

Living Income Differential



Cocoa, Côte d'Ivoire & Ghana
2019-current

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Description

The Living Income Differential (LID) was the result of a joint initiative of the Ivorian and Ghanaian governments to address the sharp drop in world market cocoa prices, which reduced farmers' incomes and governments' revenues from cocoa. The LID is a \$400 per ton premium on cocoa exports, to be paid on top of the world market price. This case study describes the process of the LID development from a planned floor price, which was changed into a premium on the export price and which initiated public-private discussions about an Economic Pact.

Main Strategy

Collaborating to identify price-mechanisms and policies to improve farmers' living income.

Incentives & motivations

- **Governments in producing countries:** cocoa is of such national (and regional) interest that it is considered a 'political crop'. One of the consequences is that decisions are dominated by short-term interests.
- **Governments of producing (exporting) countries:** protection of their revenues from cocoa and to increase farmers' incomes. Cocoa production is a major source of income for Côte d'Ivoire and Ghana – primarily via taxes and foreign currency income.
- **Companies:** protection of their commercial interests. They firmly believe in liberal markets and resist measures that might disturb markets and associated costs and risks. Companies were used to hedge cocoa and by this to trade cocoa nearly without any price risks, a system they wanted to maintain.
- **Companies:** voluntary commitments to a more sustainable cocoa sector

- **Civil society:** be a watchdog for private sector
- **Governments (EU):** Relationship management and lobbying for buy-in to EU legislation

NB: Producers and producer organizations were not involved in the LID process, and hence are not stated here.

Recommendations

1. **Know how the future market functions and put pressure on market actors to develop trading systems which support living income-oriented measures.**
2. **Don't rely on premiums alone – they are not silver bullets.** The implementation of the LID was not combined with other market parameters, such as well-working stabilization funds and supply management mechanisms.
3. **Look at sector-specific living income interventions in a wider context.** Policies like that of the LID should be regarded as part of a longer-term process towards a living income, and embedded in broader rural development strategies.
4. **Involve more cocoa producing countries and other stakeholders.** The decisions in Côte d'Ivoire and Ghana were made by governments and their organizations. Other countries and other stakeholders should be involved, including civil society and farmer organizations.
5. **Allow company activities for parts of markets – provided there is full transparency.** Money flows coming from the additional payments must be transparent. This call for transparency is relevant for both private and public actors involved in price-setting and distribution.
6. **Consider regulations in consuming countries.** Legislation concerning human rights – which includes ensuring a living income – might push companies to adopt improved procurement practices that contribute to a living income for farming households.

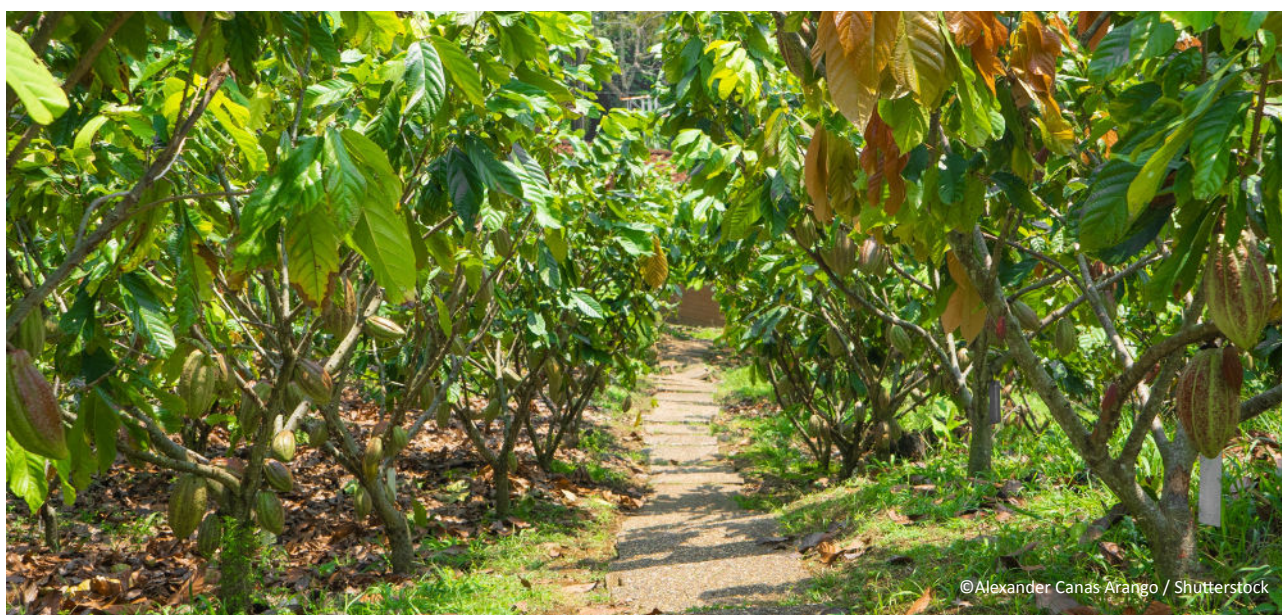
The Living Income Differential (LID) was the result of a joint initiative of the Ivorian and Ghanaian governments to address the sharp drop in world market cocoa prices which reduced farmers' income and governments' revenues from cocoa. The LID is a \$400 per ton premium on cocoa exports, to be paid on top of the world market price. This case study describes the process of the LID development from a planned price floor, which was changed into a premium on the export price and which initiated public-private discussions about an Economic Pact.

