



THE LIVING INCOME GAP IN THE COCOA SECTOR

Example of the Yeyasso cooperative in Ivory Coast:
analysis, explanations and triggers for action

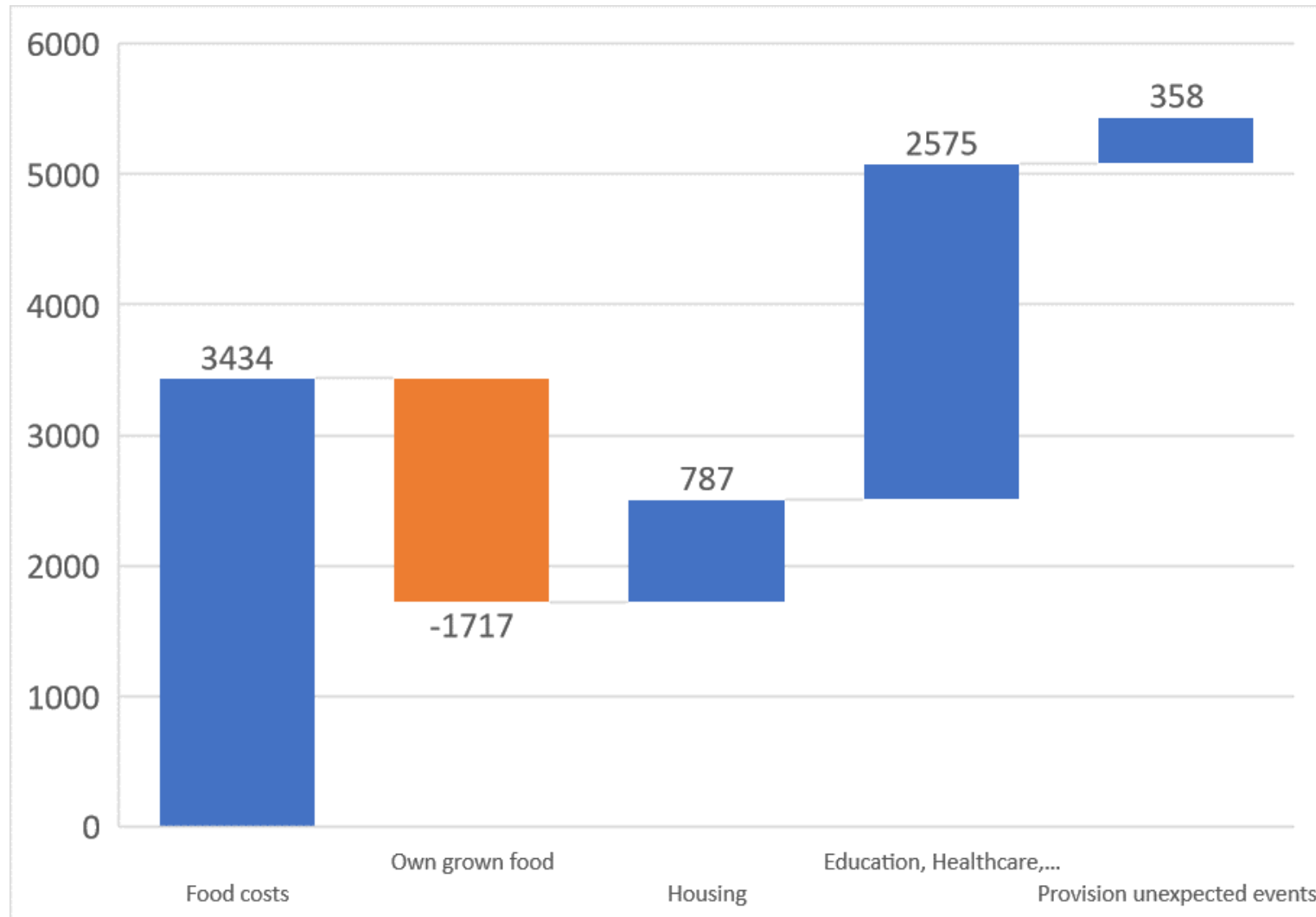
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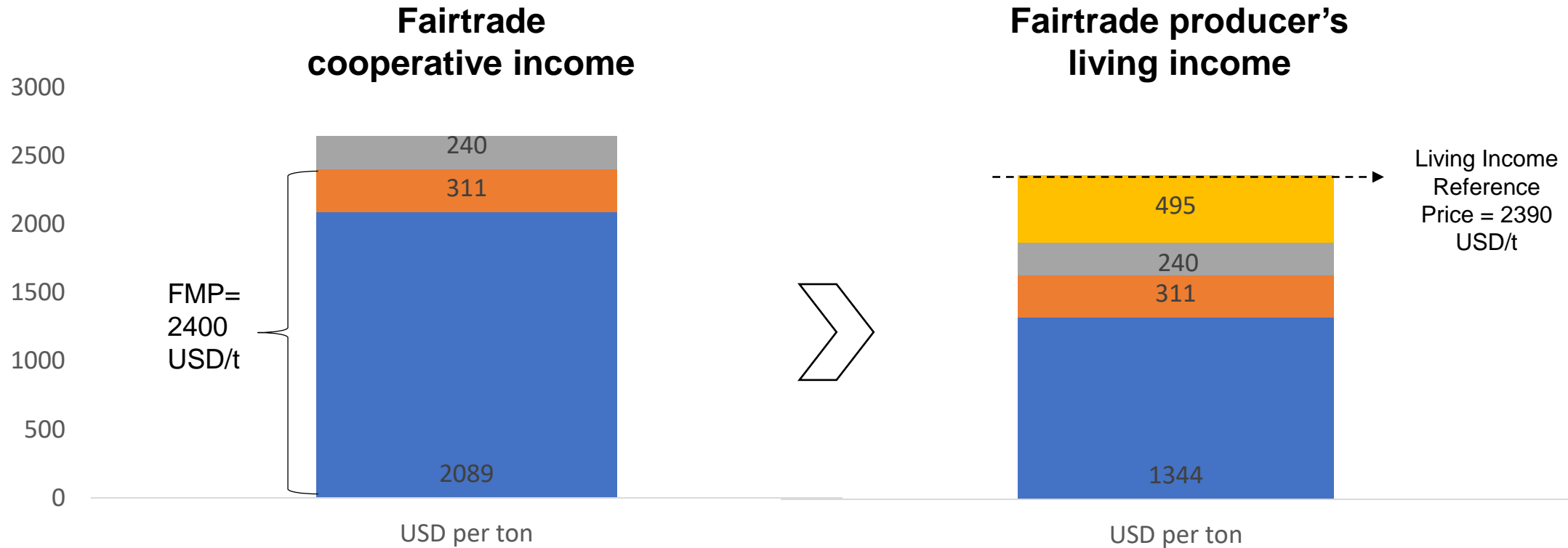
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What is a living income for an Ivorian family ?



