



Forum Nachhaltiger Kakao
German Initiative on Sustainable Cocoa



Topical Hour

**Fairtrade Living Income
Reference Price**



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Why Fairtrade Products For Business Get Involved

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Fairtrade announces new Living Income Reference Prices for cocoa in West Africa

Solidaridad

VOICE NETWORK — FAIRTRADE — CHOCOA

NEW FAIRTRADE LIVING INCOME REFERENCE PRICE DOES NOT REFLECT THE RIGHT OF COCOA FARMERS TO EARN A LIVING INCOME

30 January 2025

Fairtrade International has published a new Living Income Reference Price (LIRP) for cocoa from Ghana and Côte d'Ivoire on 29 January 2025. The price is lower than the mandatory farm-gate prices set by the Ghanaian and Ivorian governments. It is also based on assumptions of achievable yield that are unrealistically high with current climate conditions, soil depletion, inputs costs, labor shortages, and more. The Voice Network, of which Solidaridad is a member, believes this step does not contribute to the fundamental farmers' right to a living income.

VOICE NETWORK — FAIRTRADE — CHOCOA

Fairtrade Living Income Reference Prices 'don't go far enough' as Chocopa opens with discussions on the ongoing issue of farmer poverty

Fairtrade recently published its updated Living Income Reference Prices (LIRP) for cocoa from Cote d'Ivoire and Ghana, and while it is viewed as a valuable tool by the industry - according to some - it does "not reflect the right to a living income"

VOICE
Voice of Organisations in Cocoa

VOICE Network — A watchdog and catalyst for a reformed cocoa sector

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The new Fairtrade Living Income Reference Price does not reflect the right of cocoa farmers to earn a Living Income

Friday, 31 January 2025



Fairtrade's response to VOICE Network's statement on the new cocoa Living Income Reference Prices

The Living Income
Community of Practice

The Concept News & Events Tools & Resources About

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> THE COCOA INCOME INVENTORY (CII) HAS BEEN OFFICIALLY LAUNCHED!

20. MAY 2024

THE COCOA INCOME INVENTORY (CII) HAS BEEN OFFICIALLY LAUNCHED!

Cocoa household income study approach

A sector-wide approach to assessing the living income status of households in the cocoa sector

WAGENINGEN UNIVERSITY & RESEARCH KIT Royal Institute of Technology emc World Cocoa Foundation giz Swiss Platform for Sustainable Cocoa



Time	Agenda Item	Speaker
13:00 – 13:10	Welcome and Introduction	Martina Gaebler GISCO Secretariat
13:10 – 13:25	Fairtrade Living Income Reference Price <i>Input followed by clarifying questions</i>	Carla Veldhuyzen van Zanten Fairtrade International
13:25 – 13:40	Current Household Income: Results from the CHIS Studies in Ghana / Côte d'Ivoire <i>Conversation</i>	Anna Laven KIT, Royal Tropical Institute
13:40 – 13:55	An NGO perspective on the LIRP concept and update <i>Input followed by clarifying questions</i>	Virginie Mfegue Solidaridad
13:55 – 14:10	Stimulus for thought: A company perspective on LI and the LIRP <i>Conversation</i>	Lisa Köhl Aldi South
14:10 – 14:30	Discussion and Questions	All



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Carla Veldhuyzen van Zanten
Fairtrade International

Fairtrade Living Income Reference Price



Fairtrade Living Income Reference Prices

for COCOA from Ghana & Côte d'Ivoire

FAIRTRADE
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Carla Veldhuyzen | c.veldhuyzen@fairtrade.net | Sr Adv Sustainable Livelihoods

What is a LIRP?

The LIRP is a price benchmark below which farmers are not able to make a living income and should therefore be **guaranteed as a floor price in the long term** by the industry.

A LIRP indicates the **farmgate price farmers should minimally receive**, so they can invest in their crops to adopt sustainable agricultural practices and afford a decent standard of living.

What is it *not*?

A LIRP is **not market driven** and doesn't fluctuate. When market prices are above LIRP, the market price prevails. However, it provides a safety net to farmers when market prices come down again, so they can count on a stable return on investment.

