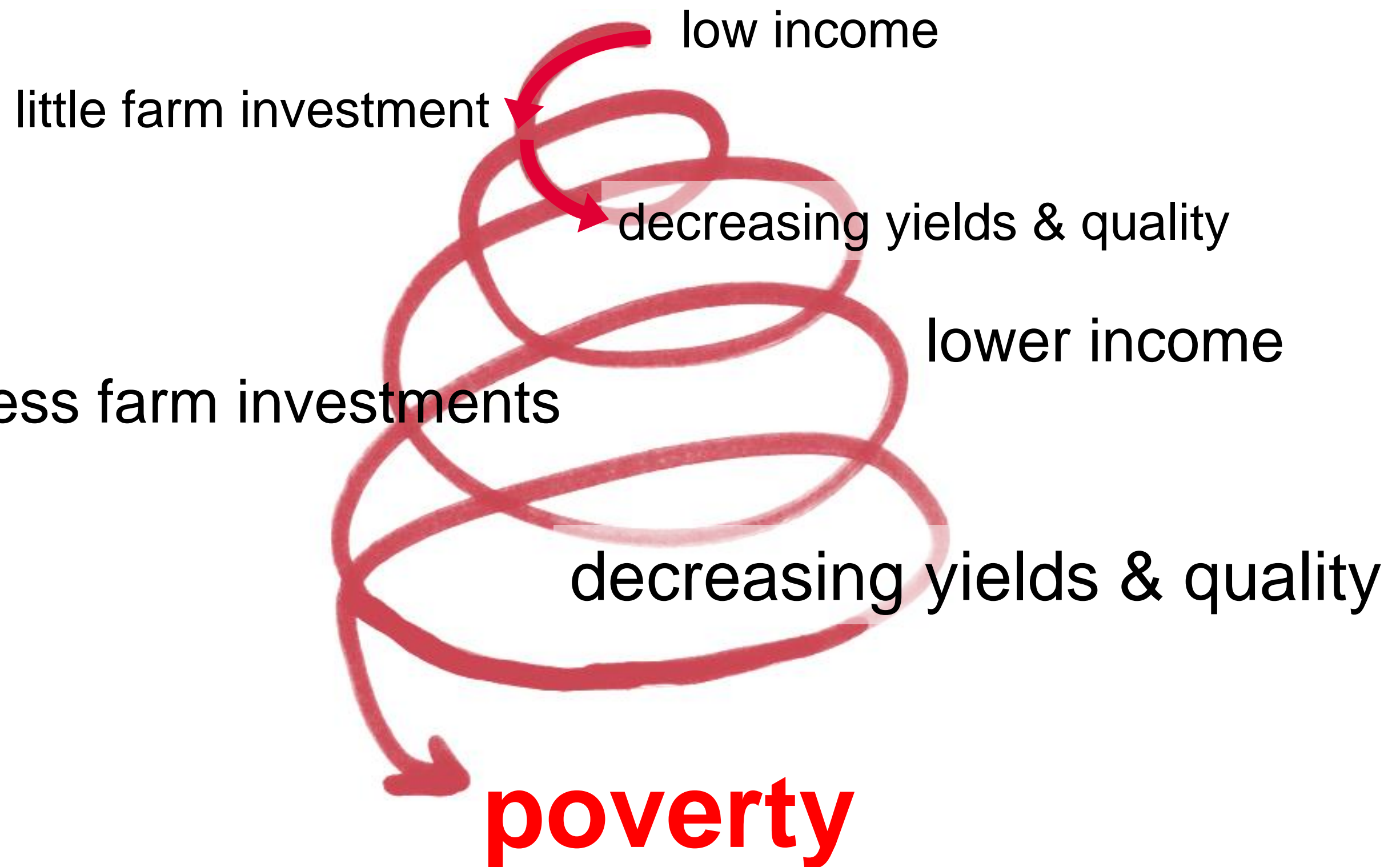
FAIRTRADE

Living Income & cocoa update

Sept. 16th 2020 | Bettina von Reden

No supply chain is sustainable unless there is a **business case** for growing the raw material:

Farmers need to be in **economic conditions** to sustain production in harmony with the natural environment, while having the means to secure their **basic necessities** of life.





poverty

sustainable yields



enabling factors:

- sales at Living Income Reference Price (LIRP)
- quality control
- SPO efficiency

enabling factors:

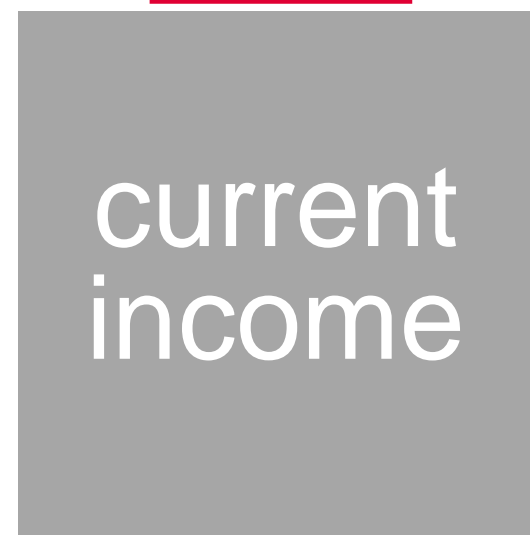
- technical assistance
- access to inputs
- access to finance
- market access

- Return on Investment

risk management:

- price stability
- climate resilience
- long term contracts
- income diversification

income gap



living income

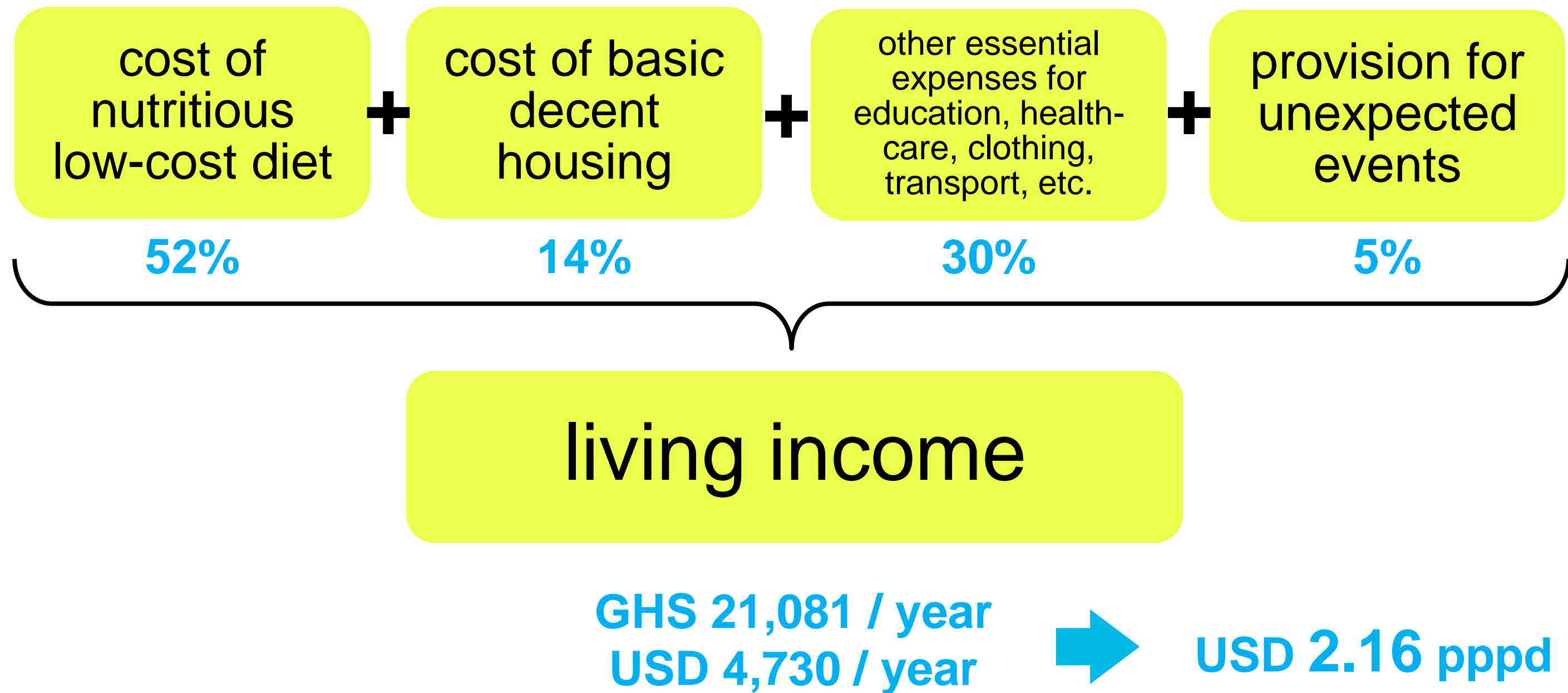


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A living income for a Ghanaian cocoa household with 6 members is estimated at*:



*Source: Living Income Community of Practice , 2018

living income benchmark

(minus value of self-consumed food crops)

- living income Ghana: US\$2.16 pppd
- household size: 6p
- in-kind income: US\$612/yr

sources: LICoP benchmark study and own research.

$$\begin{array}{c} \$4730 - \$612 = \\ \$4118 \end{array}$$

\$1432

=

\$5550

cost of sustainable production (COSP)

- COSP: US\$358/ha x 4ha
- hired labour at Living Wage: US\$8/day

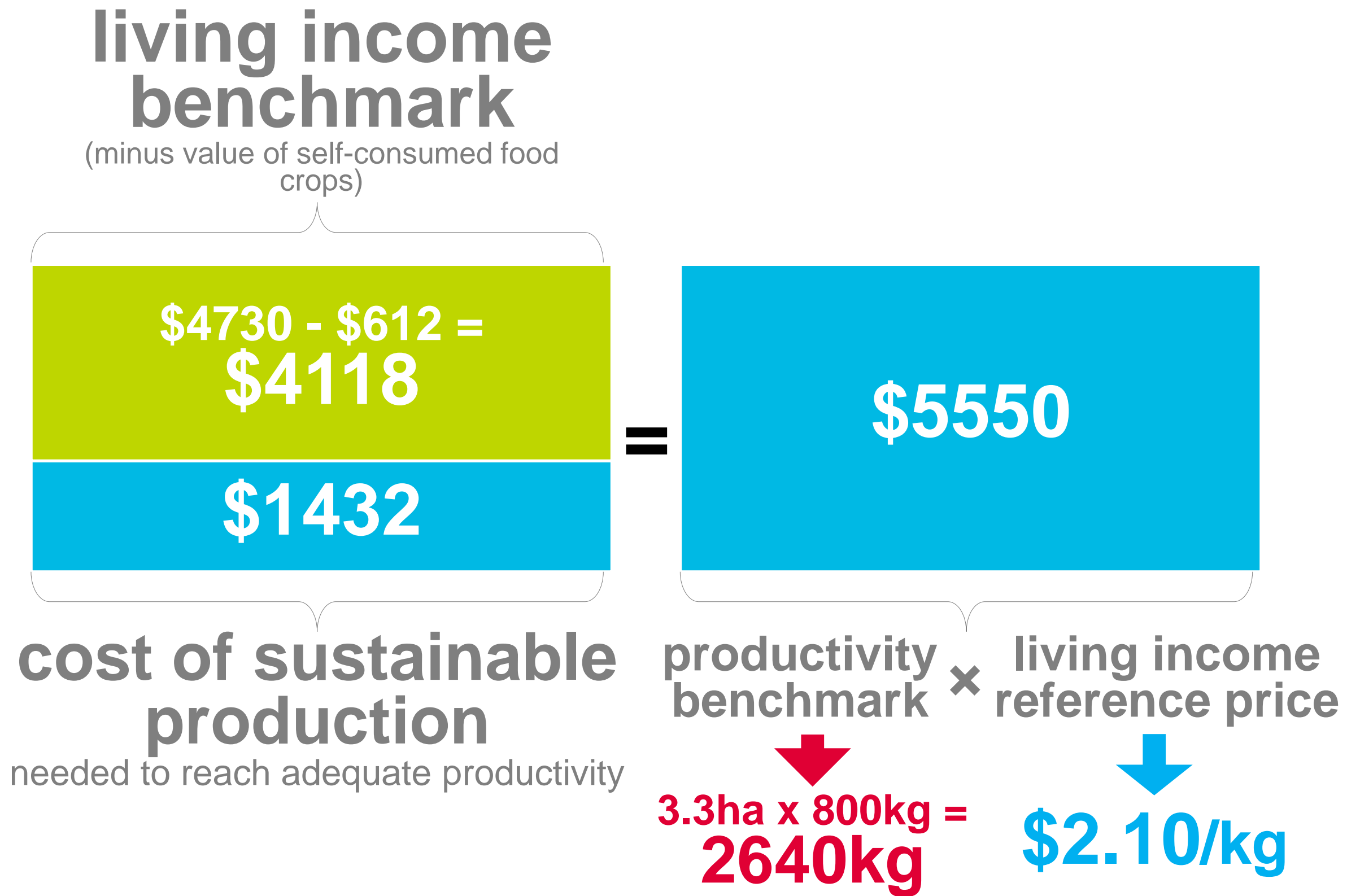
sources: New Foresight, own research and consultation.

