Can Ivorian cocoa producers live on their income?

Conference on the Cocoa Market Outlook,
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Study implemented by: GIZ Côte d'Ivoire, PROFIAB
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Can Ivorian cocoa producers live on their income?

1. Context

2. Objectives / Methodology

3. Results

4. Recommendations
**Context**

- **Importance of cocoa for the Ivorian economy:**
  - More than 1.7 million tons / year
  - 15% of GDP
  - 40% of exports
  - Employs over 600,000 people
  - Revenue source for +3 million people

- **Several reforms implemented, the last in 2011:**
  - Creation of a single structure (Conseil du Café Cacao)
  - Implementation of the PPPP
  - Back to the stabilization / repayment to the producer of 60% of CIF price
  - 2QC National Cocoa Development Programm - updated in 2014
Objectives of the study

- What is the current **level of income** of cocoa farmer households in Côte d'Ivoire?
- Does this income allow them to **meet their needs**?

Methodology

- Survey data from randomly chosen **650 households in all the cocoa growing regions**
Results

- **Farm Characteristics:**
  - Average area: **4.9 ha**
  - Average age of plantations: **20.1 Years**
  - 80.2% traditional variety
  - 41% cultures in association

*42% of producers are members of a cooperative*
Results

- Household composition:

<table>
<thead>
<tr>
<th>Average Size</th>
<th>Number of Persons active in Cocoa</th>
<th>Breakdown of Persons active in Cocoa</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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<td>Youth (7-17 years)</td>
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<td>8.2</td>
<td>6.6</td>
<td>2.58</td>
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</table>
**Results**

- **Major operating models:**
  - Current Currency: FCFA (656 FCFA = 1 €)
  - Farmgate price: 807 FCFA / kg (2014)

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**Gross Margin with paid labor**

<table>
<thead>
<tr>
<th>1ha</th>
<th>5ha</th>
<th>7ha</th>
<th>1ha</th>
<th>5ha</th>
<th>7ha</th>
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<tr>
<td>289</td>
<td>1,447</td>
<td>2,025</td>
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<td>28</td>
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- 705 kg/ha
- RB9 hybrids
- BPA - Fertilisation - Elagage

**Gross Margin with family labor**

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<tr>
<th>1ha</th>
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<td>495</td>
<td>2,477</td>
<td>3,467</td>
<td>212</td>
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- 705 kg/ha
- RB9 hybrids
- BPA - Fertilisation - Elagage

€ 440  2200  3087  9  43  59  € 755  3776  5285  323  1613  2258
Results

- **Income:**
  - Cocoa producers’ household income sources

- **Distribution of households by income (%):**
  - 0 à 300 000 F CFA: 34.16%
  - 301 000 à 720 000 F CFA: 22.2%
  - 720 01 à 1 440 000 F CFA: 20.81%
  - 1 440 001 F CFA et plus: 22.83%
Results

✓ Poverty profile of cocoa producing households
Household income in US$/day

- < 1 ha
  - GAP+NV: 0.28 SL/ 0.47 FL
  - GAP+TV: 0.01 SL/ 0.20 FL

- 1 to 5 ha
  - GAP+NV: 1.38 SL/ 2.37 FL
  - GAP+TV: 0.03 SL/ 1.01 FL

- 5 to 10 ha
  - GAP+NV: 1.94 SL/ 3.32 FL
  - GAP+TV: 0.04 SL/ 1.42 FL

GAP= Good Agricultural Practices
NV=modern/new variety
TV=traditional variety
SL=Salarial labour
FL=Family labor
Results

- **Meeting needs:**
  - Household income is mostly used for food, equipment, education and health

- Over 70% of producers are unable to cover six months of their annual needs with their cocoa income

### Results Table

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Results

- **Meeting needs:**
  - 44% of households take only **two meals** a day. 6% only **one meal a day**.
  - 7 out of 10 households have no access to **drinking water**. They still use backwaters and/or wells.
  - In **88%** of cases **primary schools** are **within 5 km** of the living quarters of cocoa producers.
  - In **80%** of cases the nearest **health centers** are **within 5 km** of households and **22% of security posts** are located in a radius of **5 to 10 km**.
✓ **Simulation: Business models to meet household needs**
(4 Million FCFA / year /average household)

Results

- **Situation actuelle**
- **Prix à 1000 F et autres facteurs constants**
- **Rdt actuel + Prix cacao à 1000 F + Revenu CP augmenté de 20% + Autres revenus par 6**
- **Prix cacao à 1420 F et autres paramètres constants**
- **Rdt augmenté de 50% + Prix actuel + Revenu vivriers par 4 + Revenu CP augmenté de 20% + Autres activités par 5**
- **Rdt augmenté de 30% + Prix cacao 935 F + Revenu CP augmenté de 20% + Autres activités par 3**
- **Rdt. Augmenté de 30% + Prix cacao actuel + Revenu vivriers par 4 + Revenu CP augmenté de 20% + Revenu autres activités par 17**
**Recommendations**

- *Develop and distribute a socially and economically viable diverse farm model for small producers (less than 5 ha).*

- *Reconsider the production and distribution strategy for improved plant material.*

- *Integrate training curricula on farm management (business schools) into the agricultural advisory strategy.*
Thank you for your attention!