The LIRP is **not a guarantee that farmers** receiving LIRP effectively **earn a living income**. For a cocoa farmer to depend exclusively on cocoa revenues they would need to be dedicated fulltime to cocoa production and reach a sustainable yield level.

Living Income Reference Price model

underlying principles:

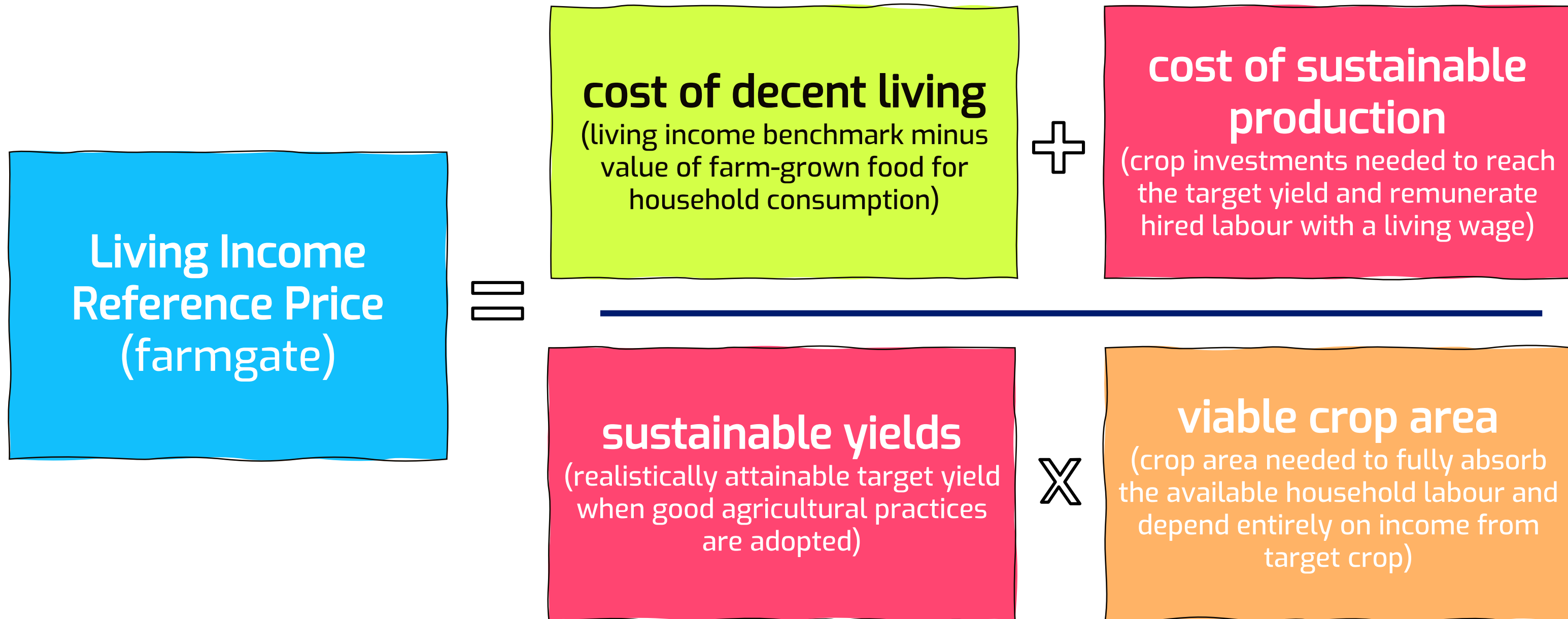
“Everyone who works has the right to just and favourable remuneration ensuring an existence worthy of human dignity for themselves and their families”

- ▶ A full-time farmer has the right to earn a living income from the farm proceeds
- ▶ A worker on a smallholder farm has the right to a living wage

Achieving living incomes is a shared responsibility by all supply chain actors

- ▶ Farmers are responsible for adopting sustainable agricultural practices in order to achieve a realistic target yield
- ▶ Buyers are responsible for paying a price which enables farmers to invest in their farms and achieve living incomes

Living Income Reference Price model





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What is considered a “realistic” yield target?