And what does this mean in terms of cocoa sales prices ?



- Fairtrade Premium
- Differential with Fairtrade Min Price
- Regulated FOB Price Cdl

- Gap with Living Income Reference Price
- Fairtrade Premium to Farmers
- Differential with Fairtrade Min Price
- Regulated Farm Gate Price



Objective of the farmer record tool

- Tool developed by **Fairtrade**
- The *farm record tool* **tracks the income and expenditure of cocoa producers** :
 - Tracking the **impact** of Fairtrade sales
 - Impact of **diversification**
 - **Evolution** of income over several years
- Remediation tool:
 - Make **recommendations** to individual producers for better management
 - Implement **corrective actions** for the cooperative



Example of the farm record tool





Qui sont les membres de votre ménage?

	Nom et prénoms	âge	M	F
1	Hien Kematé	33	X	
2	Hien SHLy	30		X
3	Hien Sanssa	22	X	
4	Hien Filomène	12		X
5	Hien Cherif	10	X	
6	Hien Sié Amara	10	X	
7	Hien Sanssa	9	X	
8	Hien Holo denis	10	X	
9	Hien Sengals	1	X	
10				
11				
12				

A: rentrées	ventes cacao	731933	CFA	total des rentrées: 1284333 F
	autres cultures		CFA	
	cultures de base et vivrières	508000	CFA	
	bétail	45000	CFA	
	autres rentrées		CFA	
B: coûts	intrants agricoles		CFA	total des coûts: 18000 F
	outils & équipement	9000	CFA	
	autres coûts		CFA	
	main d'oeuvre	7000	CFA	
A-B: résultat	C: travail familial	237	jours	profit: 1268333
	A-B/C: retour sur le travail	5354	CFA	



ventes de cacao	Combin de kilos avez-vous vendu?				quantité totale vendue par mois	prix par kilo (CFA)	revenu
							
