

## A LIVING INCOME AFTERNOON

### Aligning Actions on Farmer Income

During **Chocoa-Amsterdam Cocoa Week**, Fairfood, IDH, and the Living Income Community of Practice (LICOP) joined forces to address a pressing question: *Where must we move the needle to ensure existing actions and collaborations lead to living incomes in the cocoa industry?* Held at the **Beurs Van Berlage in Amsterdam**, this special edition of the **Living Wage & Income Lab** brought together industry leaders, civil society, farmer organizations, and government representatives to drive alignment and accelerate meaningful change. With cocoa prices at record highs but farmers still struggling, the event explored real-world strategies for improving value distribution, fostering resilience, and ensuring sustainable sourcing—key issues also at the heart of the Corporate Sustainability Due Diligence Directive (CSDDD).

The session was structured into three key discussions: **State of the Sector**, which assessed progress and challenges in achieving living incomes; **Farm and Value Chain Strategies**, showcasing how procurement and supply chain partnerships are evolving under new regulatory frameworks; and **Building the Enabling Environment**, featuring insights from the Government of Sierra Leone, **EU Commission, Dutch Ministry of Foreign Affairs, and Voice Network** on the role of governance and policy in driving sector-wide transformation. As the cocoa industry struggles with climate risks, deforestation, and economic disparity, this gathering provided a vital space for stakeholders to align on actionable solutions—moving beyond conversation to real impact.



The Value Chain Innovation Panel was one of the many discussions where different examples from various supply chain actors were presented during the Chocoa-Amsterdam Cocoa Week.

# State of the Sector

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## Opening remarks

Mirte Ruesen, Senior Policy Advisor at the Dutch Ministry of Foreign Affairs welcomed everyone and opened the session by highlighting the urgent need for action in the cocoa sector, where despite the current historically high prices, estimated **75% of farmers globally still do not earn a living income**. The Corporate Sustainability Due Diligence Directive (CSDDD) and EU Deforestation Regulation (EUDR) are shaping industry standards, and the Dutch government alongside industry stakeholders has fought to embed the living income concept and a corresponding change in purchasing practices in these regulations, and those need to be preserved. The Dutch government is working closely with the EU and other governments to support guidance around implementation. Ms Ruesen emphasized the key importance of platforms as this one to provide input and feedback to governments and international institutions around implementation. Effective partnerships between the EU, Member States, and industry platforms are needed to implement the law for farmers, with initiatives like the Dutch Initiative on Sustainable Cocoa (DISCO) offering a space for discussing practical implementation strategies.

## State of the Cocoa Sector

In the state of the sector overview, Stephanie Daniels, Senior Program Director at the Sustainable Food Lab and Jordy van Honk, Global Director Living Wage and Living Income at IDH, discussed how has the sector changed recently. Jordy van Honk emphasized that while higher prices have helped some farmers get closer to a living income, land size and declining productivity remain major constraints. The cocoa sector benefits from strong stakeholder engagement, including governments and civil society and this could serve as a model for others to emulate, yet impact at scale is still lacking, despite extensive data, analysis, and strategies, real change has been slow. This was already evident in past LICOP discussions such as the [2023 Action Learning Workshop](#) in Abidjan, Côte d'Ivoire—where staff from companies, NGOs, and government programs exchanged evidence-based experiences on living income programs.

*While some farmers receiving higher prices are approaching a living income, **land size and productivity remain key constraints**. Productivity levels have dropped, creating a diverse and complex picture of farmer income. **Jordy Van Honk (IDH)***

IDH confirmed their commitment to continue scaling successful income models, improving data-sharing, and ensuring that funding is used strategically. To move beyond pilot projects and drive meaningful impact under resource constraints, we all need to pool resources together and align in initiatives like LICOP and work even closer together.



Audience-selected words to capture the current state of the cocoa sector during the 'State of the Sector' discussion.

## Farm and Value Chain Strategies

### Securing the Future of Cocoa

Cocoa farming, a backbone of many economies in the Global South, faces a growing set of challenges that threaten its future. From unfair pricing systems to climate change and illegal mining, farmers are struggling to make a living. This conversation highlighted challenges related to pricing, market structures, climate change, and farming practices with a focus on West Africa. Stephen Ashia, ABOCFA Cooperative, shared that in countries like Ghana, the **market price of cocoa does not translate into fair earnings for farmers** due to government-imposed farm gate prices. As a result, farmers receive less than 40% of the market price, making **cocoa farming unattractive to the younger generation**. Without significant changes, the future of cocoa production looks grim, with older farmers and deteriorating farms leading to a potential decline in output within the next decade. Additionally, illegal mining operations in Ghana destroy cocoa farms, and climate change brings erratic rainfall and drought, further impacting productivity.