- **within 2 years’** time the target yield should be reachable
- **for farmers investing in their farms** and implementing the recommended practices, including intensive pruning
- which should be **feasible for at least 50% of farmers receiving LIRP**, in terms of access to technical assistance, required labour services & climatic conditions.

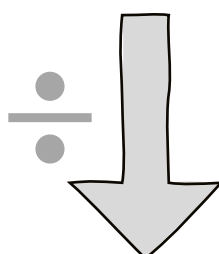
labour requirements

workdays per hectare needed to implement sustainable production model

required household
labour

when optimally deployed

available hh labour
days per year*



viable crop area
to fully absorb available
household labour

required hired
labour

for surplus work, harvest
& specialized tasks

**75% of working age adults in household x
220 labour days per year*

cocoa income dependency versus viable crop area

	cash income from cocoa	cash income diversification	in-kind income farmgrown food	viable productive cocoa area	viable cocoa area (incl. renovation)
Ghana	100%	0%	25%	2.75 ha	3.3 ha
	80%	20%	20%	2.2 ha	2.7 ha
	67%	33%	17%	1.8 ha	2.2 ha
	50%	50%	12.5%	1.4 ha	1.7 ha
Côte d'Ivoire	100%	0%	30%	3.8 ha	4.6 ha
	80%	20%	24%	3.1 ha	3.7 ha
	67%	33%	20%	2.6 ha	3.1 ha
	50%	50%	15%	1.9 ha	2.3 ha

LIRP variables Ghana (2025)

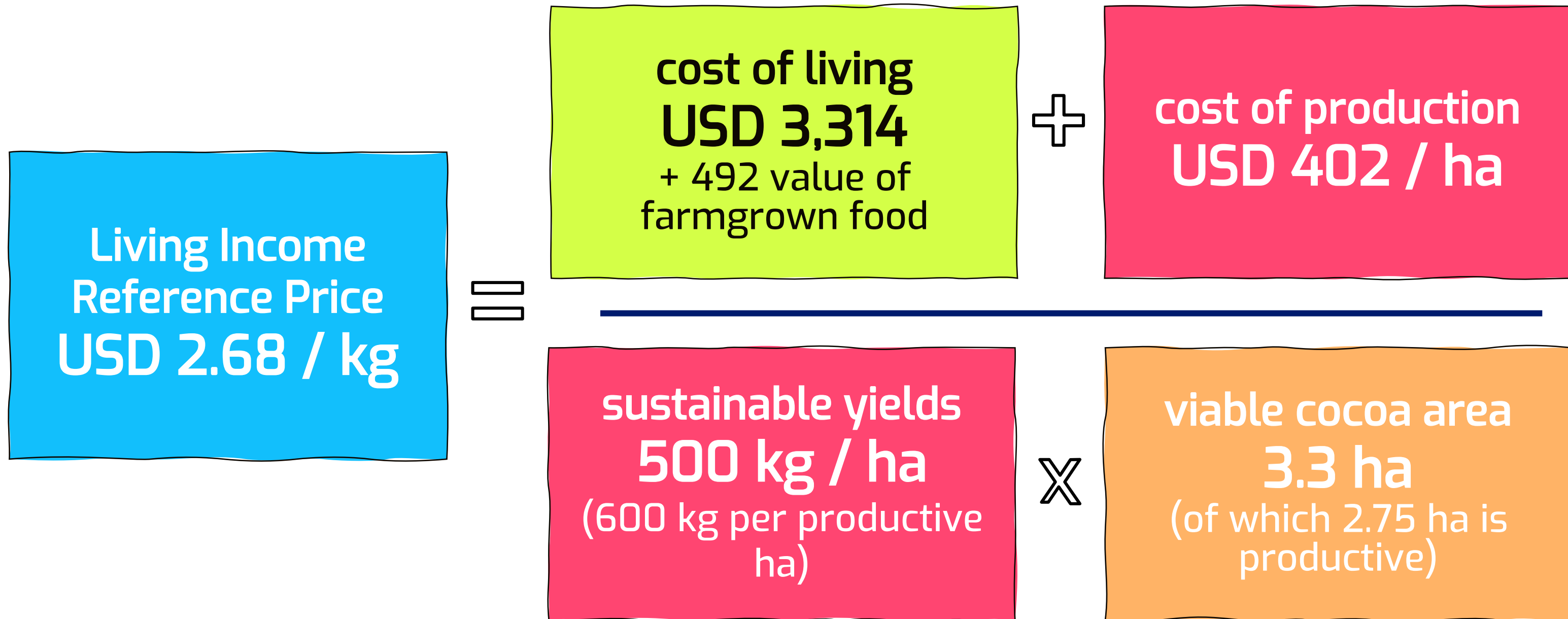
Living Income Reference Price cocoa Ghana		2022	2025
	% of food needs produced on farm	25%	25%
	% cash income from cocoa	100%	100%
viable cocoa area	Ha	4.0	3.3
(A) productive cocoa area	Ha	3.3	2.75
sustainable yield of total viable area	kg/ha	664	500
(B) sustainable yield per productive area	kg/ha	800	600
cost of agricultural inputs	GHS/ha	2,608	2,400
hired labour cost	GHS/ha	658	2,436
other costs (eg. transport, tools & materials)	GHS/ha	355	750
total variable costs x ha	GHS/ha	3,620	5,586
fixed costs	GHS		2,160
(C) cost of sustainable production	GHS	14,480	17,522
value of home-grown food	GHS	4,330	7,793
(D) living income share from cocoa	GHS	29,170	52,500
(C+D/AxB) LIRP	GHS/kg	16.5	42.4
	USD*/kg	2.12	2.68