Introduction

In 2019, the cocoa authorities of Côte d'Ivoire and Ghana — the Conseil du Café-Cacao (CCC) and the Ghana Cocoa Board (COCOBOD) — introduced the Living Income Differential (LID), a \$400 per ton premium on cocoa exports intended to improve farmers' incomes to come into effect with the 2020/2021 harvest season. The policy followed an earlier proposal to set a cocoa price floor of \$2,600 per ton.¹

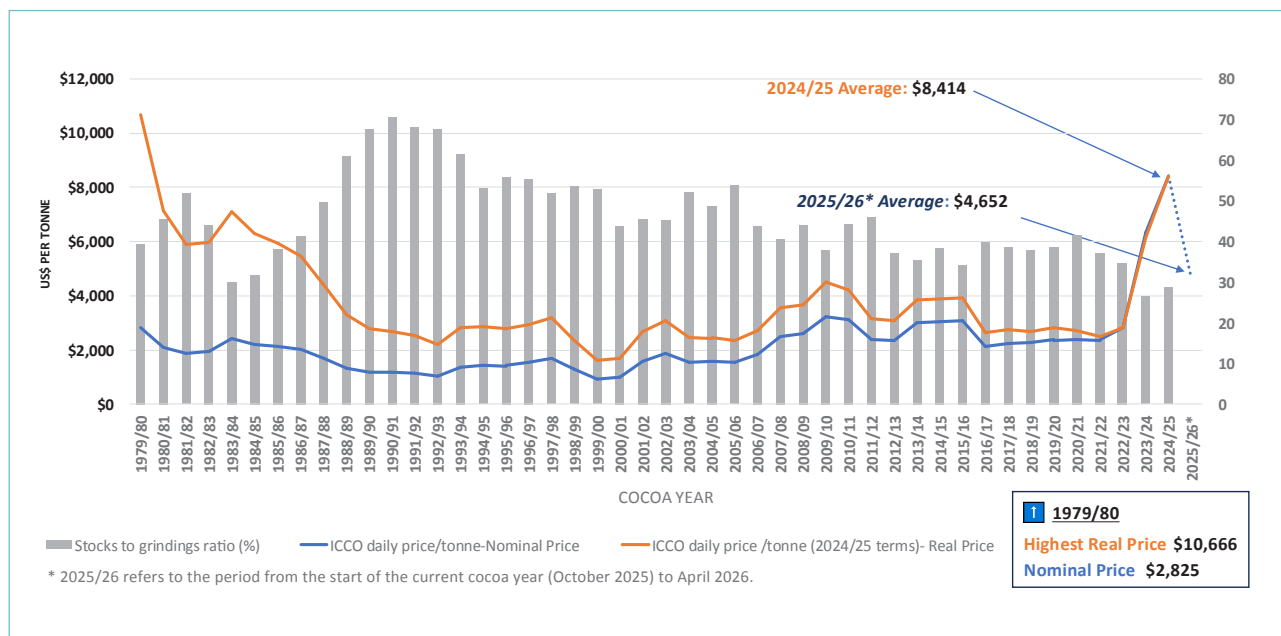
Impact of the LID on farmgate prices

Statistics of the International Cocoa Organization (ICCO) show that the average annual cocoa price climbed after the record low of US\$919 per ton in the season 1999/2000. In the next two decades the price fluctuated between 2006 and 2023 around US\$2500 per ton. Reasons for price spikes were for example the civil war in Côte d'Ivoire, the world's largest cocoa producer. This increase in prices encouraged many farmers to start to grow cocoa. After a record harvest in 2016/17 average annual price crashed within weeks by nearly US\$1000 per ton to US\$2142 as an annual average compared to the season before (Figure 1). Table 1 in annex 1.2 shows the fluctuations in farm-gate price for both Ghana and Côte d'Ivoire.



¹ Boysen, O., E. Ferrari, N. Nechifor, and P. Tillie. "Earn a Living? What the Côte d'Ivoire–Ghana Cocoa Living Income Differential Might Deliver on Its Promise." *Food Policy*, no. 114 (2023). <https://www.sciencedirect.com/science/article/pii/S0306919222001580>

Figure 1 Evolution of Annual Prices (Real vs Nominal) and Stocks-to-Grindings Ratio.²



Côte d'Ivoire and Ghana have a vital interest in stable and sufficient cocoa prices. Roughly 60% of the global cocoa harvest comes from these two countries (Côte d'Ivoire produces 40% of world's cocoa production and Ghana 20%). In Côte d'Ivoire, at least 1 million families depend on cocoa, in Ghana the estimated number is 800,000 families. Millions of people in both countries depend on selling cocoa for most of their income.³ Additionally, taxes on cocoa exports and foreign currency earnings are very important for the governments of Côte d'Ivoire and Ghana.

To support more stability in the market, both countries have regulated the cocoa market. The government of Côte d'Ivoire established the CCC and in Ghana the COCOBOD controls the cocoa market. The CCC supervises pre-selling of cocoa via auction. The COCOBOD intervenes much more strongly into the

market and one of its bodies, the Cocoa Marketing Company, has the monopoly to sell cocoa to the world market. Both institutions aim to sell at least 70% of the expected harvest long before the harvest starts on 1st October. The pre-selling is based on the futures prices noted at the futures markets in London and New York.

At the futures markets, market participants can buy and sell cocoa up to two years in advance. Based on the price achieved in the pre-selling, both governments set a minimum price at the beginning of the cocoa season. The calculation of this minimum price is not fully transparent and this lack of transparency has often been criticized.⁴ Both governments claim that roughly 70% of the Freight on Board (FOB) price reaches the farmer.

2 Arrion, Michel. "Introduction and Setup: We All Want Systemic Change, Right?" PowerPoint presentation at Chocoa Conference, Panel 1, Amsterdam, February 19, 2026. International Cocoa Organization (ICCO).

