

# Strategies to close the living income gap of smallholder farmers: the case of cocoa in Côte d'Ivoire

*Case summary (May 2018)*

## A living income

The impact of public and private interventions aimed at increasing the income of smallholder cocoa farmers in Côte d'Ivoire has been insufficient. Today, farmers clearly do not earn a decent standard of living. In recognition of this fact, a debate on *living income* has appeared on the agenda of leaders in public and private spheres.

A living income is the net household income sufficient to enable all members of the household to afford a decent standard of living, including food, housing, healthcare, education, transport, communication, recreation and a buffer for emergencies and unexpected events.

To support closing the gap between actual incomes and the income needed for a decent living, this summary and underlying report provide guidance on which strategies can be implemented to improve farm incomes and therefore close the gap in the case of cocoa in Côte d'Ivoire.

## The case of cocoa in Côte d'Ivoire

Some one million farmers and approximately four million household members rely on cocoa production for their livelihoods. After years of sustainability efforts and some progress, major challenges persist that impede cocoa farmers in Côte d'Ivoire from earning a living income.

These challenges are summarized below:

### Farming system

- Technical, financial, market, and cultural barriers to intensification and crop diversification

### Service provision

- Inefficient fertilizer distribution systems and weak business case for farmer to invest

- Current efforts reach a relatively small proportion of Côte d'Ivoire's cocoa farmers

### Value chain development

- Limited take-home share of premium by individual farmers and low use for farm investment

### Market management and regulation

- The socio-economic, climate, and natural resource implications of externalized deforestation
- Price volatility in the recent context of oversupply

### Revenue generation and re-investment

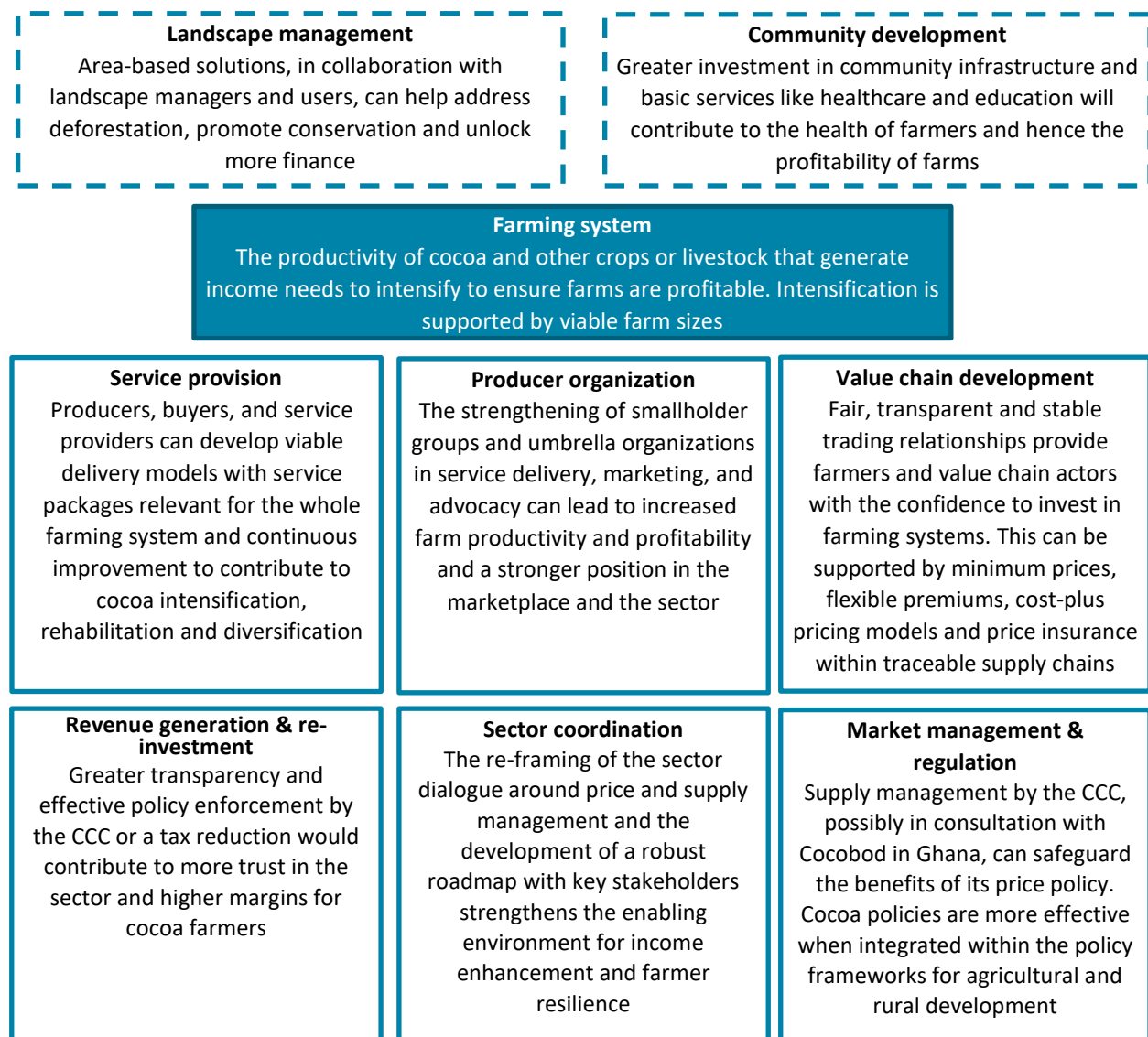
- Transparency and accountability by the CCC

## Closing the living income gap

Cocoa farmers will not be in a position to earn a living income if decision-makers continue down the path of inconsequential investment and technical support in individual company supply chains as well as incohesive and ineffectively enforced policy at the sector level. Business as usual is not an acceptable strategy to improve farmers' profitability and livelihoods. To bridge the living income gap, systemic change is needed.

The next page presents an overview of complementary strategies that could contribute to systemic change. The strategies are organized according to a set of building blocks or pathways defined by the Sector Transformation framework developed by Aidenvironment, Sustainable Food Lab and IIED. It defines pathways to transform the producer base, service sector, value chains and to improve the governance of the sector by sector coordination, market management and regulation and revenue generation and re-investment. They are complemented by possible interventions at the community or landscape level.

Figure 2: Key strategies to close the living income gap in the cocoa sector of Cote d'Ivoire



### Roles for different actors

#### Government in Côte d'Ivoire -

Implementation of a wide range of policies to manage prices, supply and demand;

#### Governments in consumer countries

- Policy development around due diligence and sustainability in supply chains and revision of competition law to allow for a level playing field where all companies internalize social and environmental costs into prices;

**Supply chain actors** - Assessment of value addition and distribution in their own supply chains, investment in traceability and promotion of more

favorable trading relationships with their suppliers;

**Service providers** - Development of services relevant for whole farming systems and viable delivery models;

#### Research and advisory organizations

- Support of the development of viable farming systems, service delivery models, and value chain models. Applying living income benchmark studies;

#### Voluntary standard systems and

#### multi-stakeholder platforms -

Support of research on living income benchmarks and actual farmer

income as well as innovation of their standards systems. Multi-stakeholder platforms can facilitate the sector dialogue and roadmap development;

**Civil society organizations** - Advocacy to public and private actors on ensuring a living income is paid and monitoring of the extent it is realized;

**Donors and development organizations** - Support of the above actor's work, including recognizing the need for alternative livelihood opportunities with an objective of systemic change.