*exchange rate average Sept-Nov 2024: 15.84

LIRP variables Ghana (2025)



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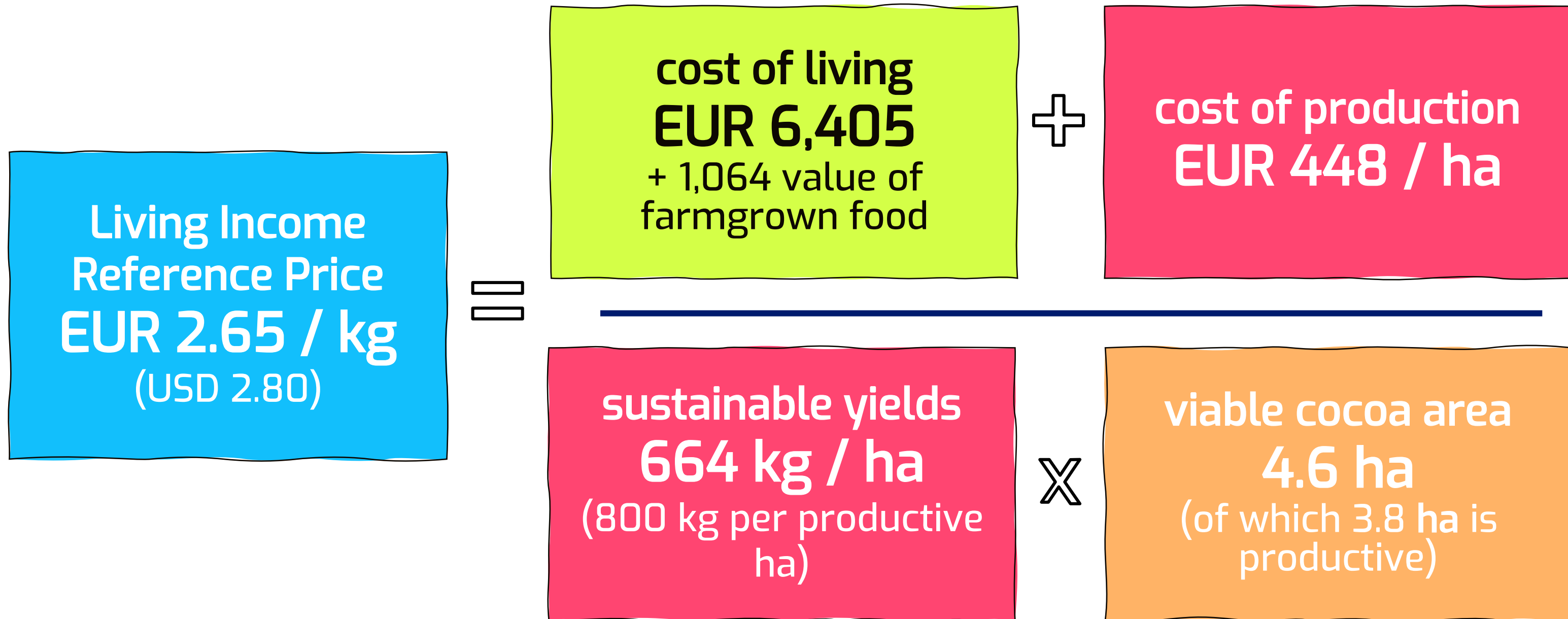
LIRP variables CDI (2025)