3 Laven, A., and M. Ataa-Asantewaa. "Behind Bars: Invisible Farmers and Workers in the Cocoa Supply Chain." Scoping Study. Include Knowledge Platform on Inclusive Development Policies, 2024. <https://includeplatform.net/publications/report-behind-bars-invisible-farmers-and-workers-in-the-cocoa-supply-chain/>

4 For example: Oo Oomes, N., B. Tieben, A. Laven, T. Ammerlaan, R. Appelman, C. Biesenbeek, and E. Buunk. Market Concentration and Price Formation in the Global Cocoa Value Chain. The Hague: Ministry of Foreign Affairs / SEO Economisch Onderzoek, 2016. <https://www.seo.nl/publicaties/market-concentration-and-price-formation-in-the-global-cocoa-value-chain/>; VOICE Network. "Good Governance for Living Income in Cocoa: A Cocoa Barometer Consultation Paper." 2025. <https://voicenetwerk.eu/en-good-governance-for-living-income-in-cocoa-2025-v3-1>

The LID: a brief history

A critical factor that (ultimately) led to the LID was the sharp price drop in cocoa in 2016, which resulted in nearly \$3 billion in lost export revenue for Côte d'Ivoire and Ghana from one season to the next.⁵ This put pressure on the regulated marketing systems in both countries. In Côte d'Ivoire, the CCC lowered farmgate prices in spring 2017 by 36% and the reduced tax income resulted in significant budget cuts.⁶ In Ghana, the COCOBOD stabilized the price by carrying losses, however farmers' real income still dropped due to high inflation rates.

In 2017, the presidents of Côte d'Ivoire and Ghana — Alassane Ouattara and Nana Akufo-Addo — began coordinating a joint cocoa policy.⁷ This led to the Abidjan Declaration in March 2018, which included the proclamation of the intention to raise farmers' incomes by increasing export prices.

This came as a surprise for the industry. The surprise was twofold: 1) It was historic that these competitive economies decided to join forces; 2) Fixing prices was seen as incompatible with the functioning of the cocoa market, as despite the high producer countries' concentration, governments do not control cocoa production.⁸

The CCC and COCOBOD held several technical meetings with international buyers around the implementation of a price floor for cocoa of \$2,600 per ton. Cocoa and chocolate companies resisted the policy of a minimum export price delinked from prices at the futures market. Cocoa and chocolate companies can, if cleverly managed, reduce the price risk for cocoa at the futures market to zero. They therefore did not want to give up a system that gives them security in the operations.⁹ In addition, companies argued that a fixed price



⁵ A period of higher cocoa prices occurred between 2013 and August 2016. Afterward, prices fell sharply from an annual average of \$3,093 per metric ton (2015/16 to \$2,142 per MT in 2016/17 (ICCO).

⁶ The CCC was forced to reduce the farmgate price from 1,100 CFA to 700 CFA per kilogram in spring 2017. In addition, the Ivorian government had to reduce budgets of ministries by nearly 10% as tax income was much lower than expected. (Fountain and Hütz-Adams, 2018) . See also Reuters. "Hit by Falling Cocoa Prices, Ivory Coast Slashes Budget." Accessed March 2026. <https://www.reuters.com/article/ivorycoast-economy/update-2-hit-by-falling-cocoa-prices-ivory-coast-slashes-budget-idUSL8N1HS29L/>

⁷ A new momentum of cooperation started after the change in governments in Ghana. When end of 2016 the presidential elections were won by Nana Akufo-Addo (New Patriotic Party), this paved the way to restart conversations between Ghana and Côte d'Ivoire, which were terminated in 2012. The strong personal relationship between both presidents facilitated the Abidjan Declaration and later the LID (Personal interview representative of European Commission, March 2026).

⁸ Gilbert (2023) refers to the OPEC, being a false analogy for cocoa. Gilbert, C. "Cocoa: Origin Differentials and the Living Income Differential." The European Journal of Development Research (2023). <https://doi.org/10.1057/s41287-023-00612-x>

⁹ Details on the functioning of the futures market see Oxfam België/Belgique. "The Living Income Differential for Cocoa: Futures Markets and Price Setting in an Unequal Value Chain." 2024. <https://oxfambelgie.be/publicaties/living-income-differential-cocoa-futures-markets-and-price-setting-unequal-value-chain>

floor could disrupt markets by encouraging overproduction, which would as a result put pressure on prices. Therefore, according to sources involved in the discussions, companies demanded a flexible system.¹⁰

As a compromise, in 2019 Côte d'Ivoire and Ghana introduced such a flexible system: the LID. The LID included a \$400 per ton premium on cocoa exports intended to improve farmers' incomes. The premium had to be paid starting in July 2019 on top of the world market price for the presales of the 2020/21 season. The LID premium was complemented by a price stabilization fund intended to sustain the target farmgate price in case of slumps of the international cocoa price.¹¹

The two countries hoped to achieve a FOB price of at least US\$2600 per ton, which would allow farmers to receive about \$1,820 per ton (assuming 70% of the export price goes to producers) with a combination world market price, country differentials on top of the world market price as a reward for above standard cocoa quality and the new LID.¹² The LID was not calculated based on a real living income calculation but served as a starting point to achieve higher farmgate prices. The premium of \$400 was at the time twice the premium of Fairtrade and four times the average premium of Rainforest Alliance certified cocoa - and much higher than the voluntary premiums paid by companies in their programs.