Janvier							
Février	332				332	825	273900
Mars							
Avril	230				230	825	193750
Mai							

production d'aliments de base	unité de mesure / valeur par unité	montant récolté pour la consommation domestique										montant récolté pour la vente										Combin avez-vous produit cette année?	valeur totale (CFA)
																							
manioc																							
riz	1kg = 2400	5	4	7	8	1	10	6	12	75	35	Conso = 67x2400 = 266800											
		3	6	6	7	9	30	16	18	41	13	vente = 325x2400 = 780000											
		8	10				20	50				T = 756800											
banane	1 Ton = 2000	4	6	8	10	10	20	20	20	20	Conso = 77x2000 = 154000												
		10	8	10	8	5	80	14	30	75	30	vente = 42x2000 = 84000											
		3	1				15	15				T = 100200											
maïs	1kg = 250	10	7	3	3	5	50	75	80	35	203	Conso = 77x250 = 19250											
		4	2	3	1	6	45	25	60	70	55	vente = 355x250 = 88750											
		3	10				180	130				T = 252250											

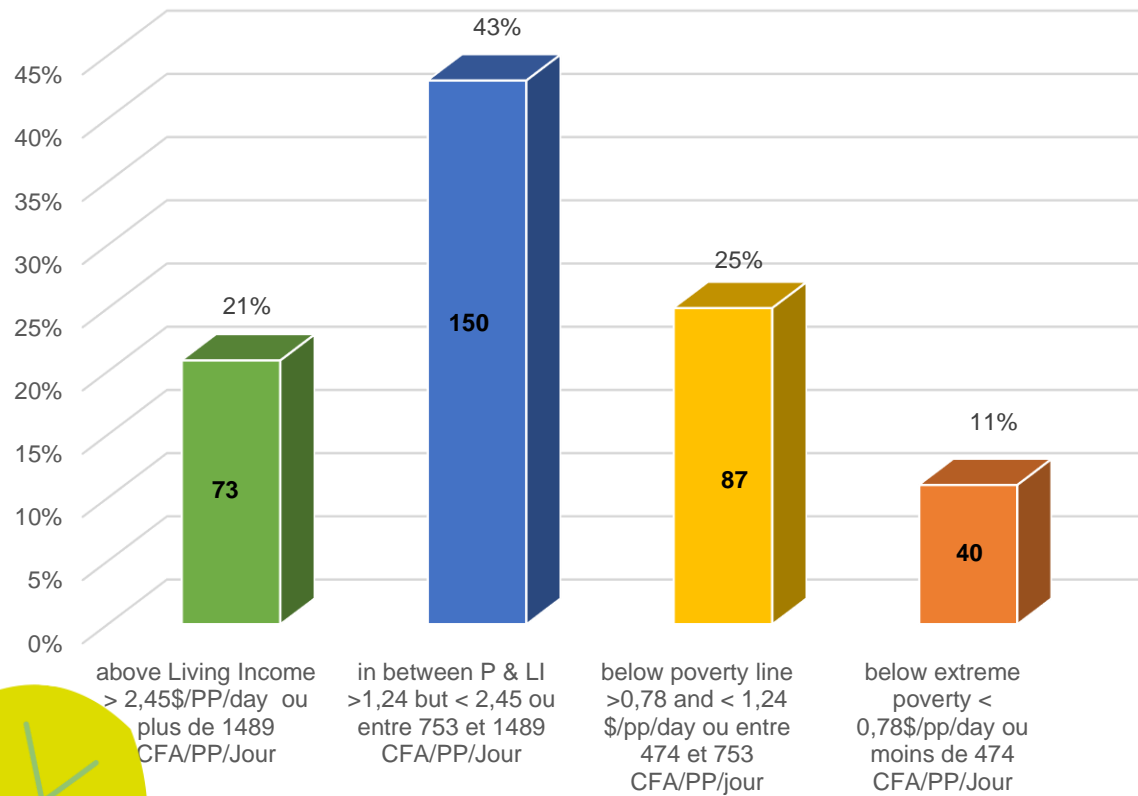


travail familial	Combin de jours avez-vous travaillé?							Combin de jours avez-vous travaillé?							Combin de jours les autres membres de la famille ont-ils travaillé?	quantité totale de journées de travail par mois						
																						
