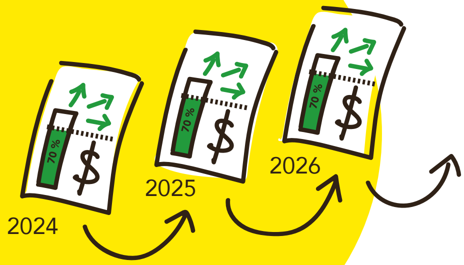
VOICE
www.voicenetwork.cc

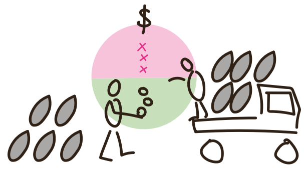
Good Purchasing Practices



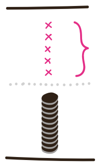
Summary

a cocoa barometer consultation paper

PRICE

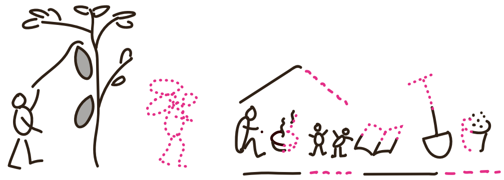


Farmgate prices paid ...

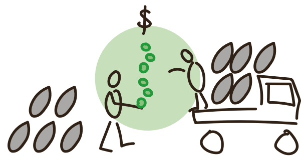


Living Income gap

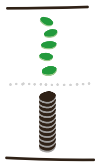
Current prices



... are too low to make a living income



A Living Income Reference Price ...



Living Income Reference Price

Current prices

... enables a living income

A living Income Reference Price (LIRP) is a farm gate price that is sufficient to bridge the living income gap for an average cocoa farming household.

A Living Income Reference Price is calculated based on the household needs - including costs of labour, inputs, etc. and supplements the going farm gate price with additional payments (such as premiums) when necessary.

ASKS OF COMPANIES

Living Income Reference Price

Retailers and brands must commit to requiring a publicly available LIRP from the traders they source from and must be willing to pay for this. Traders must commit to paying a publicly available LIRP. This commitment must include transparent calculations of how the farm gate price they pay is sufficient to close the remaining gap and must be applicable to the majority of the cocoa farmers in the supply chain, not just some outliers.

Transparent calculation

Every company – retailer, brand, trader – should have a calculation of the living income gap of median farmers in their supply chain, and a timebound gender-sensitive commitment to close this gap.