There is anecdotal evidence that governments put severe pressure on industry to sign the LID mechanism, while traders expressed it was "doomed to fail".¹³

Although, according to a representative of COCOBOD Cocoa Marketing Company (CMC), traders indeed warned for the failure of the LID, the LID is still in place, and therefore can be considered as "super effective":



Back in 2021, a \$400 as a share of the trading prices then was quite significant. It is in today's term that we see it a bit insignificant. But at that time, prices were around \$2000 USD. That means you're looking at almost about 20% of it." [...] "In each invoice that since it started till date, you have the LID still captured there as a \$400 because that is priced into the contract."¹⁴



LID under pressure

Originally, CCC and COCOBOD hoped that the LID could guarantee at least an indirect minimum price of US\$2600 per ton. During the 2020/21 season, supply for cocoa was higher than demand. In such a situation, the fund, which was part of the LID system, should have buffered the price. But the money in the fund was not yet available in the first year of the new system.

The CCC did not manage to sell 15% of the main crop by end of 2020. Additionally, at least 90% of the mid-crops were not pre-sold.¹⁵

10 Staritz, Cornelia, Bernhard Tröster, Jan Grumiller, and Felix Maile. "Price-Setting Power in Global Value Chains: The Cases of Price Stabilisation in the Cocoa Sectors in Côte d'Ivoire and Ghana." *The European Journal of Development Research* (2022): 1–29. <https://doi.org/10.1057/s41287-022-00543-z>; Oxfam België/Belgique, 2024.

11 For understanding the exact mechanisms of the LID see the founding document Federation of Cocoa Commerce (FCC). "Implementation of Living Income Differential by Côte d'Ivoire and Ghana." London: FCC, 2019. <https://prod-upp-image-read.ft.com/c2157a14-a964-11e9-984c-fac8325aaa04>. Other sources: Boysen et al, 2021; Oxfam België/Belgique, 2024.

12 According to the Executive Secretary of CIGCI, Alex Assarvo, the main difficulty was that the market saw LID as an element that disturbs margins. Source: Insight: In Africa's fields, a plan to pay fair wages for chocolate withers: <https://www.reuters.com/world/africa/africas-fields-plan-pay-fair-wages-chocolate-withers-2023-04-04/>

13 Personal Interviews with representatives of civil society and independent experts, 9 and 11th of March 2026.

14 Personal Interview, 23rd of March 2026

15 This performance has been the worst in decades for the world's top cocoa producer and comes amid an escalating standoff with industry buyers over a premium aimed at combating farmer poverty. Côte d'Ivoire normally sells export contracts for all of its main crop and 30-40% of its mid-crop before the season begins in October. The last time the country did not sell all of its harvest was the 1988/89 season. Source: Aboa, Ange. 2020. "Ivory Coast struggles to sell cocoa amid dispute over farmer premium." December 1. Accessed 04.07.23. <https://www.reuters.com/article/cocoa-ivorycoastidUSL8N2IH2HJ>

The COCOBOD had also significant volumes of unsold cocoa. In this situation, traders and grinders were not buying as a world market price, plus the LID might be significantly higher than prices for cocoa from other regions or at the futures market. Both CCC and COCOBOD were under massive pressure as they didn't know if they would be able to sell hundreds of thousands of tons of cocoa of the ongoing harvest. Despite the agreement with COCOBOD, the CCC reduced the country differential from roughly US\$200 to US\$53,¹⁶ and this was only the beginning of a series of reductions.¹⁷ This undermined the collaborative agreement with Ghana. Ghana was also under considerable pressure, which even rose in spring 2021 as the COCOBOD had to sell forward the next harvest quickly in addition to unsold volumes of the season 2020/21 to get access to a syndicated loan.

Politicians interpreted this as a direct consequence of bad behavior of companies.¹⁸ Meanwhile, companies denied these allegations.¹⁹ Companies saw the negative country differentials as a logical consequence of the market. Moreover, they argued that they were not willing to support a pricing system which was not fully transparent.²⁰

To break the deadlock, the governments of Côte d'Ivoire and Ghana decided to rally under the auspices of the Côte d'Ivoire-Ghana Cocoa Initiative (CIGCI). They planned to set up four technical multi-stakeholder working

groups (of which only one has actually started: The Working Group on Price and Markets) to develop a more sustainable price mechanism in the long term, and eventually a more equitable income for farmers. They pulled in senior industry members and one representative of civil society to collectively develop a joint framework of action, the "Economic Pact for Sustainable Cocoa". The three other Working Groups should have been focusing on respectively: Traceability; Standards, Accountability and Monitoring; and The Cost of Sustainable Cocoa.²¹

The Working Group on Price and Markets led to intensive discussions between industry, civil society and CCC and COCOBOD. The meetings at the end of 2022 and in spring 2023 created space to discuss how the terminal market was functioning, and how income from selling cocoa could increase within the current market set-up. The outcomes of the Working Group were laid down in a strategy paper (which was not shared in the public domain). With the boost in market prices in 2023 the momentum got lost and the document was shelved. The dramatic increase in prices was also a reason why the other working groups never started (see [Box 1](#)). Although the price developments drifted the interest away from the Price and Market discussion, the need to build the capacity of CCC and COCOBOD technical teams on this topic was identified. In early 2024, CIGCI undertook an intensive 3-day workshop for a delegation of CCC and COCOBOD to learn about how future markets work.²²

