

COMMUNITY & WELL-BEING APPROACH of ÜLKER

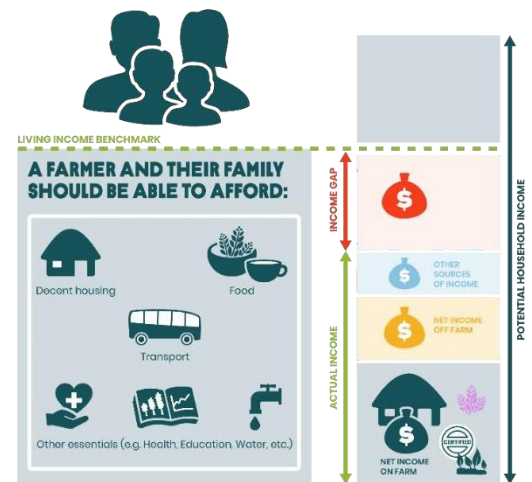
· Overcoming the Living Income Gap ·

Living Income is the net annual income required for a household in a particular place to afford a decent standard of living for all members of that household.

Smallholder farmers account for 80% of all farmers worldwide. Majority of them cannot support themselves financially from their farming revenue, much less even expand their operations. Consequently, agricultural productivity decreases and farmers move to cities or emigrate to other countries.

Önem acknowledges living income is a basic human right.

LIVING INCOME



· Our Approach for Overcoming the Living Income Gap in Ivory Coast and Ghana ·

1. Living Income:

Cost of Production Assessment: Conduct regular assessments to determine the actual cost of sustainable cocoa production, considering inputs, labor, and other factors.

Living Income Benchmark: Establish a living income benchmark that reflects the region-specific cost of living, ensuring cocoa farmers receive a fair share of the value chain.

2. Price Transparency:

Transparent Pricing: Promote transparency in cocoa pricing mechanisms, ensuring that farmers are informed about market prices and receive a fair and equitable share.

3. Financial Inclusion:

Access to Credit: Facilitate access to affordable credit for cocoa farmers, enabling them to invest in their farms, implement sustainable practices, and cope with market fluctuations.

4. Productivity and Efficiency:

Trainings: Provide training programs and access to technology that enhances cocoa productivity, efficiency, and quality, ultimately contributing to increased income.

5. Gender-Specific Measures:

Gender-Responsive Policies: Implement policies that specifically address gender inequalities, ensuring that both male and female cocoa farmers have equal opportunities to earn a living income.

6. Crop Diversification:

Diversification Support: Encourage crop diversification alongside cocoa farming, providing farmers with alternative income sources and reducing dependency on a single commodity.

7. Continuous Monitoring and Adjustment:

Regular Income Assessments: Conduct regular assessments of farmers' income levels to track progress and adjust the living income benchmark based on changes in the cost of living.

9. Social Safety Nets:

Community Support Programs: Develop social safety nets or community support programs to assist farmers during periods of market volatility or unforeseen challenges that may impact their income.

10. Capacity Building:

Financial Literacy Training: Provide financial literacy training to empower farmers with the knowledge and skills to manage their finances effectively and make informed decisions.

As a part of our sustainable cocoa sourcing program Beyond Cocoa, we give utmost importance to income diversification of the cocoa farmers we source from. We are committed to support the Living Income Differential (LID) that has been announced by Ivory Coast/Ghana governments since it was introduced in 2019.

We pay premiums above the farmgate price to support farmers and contribute to a more sustainable cocoa supply chain. We implement Living Income Differential (LID) payments, ensuring that farmers receive a higher price than the market farmgate rate. Currently, the cocoa market price stands at £8,400 per ton, with an additional £1,250 LID premium, bringing the total purchasing price to £9,650 per ton. Out of this, approximately £2,500 (≈\$3,100 per ton) is received as the farmgate price by farmers, ensuring direct income support to improve their livelihoods.

These premiums help close the living income gap by providing farmers with better financial stability, enabling investments in farm productivity, household needs, and community development. We continue to explore additional mechanisms, including targeted cash transfers and sustainable pricing models, to further support smallholder cocoa farmers in achieving long-term financial resilience.

The cooperatives we work with have a remuneration system in place, and they provide confirmation of its implementation. During cooperative visits, this remuneration system is reviewed and assessed in collaboration with Earthworm Foundation to ensure fairness, transparency, and alignment with living income standards for farmers.

Concerning our indirect supply chain, the traders we work with utilize e-payment systems for their transactions. They confirm that 50% of the payments go to individual farmers, and the remaining 50% is allocated as service procurement to cooperatives. We track the annual updates of this through scorecards. For the direct supply chain, we gather information through surveys using the Farmforce* software system.

*Farmforce is an Oslo based company that provides digital solutions for agricultural supply chains. They offer software tools to collect, analyze, and share data throughout the agricultural value chain, connecting farmers, suppliers, and other stakeholders. <https://farmforce.com/>

Living Income Action Plan of Önem

2023 - 2025

We are conducting detailed surveys on the field to the cocoa farmers. Through the surveys we collect information on:

- Farmer family details
- Access to community services (education, water, healthcare etc.)
- Children identification (labour cases, lack of IDs, education status etc.)
- Living Income (production per year, cooperative payments, farmer welfare etc.)
- Locality facilities (access to electricity, internet, roads, health facilities, agricultural products, education)
- Farmer Group survey (current state at the farms and needs)

Based on the needs of the farmers, we are working on establishing a living income support program.

We have ongoing projects as a living income supporting system:

- Mobile healthcare project for women and children (done yearly at partner cooperatives)
- School renovation (done at Guiberoua, Ivory Coast, 2023)
- School kit distribution (done yearly, Guiberoua, Ivory Coast)
- Formation of a team that will continuously monitor on-field best practices and the situation of farmers (started in 2024)
- E-tracking system for farmer payments (upcoming – 2025)
- Agroforestry pilot project (ongoing, at Guiberoua, Ivory Coast, 2023)
- Distribution of agricultural kits, agricultural and protective kits to women farmers (135 women in 2024, ongoing)

2025 - 2030

By the end of 2025, continuing the surveys to reach all farmers, we will have thoroughly analyzed the current situation regarding living income payment and engage with farmers and stakeholders to gather data on input costs, labor, and other relevant factors.

Based on the individual needs of the farmer groups at different localities, more tailor-made projects will be developed to address specific challenges and opportunities, ensuring a more targeted and effective approach to overcome the living income gap.

2030

We will implement our living income action plan by 2030. This plan includes: supporting income-generating activities (IGAs), increasing women's education and healthcare opportunities to enhance their participation in the workforce, and ensuring it is secured through e-tracking systems.

Our Living Income Reference Price for Cocoa

https://www.fairtrade.net/content/dam/fairtrade/global/why-we-do-it/living-income/living-income-reference-prices/Fairtrade-Living-Income-Reference-Price-for-Cocoa_Update-2024.pdf