Octobre	L	M	M	J	V	S	D	L	M	M	J	V	S	D	L	M	M	J	V	S	D	H = 20 F = 08 T
Novembre																						H = 19 F = 10
Décembre																						H = 10 F = 4



Distribution of income thresholds of Yeyasso producers

Number and % of producers in the different segments

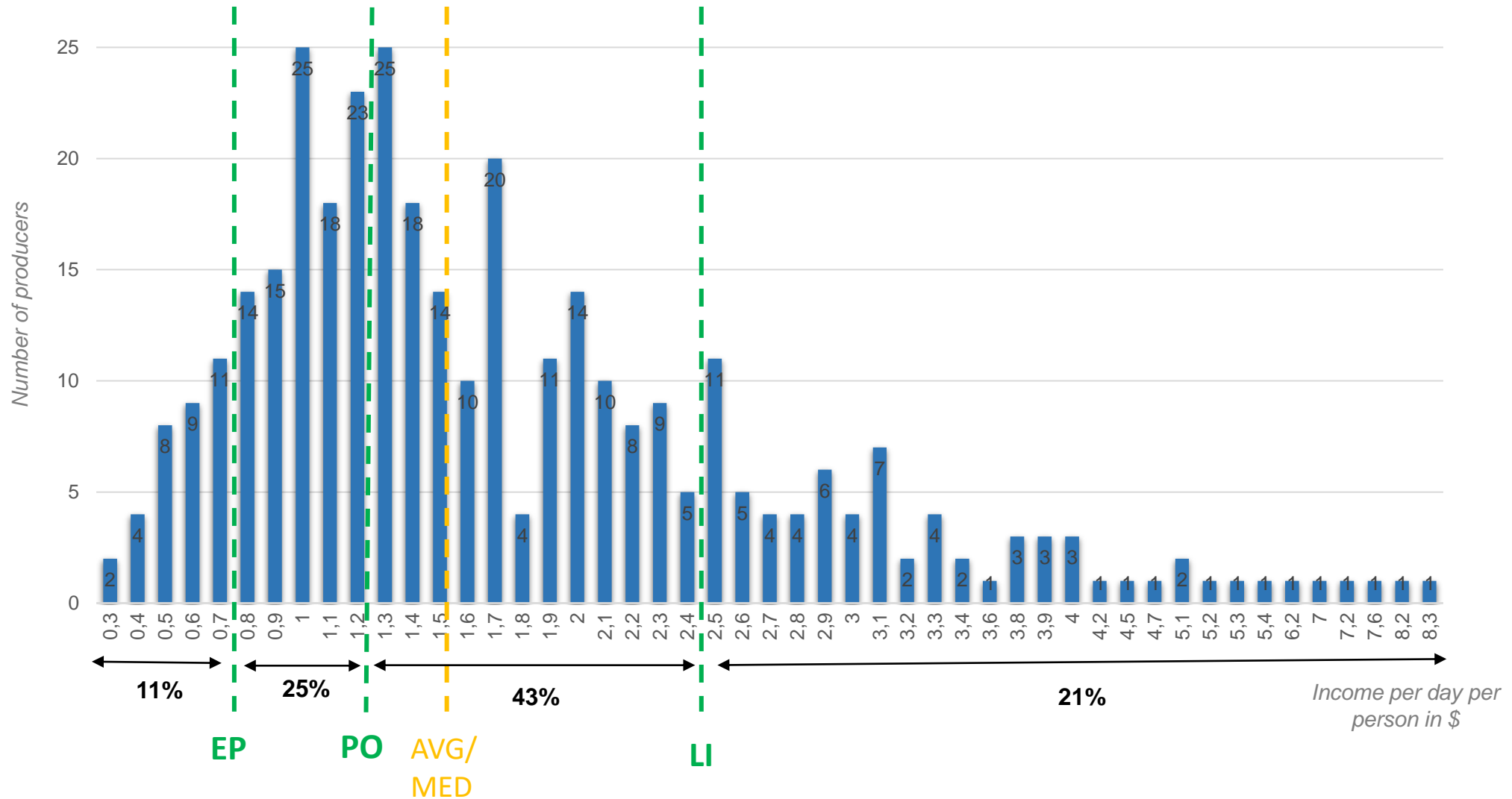


- 21% of producers have incomes above the subsistence level (\$2.45 per person/day). The majority are located in accessible areas and near the city
- Nearly half of the producers have incomes between the poverty line and the living income (i.e. > \$1.24 and < \$2.45 per person/day)
- A quarter of the producers live in poverty.
- The poorest producers (11%) are mainly found in hard-to-reach areas and earn less than \$0.78 per person per day.