*The youth are not interested in cocoa farming due to low income and the lack of investment in the sector. If we don't invest in the youth, cocoa production will drastically reduce in the next decade. Stephen Ashia (ABOCFA Cooperative Manager)*

One critical shift that could address these challenges is reimagining how cocoa is traded and priced. Emily Stone, Uncommon Cacao, spoke about how cocoa is treated as a fungible commodity, leading to price volatility that doesn't benefit farmers. A more sustainable and equitable approach would be farmer-forward pricing, where farmers are the ones to set prices based on their costs of production. This shift would ensure that cocoa's unique qualities are valued. By empowering farmers to set prices, we can help stabilize the market and incentivize practices that prioritize environmental stewardship and long-term sustainability.

Abdulahi Aliyu, Rikolto, recommended that the sector must focus on **improving productivity** through farm rehabilitation and intensification. Rather than expanding farmland, which contributes to deforestation, efforts should center on enhancing existing farms with proper pruning techniques, agroforestry, and soil management practices. Moreover, diversification efforts must be approached strategically to ensure they are financially viable for farmers. Providing market access and relevant training will help farmers diversify their income sources without increasing labor costs. At the same time, **access to finance** is crucial for enabling farmers to make the necessary investments in their farms, boosting productivity and resilience to climate shocks.

Lastly, Lieke Guinee, ETG Beyond Beans Foundation, made a strong case why the cocoa sector needs to adapt to the growing threats of climate change by implementing **climate-resilient farming practices**. Farmers must adopt techniques like integrated pest management and soil conservation to mitigate the impact of erratic weather patterns. Additionally, **community-based support systems** are essential for ensuring that farmers are equipped with the knowledge and resources needed to thrive in a changing climate. By focusing on these multidimensional solutions, Lieke underlined we can create a **sustainable cocoa value chain** that not only supports farmers' livelihoods but also secures the future of cocoa for generations to come.



Key insights were shared by our panelists (from left to right): Stephen Ashia (ABOCFA Cooperative), Emily Stone (Uncommon Cacao), Abdullahi Aliyu (Rikolto), Lieke Guinée (Beyond Beans/ETG), and the panel moderator Renske Aarnoudse (Program Director Cocoa, IDH) who presented various perspectives on how to transform the cocoa sector for better farmer livelihoods and long-term sustainability.

## Key enablers for a thriving cocoa sector

Building on the speakers' visions on the future of cocoa, the participants were tasked to provide recommendations to the sector on key enablers for living income in cocoa farming communities.

To enable cocoa farmers to earn a living income, the **cocoa procurement system** must be reimagined. The private sector should integrate policies around remunerative pricing into their purchasing practices. Furthermore, companies should recognize living income strategies as tangible risk reduction measures, mitigating supply chain, regulatory compliance, and other potential risks, and therefore incorporate these strategies into their business models.

To drive progress on living incomes for cocoa farmers, sector initiatives like **ISCOs** have the role of **enhancing sector engagement**. The ISCOs can promote transparency within the sector and let frontrunners set the pace for progress, while showcasing successful living income initiatives. ISCOs should also serve as platforms to strengthen collaboration and alignment with initiatives in producing countries, ensuring that farmer voices are included in sector discussions.

To **minimize negative effects of climate change** on cocoa farmers' incomes, climate resilience strategies must be designed and implemented with a global vision and corresponding regional strategies that address both adaptation and mitigation (e.g., through agroforestry). This should involve continuous dialogue between industry, local governments, and farmers, with farmers themselves identifying their specific on-farm priorities. Industry and governments should then play a crucial role in establishing supportive policies and financial incentives, including remunerative pricing and accessible financing to farmers.

