THE FEDERATION OF COCOA COMMERCE
30 WATLING ST.
LONDON EC4M 9BR, UK

IMPLEMENTATION OF LIVING INCOME DIFFERENTIAL
BY CÔTE D'IVOIRE AND GHANA

Following the Stakeholder conference on farmer income that was held in Accra on the 11th and 12th of June 2019, a Technical Committee Meeting was scheduled in Abidjan on the 3rd of July 2019.

After extensive deliberations with Stakeholders at the Abidjan meeting, Ghana and Côte d'Ivoire have implemented a Farmer floor price concept by instituting a fixed Living Income Differential (LID) of US$ 400 per tonne for every cocoa contract sold by either country for the 2020/2021 season.

The LID would be applied to all categories of cocoa beans.

**Mechanism for the LID**

- All sales contracts will include a fixed LID of US$ 400 per tonne.

- The LID of US$ 400 would be applied on all categories of cocoa beans contracts from the CCC/CMC irrespective of the terminal market level.

- The LID is exclusive of the generic Premiums of the respective countries.

- A minimum of 70% of achieved average Gross FOB price of US$ 2,600 FOB, as the Farmer floor price would be legislated and paid to the farmers in both countries.
• When the Achieved Average Gross FOB price at the end of the Cocoa Season is between the minimum price level of US$ 2,600 and US$ 2,900, the farmer would be entitled to Bonus payments and other investments in the cocoa sector. The amount and application of such bonus payment and other investments will be determined by each country.

• When the Achieved Weighted Average for the season (inclusive of the LID) is above US$ 2,900 Gross FOB, the excess value will be placed in Stabilisation Funds to be set up under the Ghana-Côte D’Ivoire Cocoa Initiative Secretariat.

• The Achieved Weighted Average would be reported by the external auditors of both countries to the Secretariat to determine the value of payments to be made into the Stabilisation Fund.

**Working Example:**

\[ ([ICE\ EU\ (Terminal) \ £ +\ Country\ DIFF\ £] \times\ GBP/USD) +\ LID =\ Contract\ price\]

**Friday 5th July Close**

<table>
<thead>
<tr>
<th></th>
<th>GBP1834</th>
<th>GBP150</th>
</tr>
</thead>
<tbody>
<tr>
<td>March 21</td>
<td>1.2749</td>
<td>1.2749</td>
</tr>
<tr>
<td>ICE EU</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ivorian Premium</td>
<td></td>
<td></td>
</tr>
<tr>
<td>GBP/USD</td>
<td>US$ 400</td>
<td></td>
</tr>
<tr>
<td>LID</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

\[ ([GBP1834+GBP150] \times 1.2749) + US$400 = $2,929.40\ CIF\]

**Final contract price - US$2,929.40 CIF**

Yours truly,

**ON BEHALF OF LE CONSEIL DU CAFÉ-CACAO**

ON BEHALF OF GHANA COCOA BOARD

**LE DIRECTEUR GÉNÉRAL**

**THE CHIEF EXECUTIVE**

KONE BRAHIMA YVES

HON JOSEPH BOAHEN AIDOO