16 Aboa. 2020

17 Note that this is not the LID but the country differential. Before the implementation of the LID, the price paid for cocoa from Côte d'Ivoire (Ghana) was the price at the futures market plus the country differential because Côte d'Ivoire (and even more Ghana) delivered cocoa which was slightly above standard quality (different from Nigeria or Cameroon or badly fermented CCN 51 from Ecuador). Therefore, let's say with a futures market price of US\$2000, the CCC expected to get the US\$2000 plus country differential of US\$200 plus US\$400 LID = US\$2600. Then the country differential went down. Quality was the same, but the companies were not prepared to pay the US\$2600, so the country differential was lowered not based on quality but on market power of companies. In the end, it became roughly US\$200 negative. So, the price before the implementation of the LID would have been US\$2000 plus country differential of US\$200 = US\$2200 With LID, it was US\$2000 plus US\$400 LID minus US\$200 for the negative country differential = US\$2200 (See Oxfam België/Belgique, 2024, page 56)

18 E.g. Business and Human Rights Centre, 1-December 2020: Mars and Hershey's accused of avoiding fair pay for cocoa farmers: <https://www.business-humanrights.org/en/latest-news/mars-and-hersheys-accused-of-avoiding-fair-pay-for-cocoa-farmers/>

19 Source: Confectionary News 1-December 2020: Ghana and Côte d'Ivoire cancel Hershey's sustainability programmes as row over 'cheap cocoa beans' intensifies: <https://www.confectionarynews.com/Article/2020/12/01/Ghana-and-Cote-d-Ivoire-cancel-Hershey-s-sustainability-programmes-as-row-over-cheap-cocoa-beans-intensifies/>

20 Oxfam België/Belgique, 2024

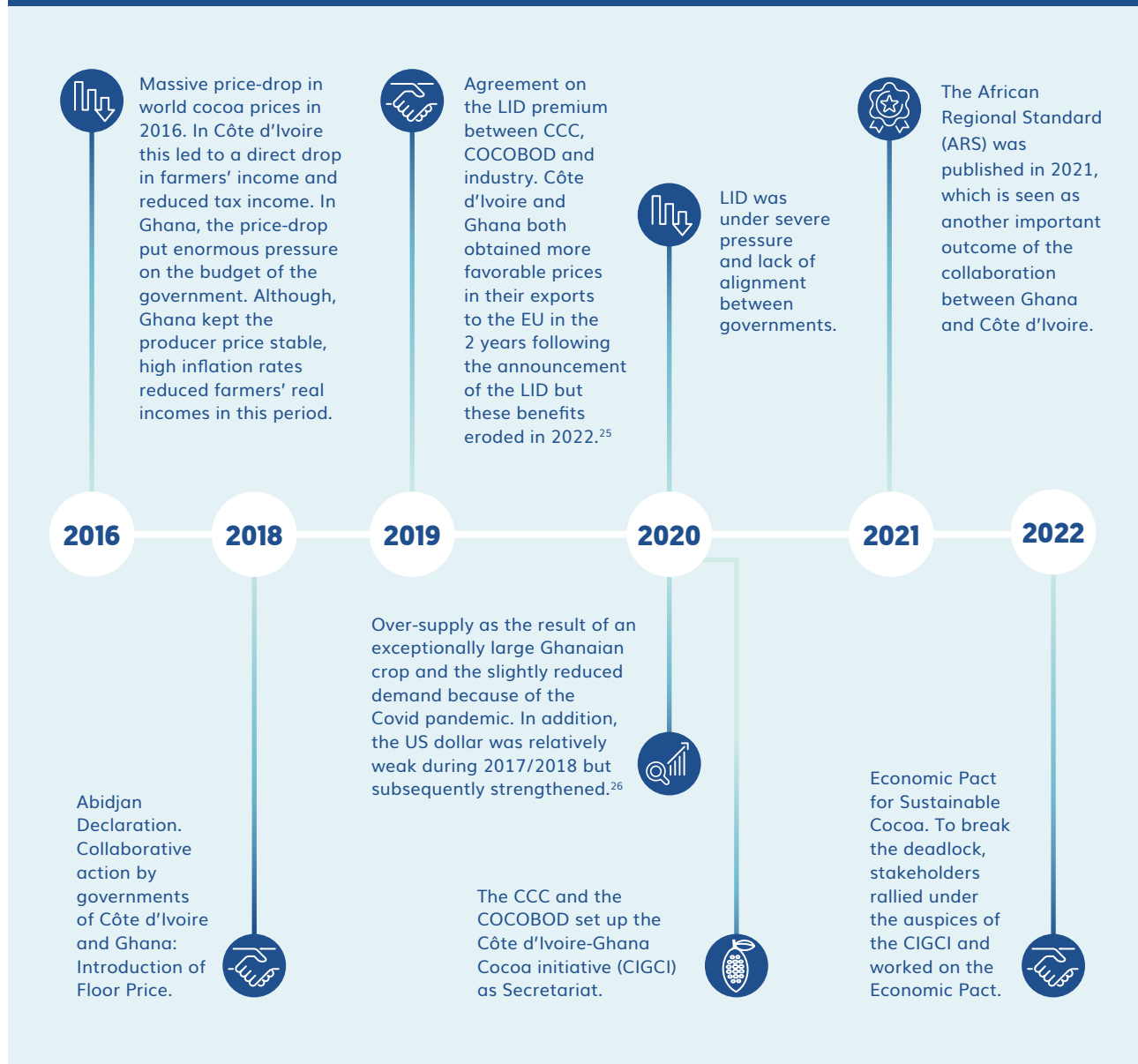
21 Source: Cote d'Ivoire-Ghana Cocoa Initiative (CIGCI) Working Group on Cocoa Price and Markets to Provide Recommendations Towards Lasting Solution to Decent Farmer pay: <https://www.cighci.org/cigci-working-group-on-cocoa-price-and-markets-to-provide-recommendations-towards-lasting-solution-to-decent-farmer-pay/>