## Building the Enabling Environment

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In the ongoing effort to improve cocoa farming, the challenges farmers face are complex and multifaceted, requiring a holistic approach. It's not just about encouraging better agricultural practices or improving purchasing methods; **it's about transforming the entire system through governance, infrastructure, and long-term rural development strategies**. These were some of the key highlights from Voice Network's latest publication '[Good Governance for Living Income in Cocoa](#)' that was launched during the event. As Antonie Fountain from Voice Network underscored '*there are many reasons why governance needs to be part of the living income conversation. Government policies help address the root causes of poverty, and*

*governance is also a key driver in enabling long term effectiveness of sustainability interventions. The key elements of Good Governance for a Living Income include rural development strategies, infrastructure, transparency & accountability, rule of law, and supply management. The current market crisis is, in a significant part, the result of poor governance and management of the sector by exporting governments. The new regulatory reality – where sustainability is becoming a matter of legal compliance instead of voluntary efforts, provides a real possibility for producing governments to support their farmers. It will also require significant efforts from regulators and financial support'.*

**The role of regulations in this process cannot be understated.** European Union regulations, such as the EUDR and the CSDDD, are pushing for traceability and sustainable production across cocoa supply chains. 'Regis Meritan, European Commission, emphasized the key role of the NGO sector to drive forward in consumers' minds the link between deforestation, climate change, child labor and living income, and that the regulations reinforce the reputational and supply chain imperative for companies to act to remedy the situation. He further stressed the importance of producing country governments enacting strong public policies for sustainable production , giving the example of Cote d' Ivoire and Ghana who developed traceability compliance systems long before the EUDR. Charlotte Bernhard, Dutch Ministry of Foreign Affairs, spoke about the role of governments in affecting the LI and LW uptake in CSDDD and emphasized **we all need to avoid creating additional costs and burden to producers in the implementation of the legislation.** The Netherlands had a proactive start transposing the Directive into national law in December 2024 after a round of public consultations that underscored the need for clear, standardized guidance how to implement LI and LW across countries.

Raymond Katta, Produce Monitoring Board Sierra Leone, pointed out that these regulations come with significant compliance costs, a fact that has led to concerns about who bears the financial burden. While regulations are designed to create a more sustainable industry, they risk placing additional strain on already vulnerable farmers. The challenge is ensuring that the costs of compliance do not undermine the benefits of higher prices for farmers, which are crucial for achieving a living income.

Key insights were shared by the panelists (from right to left): Antonie Fountain (Voice Network), Regis Meritan (European Commission), Charlotte Bernhard (Ministry of Foreign Affairs), Andrew Kojo Morrison (Solidaridad West Africa), Raymond Katta (Monitoring Board, Sierra Leone), and moderator Sander de Jong (Fairfood), during the session on building the enabling environment.



Andrew Morrison, Solidaridad Sierra Leone, gave examples of the kind of support producing countries need to cope with compliance costs such as partnerships for capacity-building and supply chain management systems. Resource constrained farmers cannot be expected to set in place the systems needed for compliance, so it is essential to ensure the right price mechanisms are in place to benefit the farmer. On pricing, Antonie Fountain urged the cocoa sector to learn from the coffee industry where an EUDR compliant coffee has been put on the market and fetches additional premium.

Living income and living wage discussions are gaining ground, but **much more is needed to translate these principles into tangible results for farmers**. Government policies in consuming countries, like the Netherlands, are pushing for clearer guidance on implementing these concepts in the cocoa sector. Meanwhile, NGOs, local governments and businesses are working together to support farmers by improving traceability systems and promoting fair prices. Several of the speakers emphasized the crucial link between development and infrastructure, and the need to look at farmers as rights holders. Local governments especially in Sierra Leone still struggle with obtaining quality data and adjusting its use according to the needs of different stakeholders, including for EUDR traceability. Setting a national price that allows for payment of living income based on substantive data was discussed as a potent mechanism to start addressing some of the inequities the supply and demand market have created. There has been a recent income gap assessment in the cocoa sector in Cote d'Ivoire funded by IFC which is being reviewed by national stakeholders now, which should help.

But as the conversation continues, it's essential to keep the focus on the human aspect of cocoa production—these are not just statistics, but people whose livelihoods depend on fair practices and sustainable policies. Only by addressing these challenges holistically and collaboratively can we ensure a future where cocoa farmers are not just surviving but thriving.

## What comes next?

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Building a sustainable cocoa sector is a complex task. While regulations create opportunities, real change depends on collaboration and partnerships. Ensuring that cocoa farmers benefit from high prices and sustainability policies is crucial for a resilient sector. The sector must move beyond analysis to practical, farmer-centered solutions that prioritize fair pricing, investment in productivity, and climate resilience. Collaborative action is necessary to ensure that cocoa farming remains viable and profitable for future generations. Organizations like [Fairfood](#), [IDH](#), and platforms such as [LICOP](#) provide essential spaces for key discussions and

learning, helping to drive progress. Future conversations will be critical to advancing these efforts, and while much more needs to be done, we are in this process together.

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## Reach Out

For questions, comments, or suggestions, email us at [livingincome@isealalliance.org](mailto:livingincome@isealalliance.org)

