

# New cocoa deals help peasant farmers, but not enough

November 3 2019, by David Esnault In Abidjan With Afp Bureaux

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Cocoa farmers use hooked knives to break open the cocoa pods on a plantation near Sinfra in Ivory Coast's Central region

The willingness of some multinational firms to pay a cost-of-living bonus for African cocoa planters is welcome but will not save many farmers from grinding poverty, industry sources say.

Ivory Coast and Ghana, which together account for more than 60 percent of global cocoa production, initiated deals with chocolate makers in July, adding a "living income differential" (LID) to prices.

Barry Callebaut and Nestle, two [world leaders](#) in cocoa products, confirmed that they would pay a supplement of \$400 (almost 360 euros) per tonne above the [market price](#) to help farmers, in the wake of announcements during an October meeting of the World Cocoa Foundation in Berlin.

The neighbouring West African countries in June said they would set the [minimum price](#) per tonne at \$2,600 (2,330 euros) for the 2020/2021 season.

Nestle "have already started buying 2020/2021 cocoa with the living income differential", declared the world's largest food and beverage company in a statement.

"The LID will help improve farmers' living income and complement all our efforts to improving the lives of farmers," it said.

Barry Callebaut, another firm with headquarters in Switzerland, declared that it agrees with the principle enabling the Ivorian and Ghanaian governments to back a minimum cocoa price to cocoa farmers.

## **'Historic!'**

The firm stressed that the LID should be "executed in a way which contributes to sustainability and structurally improves farmer livelihoods, without inducing further expansion of cocoa production into forests."

"This is historic! The two countries together have managed to convince private buyers to raise the purchase price so that producers can earn

more," Michel Arrion, executive director of the International Cocoa Organisation (ICO), told AFP.

Ivory Coast, with 40 percent of world production, and Ghana, with 20 percent, pressed hard for a deal that would benefit cocoa planters, who receive only six percent of a global market for cocoa and chocolate valued at \$100 billion per year.

The purchase price of cocoa to Ivorian farmers was set at 825 CFA francs (1.25 euros) per kilogram at October's opening of the new cocoa year, a raise of 10 percent, according to the Coffee Cocoa Council (CCC).

Experts in Ivory Coast say that cocoa [prices](#) are still too low, even with the LID, since more than half of the million people working in the sector live below the poverty line, earning less than \$1.2 per day according to the World Bank.





October cocoa harvest time for a farmer in central Ivory Coast

### **'Won't change a thing'**

"This is a plus for the producers, but even if they were to get the whole of the price increase, it wouldn't lift them out of poverty," said one expert who asked not to be named.

The LID should provide for payments of 1,000 CFA francs (1.52 euros / \$1.70) per kilo to Ivorian planters, an improvement on 825 CFA francs (1.25 euros), said Romeo Dou, an agricultural engineer.

His company Microfertilite helps cocoa-growing cooperatives to improve

cultivation and to process raw cocoa into semi-finished products such as cocoa butter and powder to benefit from the added value.

By way of taxes and intermediaries on the ground, from tax collectors to cooperatives and exporters, the Ivorian state intends to profit from the LID, Dou said.

He believes cocoa planters will end up receiving 60 percent of the LID and the remaining 40 percent would wind up in other hands.

"Even 1,000 CFA francs won't change a thing in the lives of the planters," Dou said.

"The LID business worries us... Which mechanism of the Ivorian state is going to make sure that [cocoa](#) planters receive the money they are owed?" asked Moussa Kone, president of a farmers' union.

Kone said that bonuses due to farmers in the name of international fair trade schemes were going unpaid. "For planters to get out of a rut, we need a price of 3,000 CFA francs par kilo," he estimated.

Dou and the anonymous expert both estimated that the sector could only really support one in five of the current planters, or even just one in ten, if they aren't to live in poverty.

"We have to produce better, in an intensive way, on smaller land areas, with well-trained planters. It will take political courage to reform the sector," Dou said.

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