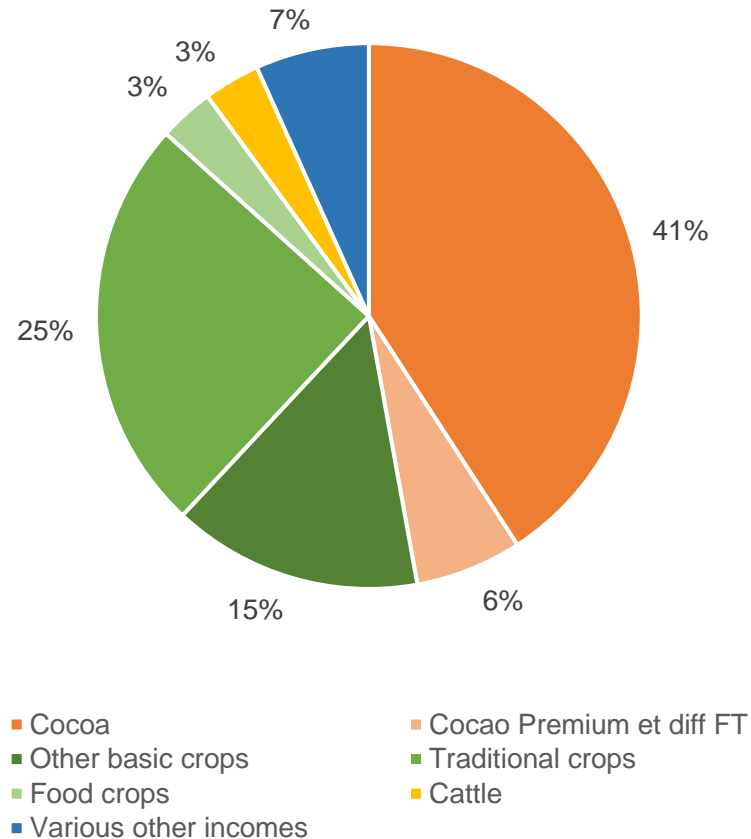


Distribution of income of Yeyasso producers:

79% of the producers earn less than the living income



Income distribution and crop diversification



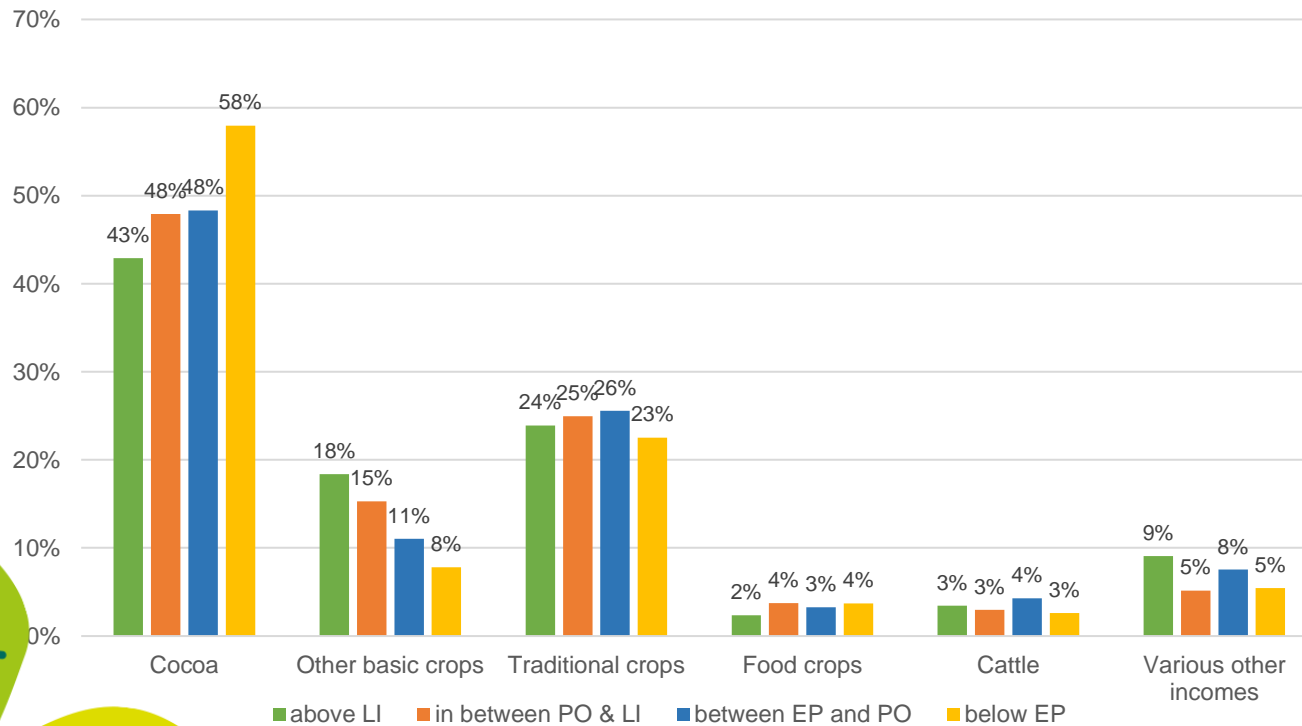
- 41% of the producers' income comes directly from the sale of **cocoa**
- 6% of the income comes from the differential and **the Fairtrade** premium of the Galler chocolate factory (13.4% of the total income from cocoa)
- 15% from other **staple crops** such as coffee and rubber
- 25% from **traditional crops** (cassava, rice, corn, etc.)
- 7% of income comes from non-agricultural and **complementary activities** such as small businesses, processed products, handicrafts, etc.

Thanks to the Galler partnership, the producers received an additional cocoa income of 13.4% through the Fairtrade differential and premium



Impact of crop diversification on income

Crop diversification % of total income



- **The importance of cocoa** makes the poorest households **less resilient**: they are more dependent on cocoa prices for their income
- The importance of **other staple crops** such as coffee and rubber decreases with **income**
- **Traditional crops** such as cassava, rice, banana, etc. represent a quarter of producers' income in all segments
- Other complementary non-agricultural income shows small differences, as well as livestock and food crops



Income thresholds and analysis of parameters

Above living Income 21% (73 P)	avg. 2211 CFA/3,30\$/PP/day	
Members per household	3,3	
Total area under crop (ha)	2,05 Ha cacao	4,69 ha total
Cocoa yield/ha	613	
Total income (average/household) CFA		2.769.892 CFA
Cocoa	a	1.188.074 CFA
Other basic crops Coffee/Rubber	18%	
Non-agricultural income	9%	
Cattle	3%	
Food producers	2%	
Traditional crops (cassava, rice, etc.)	24%	
% Costs on income	4,6%	

Below EP 11% (40 P)	avg. 399 CFA/0,6 \$/PP/day	
Members per household	7,7	
Total area under crop (ha)	1,38 ha cacao	3 ha total
Cocoa yield/ha	579	
Total income (average/household) CFA		1.285.610 CFA
Cocoa	58%	745.136 CFA
Other basic crops Coffee/Rubber	8%	
Non-agricultural income	5%	
Cattle	3%	
Food producers	4%	
Traditional crops (cassava, rice, etc.)	23%	
% Costs on income	12,7%	

FT LI model
8 pers
5,3 ha cocoa

800 kg/ha
3.639.538 CFA
100% cocoa

In between PO & LI 43% (150 P)	avg. 1140 CFA/1,70\$/PP/day	
Members per household	5,1	
Total area under crop (ha)	1,89 ha cacao	4,25 ha total
Cocoa yield/ha	619	
Total income (average/household) CFA		2.271.616 CFA
Cocoa	48%	1.088.324 CFA
Other basic crops Coffee/Rubber	15%	
Non-agricultural income	5%	
Cattle	3%	
Food producers	4%	
Traditional crops (cassava, rice, etc.)	25%	
% Costs on income	6,5%	