Living Income Reference Price cocoa Côte d'Ivoire		2022	2025
	% of food needs produced on farm	50%	30%
	% cash income from cocoa	100%	100%
viable cocoa area	hectare	5.3	4.6
(A) productive cocoa area	hectare	4.4	3.8
sustainable yield of total viable area	kg/ha	664	664
(B) sustainable yield per productive area	kg/ha	800	800
cost of agricultural inputs	XOF/ha	331,150	119,600
hired labour cost	XOF/ha	5,850	126,203
other costs (eg. transport, tools & materials)	XOF/ha	37,430	24,100
total variable costs x hectare	XOF/ha	454,430	269,903
fixed costs	XOF		91,200
(C) cost of sustainable production	XOF	1,999,492	1,126,873
value of home-grown food	XOF	1,149,300	698,197
(D) living income share from cocoa	XOF	3,639,500	4,201,431
(C+D/AxB) LIRP	XOF/kg	1,602	1,736
	USD/kg	2.39*	2.80
	EUR/kg	2.20	2.65

LIRP variables Côte d'Ivoire (2025)



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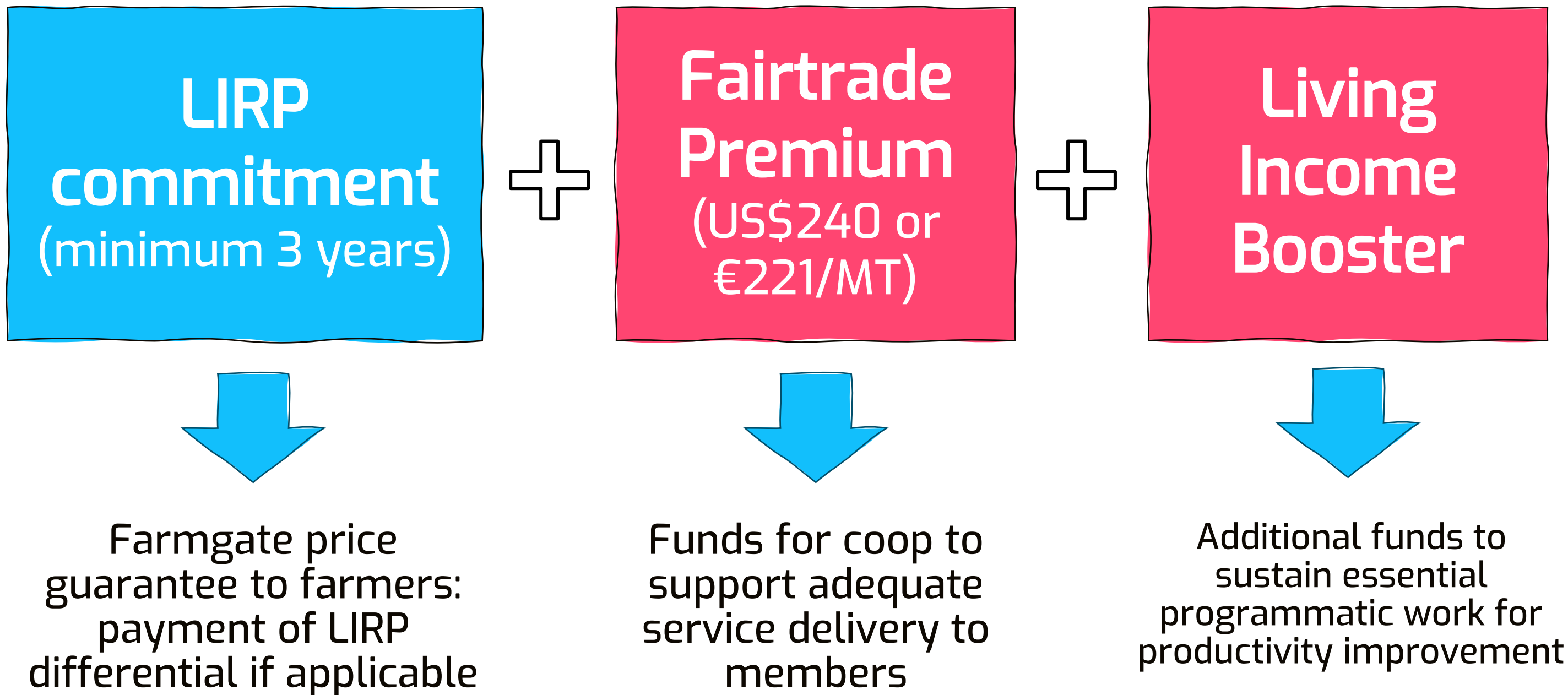
LIRPs versus regulated farmgate prices