productivity benchmark

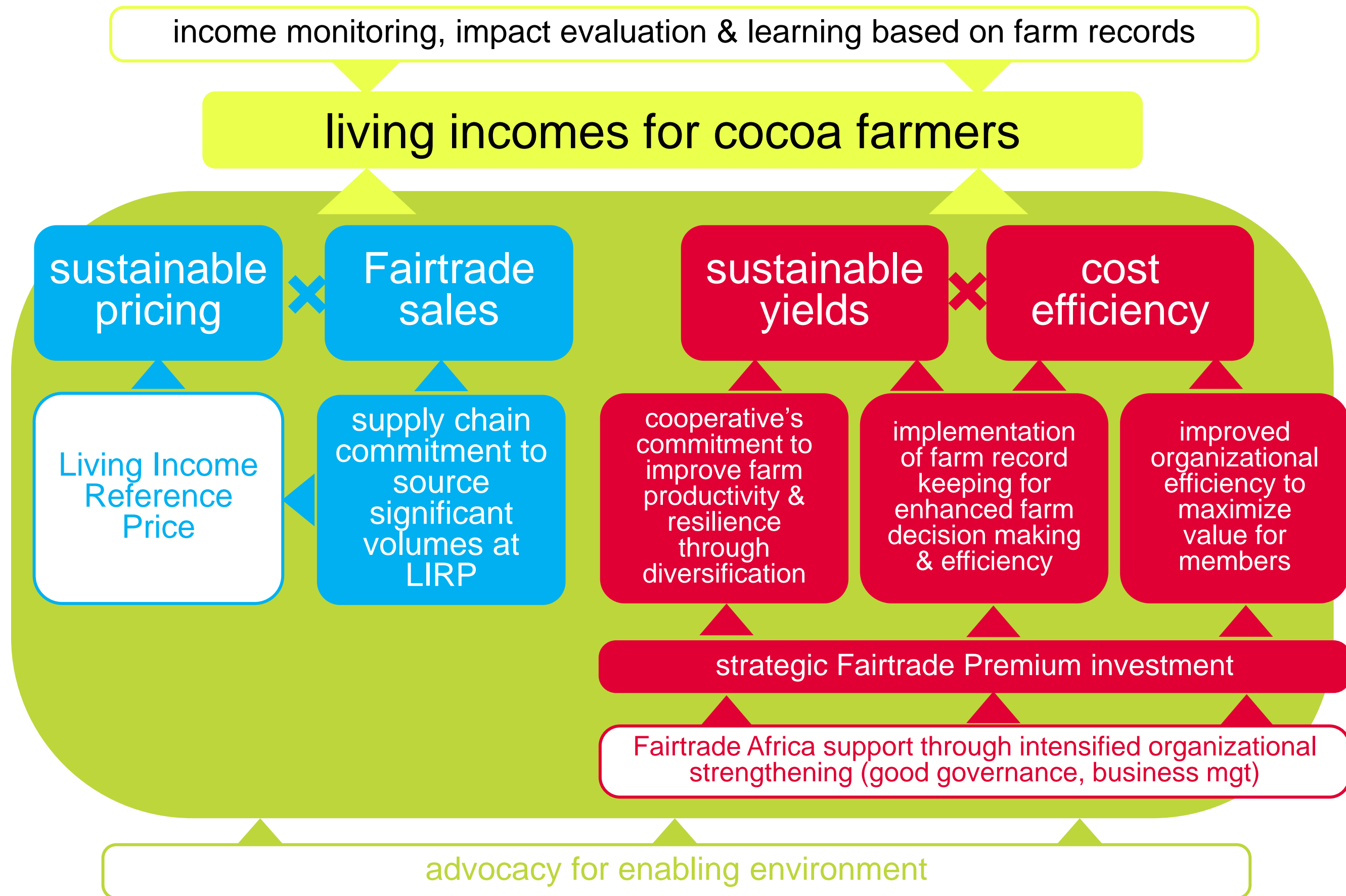
3,3ha x 800kg =
2640kg

- feasible sustainable yields: 800kg/ha
- full-employment cocoa area: 4ha with 1.9 FTE
- 17% under rehabilitation

sources: New Foresight, own research and consultation.



Through the implementation of a multi-dimensional Living Income approach with commercial partners, Fairtrade aims to demonstrate what is needed to deliver on living incomes (and prove that an increased price is a necessary element to be successful)





THANK YOU For your ATTENTION
MERCI de votre attention