22 This included independent trading experts such as Pam Thornton. See https://www.linkedin.com/posts/pam-thornton-995946b_few-days-ago-in-london-c%3%B4te-divoire-ghana-activity-7264213316359655424-twx?utm_source=share&utm_medium=member_desktop&rcm=ACoAAAjmgp8BFAzAR_KbnBoWahVDjn_Cd-FnHPE

According to an independent expert who participated in the Working Group, the outcomes of the Working Group on Price and Markets are still relevant and the strategy paper is worthwhile revisiting: "there is no need to reinvent the wheel".²³ A recent interview with a representative of the CMC agreed that the Economic Pact could be revisited but he emphasized that more (African) countries should join the conversation, and it should be

accompanied by a longer-term vision.²⁴ (see [Box 2](#)). Also, other evident stakeholders were missing, including producer organizations and local civil society. Another critique was that the final document only captured part of the discussions that took place in the Working Group, with a quite narrow focus on securing a trading system which allows them to hedge the full costs of cocoa and by this to protect them against any price risks.

Box 1: Timeline of steps preceding the LID and consequential steps



23 Personal interview, independent expert.
 24 Personal interview, CMC, 23rd March 2026
 25 Gilbert, C., 2023
 26 Ibid.



Incentives & motivations

The introduction of the LID illustrates a power game between producing country governments and multinational cocoa traders. Although there is wider acceptance by public, private and civil actors that cocoa smallholders' income needs to increase, interests and pathways differ. While some industry players initially welcomed the LID, others resisted strongly. This section summarizes the motivations and incentives of different stakeholders involved in the development of the LID.

Governments in producing countries: protection of their revenues from cocoa and farmers' incomes. Cocoa production is a major source of income for Côte d'Ivoire and Ghana – primarily via taxes and foreign currency income.

Governments in producing countries: cocoa is of such national (and regional) interest that is considered to be a 'political crop'. One of the consequences is that decisions are dominated by short-term interests .

Governments in producing countries have been criticized for lacking sufficient understanding of how the terminal market works, but this has been contested by others. In general, there was skepticism about the ability of both exporting governments to influence cocoa prices as they had no measures in place to control their supply.²⁷ Moreover, traders and processors could find substitutes (other origins and stocks), particularly in a period of over-supply.²⁸

Industry: resistance to measures that affect their commercial interests, disturb markets and might create additional costs and risks. Some industry (global cocoa trading companies and chocolate manufacturers) resisted the floor price and later the LID. Industry

representatives, mainly those familiar with the cocoa trade and the crucial function of hedging at the futures market, alerted that the LID mechanism was doomed to fail.

Industry: management of relationships with producing governments to safeguard access to supply and roll out their sustainability activities.

Despite resistance of (at least some) industry, anecdotal evidence suggests that industry felt forced to sign the LID. Failing to do so could have led to a prohibition to the continuation of their sustainability activities, which involve investments.³⁰

Industry: voluntary commitment to a more sustainable cocoa sector. Studies also suggest that some industry initially welcomed LID and promised to support it.³¹

Civil society: mission to be watchdog primarily for the private sector. Civil society hardly played a role in the development of the LID. According to the Director of the VOICE Network, civil society was simply not welcome. This was the case even though the LID policy was introduced at a time when civil society and other stakeholders, such as the Living Income Community of Practice, were calling to improve value chains and achieve living incomes.³² The Director of the VOICE Network explains that



At that time, the mandate we as civil society had was almost exclusively to put pressure on the private sector".³⁷

27 E.g. Boysen et al. 2023.

28 Ibid

29 See also: The war on cocoa: Hershey Co. accused of not upholding sustainability efforts in West Africa: <https://www.nbcnews.com/business/business-news/war-cocoa-hershey-co-accused-not-upholding-sustainability-efforts-west-n1250798>

30 Boysen et al. 2023

31 Adams, Marshall Alhassan, and Sophia Carodenuto. "Stakeholder Perspectives on Cocoa's Living Income Differential and Sustainability Trade-Offs in Ghana." *World Development* 165 (2023): 106201. <https://doi.org/10.1016/j.worlddev.2023.106201>

32 Personal interview, 9th of March, 2026.

In a position paper of the VOICE Network published in 2020, they welcomed the “historic initiative” by the governments of Côte d’Ivoire and Ghana to improve the income situation but also expressed concerns. Their recommendations included the demand for more transparency on money flows within the CCC and the COCOBOD, and a warning that supply management would be necessary.³³

Governments (EU): Relationship management and buy-in for EU legislation. The EU supported the implementation of the LID, not least to restart a policy dialogue with Côte d’Ivoire and Ghana.³⁴

Producers and producer organizations were not involved in the LID process, neither were civil society. Also, the ICCO, an international organization with the aim to serve as a platform for discussion of cocoa producing and cocoa consuming countries, was not involved in the LID discussions. According to the Executive Director of the ICCO, there is no consensus among ICCO members about the feasibility of a system of cocoa supply management at global level.³⁵

Lessons

The aim of the LID was to achieve higher income for farmers and by this set up a pathway towards living income for millions of people in the countries – beside securing tax income and access to foreign currency for the governments of Côte d’Ivoire and Ghana. Practitioners who want to find a way towards living income in different sectors can learn from the example of cocoa.

1. Know how the market functions. The price for cocoa is set at the futures market. The price setting is based on demand and supply and the expectations of companies on how the market will develop in the next two years:

- Presently, the futures markets are set up to serve companies to protect them against price volatility, not to serve the implementation of the living income for farming households.
- For products traded at the futures market, the implementation of premiums as a tool to achieve a living income in the present system will not work as long as these premiums cannot be included into the hedging.