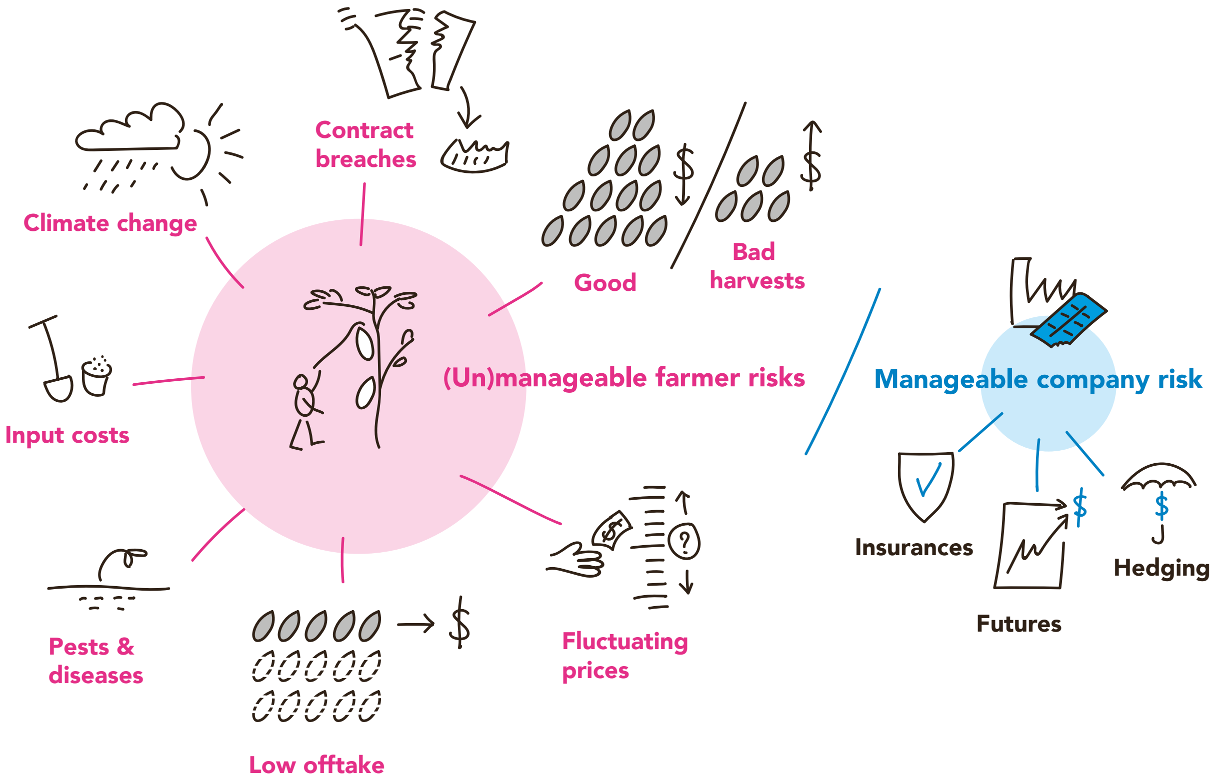
Review

All actors need to regularly review their income approaches with a gender lens to ensure interventions actively combat gender inequality, rather than exacerbate it.

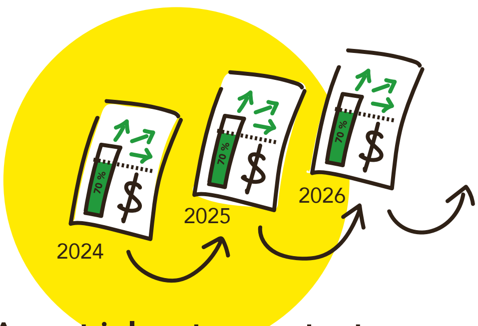
Income effects of non-purchasing-based interventions (such as community investments, cash transfers, and payments for environmental service) must be communicated transparently and based on the net income gender-sensitive effect on the farmer, not on the cost to the company.

Premiums should be transparently broken down into three distinct components: cost of compliance, cooperative operation and governance costs, and net additional income for farmers.

RISKS



ASKS OF COMPANIES



Asymetric long-term contracts

Traders, retailers and brands, should implement long-term asymmetrical contracts within a specific timeframe, including realistic volumes, the living income reference price, renegotiation mechanisms, and clear rights and responsibilities for buyers and farmers.

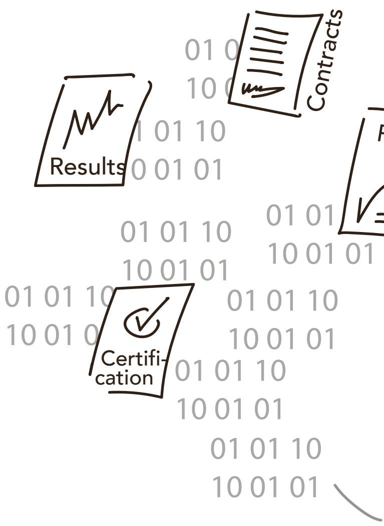
Respect the contract

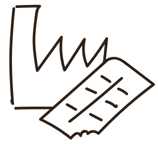
Contracts and volumes must be respected, and effective complaint mechanisms with real consequences for noncompliance should be in place.

Standard, sector-wide contracts for trading at farmer/cooperative level should be implemented, that provides clarity and assurance to farmers and farmer organisations.

The development of strong and democratically run cooperatives should be supported as a key mechanism to reduce risks for farmers

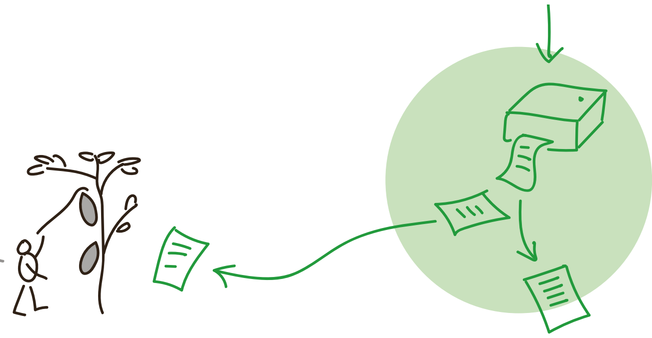
TRANSPARENCY





Companies

Companies should share key information about their purchasing practices, including the data they gather and the impacts of their interventions.



Farmers

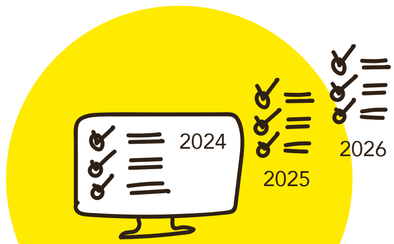
This must be clear and available to those that need to hold companies accountable

Consumers, NGOs, governments

ASKS OF COMPANIES

Publish a time-bound policy

Companies should publish a time-bound living income policy, and annually report on how the living income gap is closed, including a gender-disaggregated measurement.



Report

Companies should publicly report annually on responsible purchasing KPIs, including on volumes and farm gate prices paid.

Farmers should be paid for their data sharing and ensure they have access and ownership.