	Ghana		CDI		
	GHS	USD*	XOF	EUR	USD
old LIRP (2022)		2.12		2.20	
current farmgate price	49.6	3.13	1800	2.75	2.90
new LIRP (2025)	42.4	2.68	1736	2.65	2.80

*exchange rate: 15.84:1

Fairtrade LIRP implementation guidelines



for further information, please contact:
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Anna Laven

KIT, Royal Tropical Institute

Current Household Income:
Results from the CHIS Studies in Ghana / Côte d'Ivoire



Solidaridad

Virginie Mfegue **Solidaridad**

An NGO perspective on the LIRP concept and update

Update of the Fair Trade LIRP in Cocoa

An NGO perspective on the LIRP concept
Opportunities and Concerns

Virginie MFEGUE, Solidaridad Europe

April 9, 2025

The Concept of LIRP

- ❖ The Living Income Reference Prices provide a standard for responsible purchasing practices
- ❖ Like several NGOs in the VOICE network, Solidaridad supports the Fairtrade LIRP, at the heart of Oxfam's 2024 Call to Action for a Just Cocoa Industry and subsequent campaigns, including Solidaridad's campaign with seven Dutch retailers.
- ❖ A LIRP lower than the farm gate price does not contribute to farmers' fundamental right to a living income
- ❖ Fairness and contextualization - because production conditions are diverse and there are no universal figures. The current context is decreasing yields
- ❖ Current farm gate prices in Côte d'Ivoire and Ghana, although higher than usual, remain well below what most farmers need to achieve a living income
- ❖ Solidaridad and several NGOs of the VOICE network have been supporting the Fairtrade LIRP
- ❖ Cocoa and chocolate companies, not Fairtrade, are responsible for paying a LIRP

Our concerns

- ❖ The new Fairtrade LIRP is lower than the farm gate price in Côte d'Ivoire (\$2.80) and Ghana (\$2.68) – a recent study by Cocobod and Swissco calculated the LIRP for Ghana at **\$4.32**
- ❖ Fairtrade has been a frontrunner in transforming market realities, but this new LIRP fails to ensure fair value distribution and living incomes for smallholder farmers
- ❖ Unrealistically high productivity targets (800 kg/ha in Côte d'Ivoire and 600 kg/ha in Ghana within 2 years. Overestimating potential yield levels is equivalent to underestimating the LIRP
- ❖ LIRP calculation should be based on the current reality of farmers. An Oxfam survey in 2023 indicates an average 300 kg/ha in Ghana, and the context is a significant decline in productivity - **Farmers are asked to achieve the impossible!**
- ❖ The shared responsibility principle puts smallholder farmers at risk and the LIRP, as an instrument for improving farmers' incomes, is losing its validity and credibility
- ❖ VOICE members issued a joint statement following the announcement of the new LIRP, calling on Fairtrade to reconsider the LIRP calculation to maintain its integrity.



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ALDI
SÜD

Lisa Köhl
Aldi South

Stimulus for thought:
A company perspective on LI and the LIRP



Discussion and Questions