Between EP and PO 25% (87 P)	avg. 697 CFA/1,04\$/PP/day	
Members per household	6,1	
Total area under crop (ha)	1,46 ha cacao	3,36 ha total
Cocoa yield/ha	601	
Total income (average/household) CFA		1.689.409 CFA
Cocoa	48%	816.542 CFA
Other basic crops Coffee/Rubber	11%	
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Characteristics of producers above the living income threshold (21%)

- Parameters that characterize producers who exceed the living income threshold at Yeyasso:
 - Small **household** size of 3 to 4 people.
 - **Surface** under cultivation of **almost 5 ha** in total, including a cocoa surface of 2 ha
 - Yield of more than 600 kg/ha.
 - **43% of income from cocoa**, including premiums.
 - Agricultural diversification: important **staple crops** (18% of income).
 - Non-agricultural income.
 - Proportionally lower production costs (labor, fertilizer, etc.).
 - They live mainly in the **areas closest to the city** or the most **accessible**.



Characteristics of producers below the living income threshold and above poverty (43%)

- Parameters that characterize these Yeyasso producers:
 - Households of **5** people on average.
 - **Surface** under cultivation of ca **4 ha** in total of which a surface of cocoa ca 1,8 ha
 - Yield of more than 600 kg/ha
 - **48%** of income from cocoa, including premiums
 - Agricultural diversification: important staple crops (15% of income)
 - Production **costs** of 6 to 7 % (labor, fertilizers...)



Characteristics of producers between the poverty line and extreme poverty (25%)

- Parameters that characterize these Yeyasso producers:
 - **Households** of 6 persons on average,
 - **Surface** under cultivation of **ca 3,4 ha** in total of which a surface of cocoa ca.1,5 ha
 - Yield of 600 kg/ha
 - **48%** of income from cocoa, including premiums
 - **Agricultural diversification:** coffee and rubber base crops represent 11% of income
 - **Production costs** of 7,6 % (labor, fertilizers...)



Characteristics of producers below the extreme poverty line (11%)

- The parameters of extreme poverty on all sections are confirmed by analyzing the data of individual producers. The poorest in this segment are characterized by:
 - **Household size** of 7 or more persons,
 - **Surface** under cultivation of **max 3 ha** in total, of which one cocoa area <1 ha
 - Yield of less than 600 kg/ha
 - Importance of **cocoa (58% of household income)** makes them more vulnerable
 - Lack of agricultural **diversification**: production area < 1.5 ha (coffee, food crops and food crops)
 - Proportionally higher production **costs** 12% (labor, fertilizer...)
 - They are often located in the **areas furthest from the city** and the least accessible



Parameters that Yeyasso and its partners can act on

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- Encourage producers to diversify staple and traditional crops while respecting the forest cover: reuse abandoned plots under cultivation (coffee, rubber, lowlands)
- Work on cocoa yield: agroforestry practices in soil improvement
- To deepen the analysis of costs in order to provide solutions to remedy disparities



Analysis and recommendations



The analysis per section allows Yeyasso to **identify ‘sensitive’ areas** that need more attention.



Income diversification projects can be implemented in sensitive areas and for producers in **extreme poverty**, by the cooperative itself or within the framework of specific partnerships and programmes with customers or chocolate makers.



Detailed analysis of producers’ income, diversification and costs allow responsible ‘field coaches’* to **coach producers specifically and carry out targeted solutions**.

* Field coaches are producers who are trained and in turn train others (train the trainer-principle). It is the field coaches that are responsible for giving feedback and coaching to the producers.

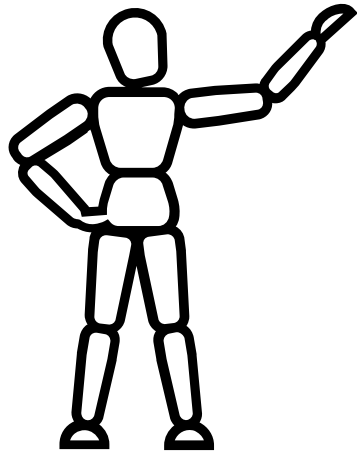


The work of collecting and analysing the data offers Yeyasso producers a **longer-term vision** of the management of their income.



Conclusion

Yeyasso has defined a number of triggers for action



But a living income will only be achievable when the farm gate price can keep up with the changing cost of living

