



Fair incomes in tree crops

A joint project by BMZ, Fairtrade and REWE Group in West Africa

Background

Over 400 million people around the world make their living farming agricultural raw materials such as coffee, palm oil or cotton, which are processed into high-quality consumer goods for worldwide use. These raw materials are usually grown by smallholder families who subsist on the proceeds of their farming.

Poverty and abusive child labour are widespread, as are environmental issues and antiquated farming methods. One of the greatest challenges in the cocoa and cashew sector are inadequate incomes. Higher prices alone are often not enough to ensure a living income for farmers and their families. To achieve secure livelihoods, smallholdings must be placed on an economically solid footing. Diversification, professionalisation and strengthening of producer organisations are important means of increasing smallholders' ability to respond to market demand and adapt to the changing climate. It is moreover crucial that the created value is fairly distributed and actually reaches the farmers who cultivate cocoa or cashews.



“The people at the beginning of our supply chains, in developing countries, must be able to live off their work. We cannot continue to accept that cocoa farmers often earn only a pittance for their hard work and are even forced to send their children into the fields to survive. We need fair supply chains with living wages.”

Dr Gerd Müller, Federal Minister for
Economic Cooperation and Development

Joint project

Against this backdrop, the Federal Ministry for Economic Cooperation and Development (BMZ) is implementing the “Fair incomes in tree crops” project in cooperation with Fairtrade and REWE Group. Tree fruits such as cocoa and cashews are the most significant raw materials. The project's main aim is to support small-scale farmers at the beginning of the supply chain so that they can generate a living income.

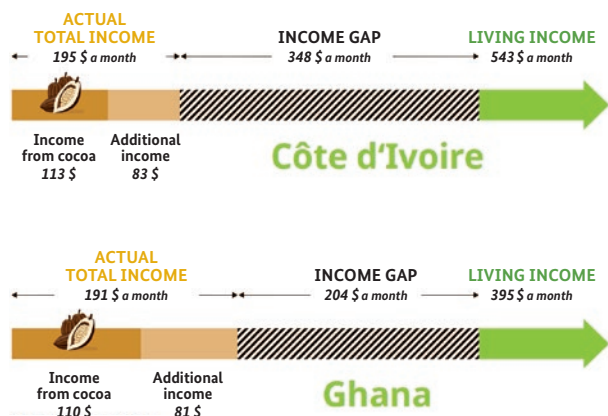


There are two components to the project: cash payments and new business models.

1 Fair chocolate

One part of the project is a supply chain in which raw materials are separately traceable. Within such a segregated supply chain, the cocoa farmers of the Ghanaian Fanteakwa cooperative receive, in addition to the Fairtrade Premium and the Fairtrade Minimum Price, an additional cash payment to close the income gap between their earnings and a living income as calculated by Fairtrade. At the end of this cocoa bean supply chain stands a range of chocolate bars for REWE and Penny supermarkets, for which the retailers have paid the minimum price determined necessary by Fairtrade to ensure a living wage.

Living income calculation for smallholder families in cocoa regions



Source: Living Income Community of Practice
Graphic: INKOTA network

2 Strengthening producer organisations

The second component of the project goes beyond the Fanteakwa cooperative. It aims to help a total of ten cocoa and cashew cooperatives in Ghana and Côte d'Ivoire to become economically independent and generate a living income for their members from the proceeds of their farming. In cooperation with the Ghanaian Ministry of Agriculture, the project offers practically oriented training courses for smallholders (Farmer Business Schools). These also involve analysing whether the existing cropping system – for example cashews, peanuts and mangos – is the most economically viable or whether there are alternatives.

The aim is to close the significant income gap (see graphic). At the same time, the project works to protect natural resources and enable farmers to adapt to climate change.

Collaboration with ComCashew and the Initiative for Sustainable Agricultural Supply Chains

The project is one of the first in the Initiative for Sustainable Agricultural Supply Chains (INA), which brings together over 90 organisations and companies from the private sector, civil society and government. INA sees itself as an open platform across supply chains, focusing not on specific raw materials but on holistic strategies to achieve living incomes and protect natural resources such as forests and water. Locally, the “Fair incomes in tree crops” project works with the Competitive Cashew Initiative (ComCashew).

ComCashew is supported by numerous companies and governments and operates in six African countries. Its main goal is to increase value in the cashew value creation chain. With this project ComCashew is placing the issue of living incomes prominently on its agenda.



BMZ supports the Initiative for Sustainable Agricultural Supply Chains as a multi-stakeholder partnership and thereby contributes to the Sustainable Development Goals, in particular to:



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