Cocoa Household Income Study in Côte d'Ivoire (2020.02.14)
Draft for comment until 24 February

This project assignment contains the most important information about the project. For additional information on the project, please contact the project manager (contact details below).

Rationale for and justification of need for the project:

In 2016 Fairtrade International commissioned a study to examine household incomes of cocoa farmers in Côte d'Ivoire which informed the 2017-2018 cocoa price review as well as the development of the Living Income Strategy for cocoa. The study outlined the farmer income situation in Cote d'Ivoire and highlighted the challenges which farmers were facing. Since then Fairtrade International has been working on farmer income improvements through a holistic approach. In addition, lifting cocoa farmers out of the poverty has become a priority in the cocoa sector. As such, it is time to reassess farmer income for Fairtrade cocoa farmers and to understand the evolution of farmer income in the past few years. Rationales and issues to be addressed are detailed as follows:

- As a result of the Fairtrade Cocoa Price Review which took place in 2018, the Fairtrade minimum price and Fairtrade premium were increased by 20%. In addition, the introduction of 100% FMP differential distributing to farmer members was also implemented. Both pricing elements may have impacted the household income for cocoa farmers.
- During these years, the world market prices for cocoa have fluctuated significantly. Notably, international market prices for cocoa have declined dramatically from September 2016 but have shown some recovery to beyond 2700 USD/MT in early 2020.
- Governments' price intervention, such as the alignment of pricing strategies by Côte d'Ivoire and Ghana and announcing the mandatory payment of a Living Income Differential, may have impacted international market prices and trading behavior. Consequently, that may influence the income of cocoa farmers.
- To inform Fairtrade's Living Income Strategy 2021- 2025 and to gain insights into the progress of household income during the last few years.
- To gain a better understanding of the income of cocoa producers and the drivers for improving the income at farm gate level, to inform the upcoming Price review.

Risk assessment:

Risk: challenge in data collection, which might collide with national events, such as election, restricting the availability of the field staff and farmers.
Mitigation: the project is planned to avoid such situations and coordination with field staff should take place as early as possible.

Risk: due to the nature of the topic, the results of the study might be sensitive when communicating publicly.
Mitigation: the key stakeholders are well informed about the project and expectation of the study. Establish close collaboration with Communication team internally.

Project Start Event: Preparation of project assignment	**Project Start Date:** 01.02.2020
Project End Event: Communication of the final report	**Project End Date:** November 2020

Project Goal and Objectives:

Goal:

To assess and evaluate the net income of cocoa producers in Cote d'Ivoire and compare the results with the previous household income study. This study will also identify the main drivers of the changes and provide recommendations that can help to improve income at farm gate level

Objectives:

- Collect and understand the Cost of Sustainable Production (COSP) for individual farmers and draw correlation with other parameters, such as yields, farm size, household size, etc.
- Compare the results with the previous study and is able to show the evolution of the household income development over time
- Present distribution of household income against poverty line and identify the gap to Fairtrade's living income target.
- Understand how Fairtrade's economic mechanisms (FMP, FP and FMP differential) influence income at the farm level.
- Deliver a narrative report that will enable us to:
  - take an informed and critical approach to the upcoming price review,
  - offer credible (evidence-based) input to the industry discussion around sustainability and livelihood improvement strategies
  - develop economic interventions and sustainability solutions appropriate to commodity and context.

Connection with Theory of Change (ToC):

This project contributes to the goals of Fairtrade International which is to make trade fair, empower small producers and foster sustainable livelihoods. For more information on Fairtrade's ToC see this *link*.

Project scope:

- This project will review the household income for cocoa farmers in Cote d'Ivoire.

Note: The Fairtrade Standard for Cocoa is complementary to the standard for producers (Fairtrade Standard for SPOs), and the standard for traders (Trader Standard). So, it applies to both producers and traders. For more information on Fairtrade Standards click this *link.*

Out of scope:

- Analysing producer income in other origins
- Calculate Living Income reference prices or set Living Income Benchmarks
- Set and implement a communication plan / strategy to communicate the results of the study (to be done in a separate work stream)

Project timelines and information on opportunities to contribute:

Feb 2020 Project planning and publish call for proposals for consultancy
March-April 2020 Planning and preparation of the study, defining methodology
April-May 2020 Collecting field data on farmer income and COSP
May-July 2020 Validation of the date and data analysis
August- September 2020 Drafting final report
Oct- Nov 2020 Presentation of final report and preparation of publication

Decision making process:

The results of the study will be presented to the Standards Committee (SC) and FT system.

More information will be provided closer to the consultation period on our website. If you are identified as key stakeholders, you will receive an invitation to participate.	
Project Owner (Unit): Ricardo Guimaraes Head of Pricing	**Project Manager (contact point for the project):** Yun-Chu Chiu Project Manager Pricing
Project Team (Unit): Samantha Dormer, FTF Jon Walker, Fairtrade International Carla Veldhuyzen, Fairtrade International	**Project Environment (stakeholder groups not part of the project team):** Global impact Fairtrade Africa National Fairtrade Organisations Regulatory government body in Cote d'Ivoire