- The futures market needs to develop trading systems which support measures aiming for a living income, for example by establishing a premium on the international exchange (ICE) for Ghana and Côte d’Ivoire, as is also suggested as next step in CIGCI’s Economic Pact.

2. Don’t rely on premiums alone – they are no silver bullets. The implementation of the LID was not combined with other market parameters:

- Premiums like the LID are not a silver bullet but have to be implemented in an environment in which the introducing governments have means to cope with oversupply (and are willing to do so).
- This includes well-working stabilization funds, supply management, the existence of sufficient storage facilities, sufficient funds to buy and store cocoa or other products, and strategies to get rid of surplus volumes (new markets by creating new products or even destruction of products).

3. Look at sector-specific living income interventions in a wider context and develop a long-term vision³⁶

- The introduction of the LID (or other equivalent policies) should be understood as part of a larger process. Although the LID itself might have become meaningless, it did create space for expert dialogues, capacity building and the development of a think piece on next steps for sustainable pricing.

³³ Concerns and recommendations included the need for agricultural reform, supply management and forest protection, the need to ensure that the LID premium goes to the farmers, the need for financial transparency of CCC and COCOBOD and the need for more countries to join the LID. VOICE also argues that the LID was misleading as the height of the differential was not sufficient to close the living income gap. Source: VOICE Network. “VOICE Position on West African Cocoa Floor Price.” 2019. <https://voicenetwork.cc/app/uploads/2025/06/190905-VOICE-Position-on-West-African-Cocoa-Floor-Price.pdf>

³⁴ One of the outcomes were the Cocoa Talks, which created space for a dialogue between different stakeholders. A result of the Cocoa Talks was the recognition that “sustainability and prices are the two sides of the same coin”, which requires transparency (Interview ED of ICCO).

³⁵ Personal Interview ED ICCO, March 17 2026.

³⁶ Personal interview representative of CMC, 23rd March 2026.

- Sector specific interventions should be embedded in longer-term rural development strategies and not seen in isolation.
- Due to the political character of cocoa (and the prevailing long-term interests) it is important to develop a longer-term vision for the sector and how living incomes can be achieved. This process should involve both private and public actors, including producer organizations and (local) civil society.

4. Involve all cocoa producing countries and other stakeholders. The decisions in Côte d'Ivoire and Ghana were made by governments and their organizations. For the LID to remain effective more parties need to join the conversation.

- To create a solution for a sector, a transparent and open discussion about potential measures including the opportunity to come up with own solutions is crucial.
- The knowledge of companies on the functioning of the market should be included in such discussions from the beginning.
- All industry, including chocolate makers and retailers, should join the discussion and take responsibility.
- Producer countries who want to introduce a premium should discuss that with other important producing countries. To speed up these conversations, it was proposed that Africa could lead this process (being well-positioned and to avoid inertia).³⁷
- Farmers and farmer organizations should be involved in the design of solutions that affect them.

5. Allow for company activities for parts of markets – provided there is full transparency. An alternative could have been that companies trade their cocoa outside the terminal market and by this would be able to pay the LID:

- Companies can support the implementation of additional premiums for their own value chain. This is already happening by companies that have adopted the Living Income Reference Price (LIRP) and companies that source cocoa via direct trade.
- Money flows coming from the additional payments must be transparent. This call for transparency is relevant for both private and public actors involved in price-setting and distribution.

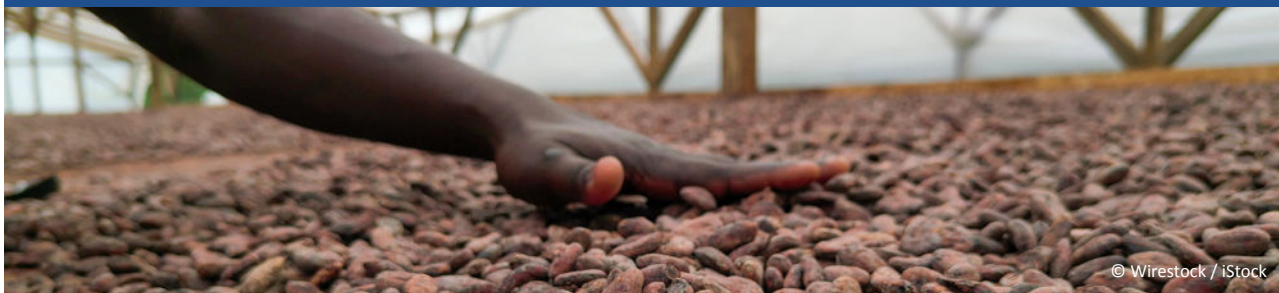
6. Consider regulations in consuming countries. The LID was implemented in a time when due diligence rules (UN Guiding Principles for Businesses and Human Rights and OECD guidelines) were discussed and was based on these legislations in the EU (CSDDD, EUDR) or on national level (e.g. the German and the French due diligence legislation):

- The UN Guiding Principles for Businesses and Human Rights should serve as a benchmark for the governments in all cocoa consuming countries.
- Legislation concerning human rights including paying a living income will stimulate companies to adopt their marketing practices to systems which allow paying a price necessary for a living income.

³⁷ Personal interview representative of CMC, 23rd March 20269

Annex 1.1: Marketing systems in Côte d'Ivoire and Ghana

Box 2: Marketing systems in Côte d'Ivoire and Ghana



A key element of the marketing systems in Côte d'Ivoire and Ghana is the forward sale of 70 to 80% of an expected harvest. The export price is based on the average price expectations indicated by exporters. This price consists of two components: the cocoa price quoted for the date of delivery on the ICE Futures Europe exchange in London, and an "origin differential," a premium reflecting the expected quality of cocoa and the reliability of delivery. Pricing for the next two years based on market expectation is transparent as the futures market in London and their counterpart in New York constantly publish prices and traded volumes.³⁸ Despite some similarities, the cocoa market regulations in Côte d'Ivoire and Ghana have significant differences.

Marketing system in Côte d'Ivoire

After about 20 years of full liberalization in the cocoa sector, the Conseil du Café-Cacao (CCC) was established in Côte d'Ivoire in 2012 as the national cocoa authority. The CCC does not buy or own cocoa; its role is limited to market regulation. The CCC organizes auctions in which exporters acquire permits to source specific quantities of cocoa beans from the domestic market for delivery later.

Based on the achieved prices, the CCC calculates the average cocoa price for cocoa season. 61% of the CIF export price is intended for farmers, while the remaining 39% cover taxes, transport, storage, and margins for cooperatives, costs intermediaries, and exporters etc. A small portion of revenue is also used to build a security fund to protect against future price declines.

Marketing system in Ghana

In Ghana, the cocoa sector is regulated by the COCOBOD, a state-controlled institution with a more than 80-year history. COCOBOD oversees the entire cocoa value chain through several subdivisions. Companies that buy cocoa from farmers must obtain a license from COCOBOD, operate a network of buying stations, and deliver all their cocoa to the CMC. In return, they receive a fixed share of the export price to cover the costs of collecting, paying for, and transporting cocoa.

The COCOBOD sells around 70% of the expected cocoa harvest before the harvest season begins. This allows the institution to estimate export revenues and set a minimum farmgate price that all buyers must pay to farmers. Until 2024, forward sales contracts were also used as collateral for syndicated loans on international financial markets, which creates pressure to sell large volumes of cocoa early.

The COCOBOD aims to pay farmers 72% of the so-called net-FOB price (FOB price minus costs of the COCOBOD), while the remaining share covers internal operational costs such as quality control, transport, storage, research, advisory services, and subsidies for farm inputs like fertilizer and seedlings. Part of the revenue is also allocated to a stabilization fund to protect against falling prices.

Reflection

Both systems protect farmers from short-term price fluctuations within a harvest season but do not protect them beyond the current season. The calculation of the percentages of the export price which are used to finance internal costs and to cover the cost along the value chain within the country is often criticized as insufficient and partly as not transparent.

38 See: Barchart. "Cocoa Futures Prices (CA*0)." Accessed March 2026. https://www.barchart.com/futures/quotes/CA*0/futures-prices

Annex 1.2: Development of farm-gate prices in Côte d'Ivoire and Ghana

Table 1 Development of farm-gate prices in Côte d'Ivoire and Ghana

YEAR	CÔTE D'IVOIRE	GHANA
	in CFA (\$) per Kg / Main Season	in GHS (\$) per kg
2013/14 Main Season	750 CFA (\$1,54)	3,392 Cedis (\$1,55)
2014/15 Main Season	850 CFA (\$1,45)	5,520 Cedis (\$1,71)
2015/16 Main Season	1,000 CFA (\$1,70)	6,800 Cedis (\$1,79)
2016/17 Main Season	1,100 CFA (\$1,84)	7,600 Cedis (\$1,91)
2017/18 Main Season	700 CFA (\$1,22)	7,600 Cedis (\$1,74)
2018/19 Main Season	750 CFA (\$1,34)	7,600 Cedis (\$1,56)
2019/20 Main Season	825 CFA (\$1,40)	8,240 Cedis (\$1,52)
2020/21 Main Season	1,000 CFA (\$1,80)	10,560 Cedis (\$1,80)
2021/22 Main Season	825 CFA (\$1,45)	10,560 Cedis (\$1,83)
2022/23 Main Season	900 CFA (\$1,33)	12,800 Cedis (\$1,25)
October 23 / April 24	1,000 CFA (\$1,61)	20,943 Cedis (\$1,82)
April 2024 – September 2024	1,500 CFA (\$2.47)	33,120 Cedis (\$2.4)
October 2024 –March 2025	1800 CFA (\$3,05)	49,600 Cedis (\$3,2)
April 2025 – August (7th) 2025	2200 CFA (\$3,77)	49,600 Cedis (\$3,1)
August (7th) – October 2025	2200 CFA (\$3,77)	51,660 Cedis (\$4,8)
October 2025 – March 2026	2800 CFA (5\$)	58,000 Cedis (5\$)
March 2026 – today	1200 CFA (2,12\$)	41,393 Cedis (3,80\$)

Source: Brudney and Taylor 2023³⁹ for 2023/24 and 2024/25 websites of COCOBOD and CCC⁴⁰

39 Brudney, Allie, and Reynolds Taylor. 2023. "There will be no more cocoa here": How Companies Are Extracting the West African Cocoa Sector to Death: Corporate Accountability Lab (September 2023).

40 Respectively: <https://cocobod.gh/> and <https://www.conseilcafecacao.ci/> (sign in credentials needed to access)



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The Living Income Community of Practice

Community of Practice is an alliance of partners dedicated to the vision of thriving, economically stable, rural communities linked to global food and agricultural supply chains. The goal of this community is to support activities focused on improving smallholder incomes towards living incomes, aiming to enable smallholder farmers to achieve a decent standard of living. This community is a result of a partnership between Sustainable Food Lab, GIZ and ISEAL.



ISEAL is the global membership organisation for credible sustainability systems. With a focus on credible practices, we advance scalable and effective solutions that make a lasting impact. Through our work to drive collective efforts, we make markets a force for good. You can learn more at www.isealalliance.org

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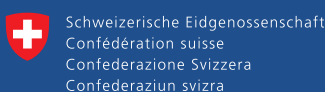
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