



RAISING THE BAR

SUPERMARKETS MUST URGENTLY ADDRESS
STRUCTURAL EXPLOITATION OF COCOA FARMERS

APRIL 2025

BRIEFING PAPER



ABSTRACT

Most cocoa farmers in main cocoa producing countries Côte d'Ivoire and Ghana are poor, even though they are at the heart of the supply chain for a luxury good: chocolate. For decades they have been receiving low farm gate prices, which don't allow them to earn a living income for their families. At the same time, companies in the cocoa and chocolate supply chains have been making huge profits. Supermarkets in the Netherlands and Germany have taken first steps by making long-term commitments to ensuring cocoa farmers are paid a living income reference price, but the share of honest chocolate they have on offer only reaches 5%. It's time that they radically change the way they do business, by committing to long-term fair prices for farmers, sharing the risk with cocoa farmers and being accountable for all the chocolate products they sell.

© Oxfam International April 2025

This publication was written by Jesse Arnon and Anouk Franck. Oxfam acknowledges the assistance of Eline Achterberg and Tim Zahn in its production. As a member of the VOICE Network, Oxfam co-financed and supported the recent publications of the Living income compendium (2023) and the Good Purchasing Practices paper (2024). This briefing paper is indebted to these publications by summarizing and building on its insights. New research on shares of honest chocolate in Dutch supermarkets was delivered by the think tank Questionmark in November 2024 and research on what receiving a LIRP means to cocoa farmers in Ghana was conducted by ALC Ghana between January and February 2025.

For further information on the issues raised in this publication please email Anouk Franck: anouk.franck@oxfamnovib.nl

This publication is copyright but the text may be used free of charge for the purposes of advocacy, campaigning, education, and research, provided that the source is acknowledged in full. The copyright holder requests that all such use be registered with them for impact assessment purposes. For copying in any other circumstances, or for re-use in other publications, or for translation or adaptation, permission must be secured and a fee may be charged. Email policyandpractice@oxfam.org.uk.

The information in this publication is correct at the time of going to press.

Published by Oxfam GB for Oxfam International under DOI:
10.21201/2025.000065

TABLE OF CONTENTS

| | |
|--|--------------|
| EXECUTIVE SUMMARY | 4 |
| | |
| 1. INTRODUCTION: EXPLOITATION OF COCOA FARMERS MUST END | 5-7 |
| 2. SHARING HONESTLY THROUGH GOOD PURCHASING PRACTICES | 8- 15 |
| 3. SUPERMARKETS MUST WALK THE TALK ON HONEST CHOCOLATE | 16-24 |
| 4. CONCLUSION AND RECOMMENDATIONS | 25-26 |
| | |
| ANNEX 1: PRESSURE TO DELIVER ON LIVING INCOMES MOUNTING | 27 |
| ANNEX 2: CASH TRANSFERS | 28 |
| ANNEX 3: OXFAM'S PERSPECTIVE ON THE FAIRTRADE LIVING INCOME REFERENCE PRICE | 29 |
| | |
| NOTES | 31 |
| | |
| ABOUT OXFAM | 36 |



EXECUTIVE SUMMARY

Chocolate is one of our favourite foods but the majority of farmers who grow cocoa have been living in extreme poverty for decades. Why? Because cocoa and chocolate brands, cocoa traders and supermarkets reap massive profits but do not pay farmers a fair price for their produce.

Companies have committed to sustainability and promised to raise farmers' incomes but, in reality, farmers have not received any significant benefits. Current market prices might change the situation for now but in the long term more action is needed to ensure cocoa farmers earn a living income.

For that to happen, companies need to start addressing the one thing that could help to fix this problem. There must be a switch to fair purchasing practices, including ensuring a farm gate price that allows farmers to earn living incomes for the long term with full transparency and accountability. As long as companies refuse to pay a fair price, cocoa farmers will remain squeezed with consequences for both production and for their livelihoods.

This paper focuses on supermarkets, which are powerful actors in the cocoa and chocolate supply chain. As primary retailers, supermarkets have a direct link with consumers and have power across the supply chain so they can drive real change. Dutch and German supermarkets have made living income commitments, and they have started implementing them. That's great!

But it is not enough. The reality is that their shelves still do not reflect meaningful change. Only a tiny portion of the chocolate they sell is honest chocolate, where at least a living income reference price (LIRP) is paid based on a long-term commitment. In fact, only 5% of all chocolate products sold in the largest Dutch and German supermarkets meet this minimum standard. It is good that supermarkets are starting to show that they are taking responsibility for ensuring a fair price is paid across their supply chains, but most cocoa farmers are still missing out. Supermarkets have shown what is possible but now they need to make this happen for all the chocolate products they offer on their shelves.

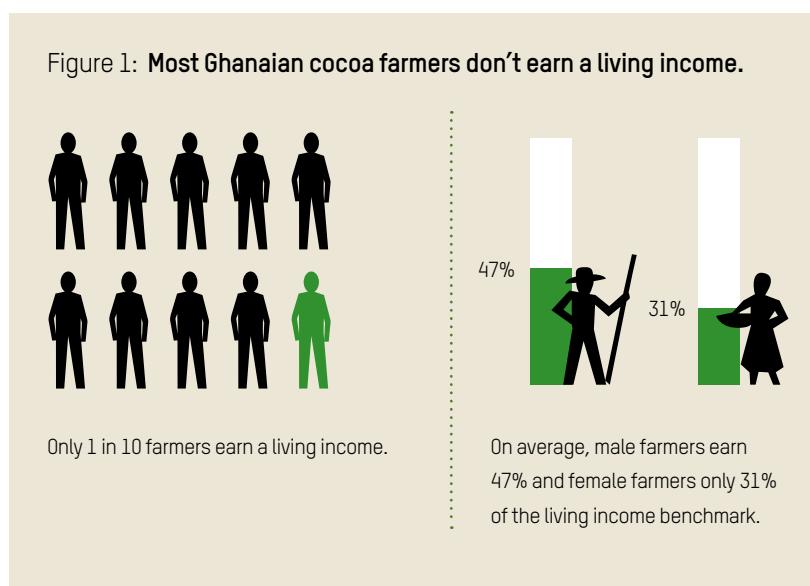
Therefore, we call on Dutch and German supermarkets to:

- 1.** **PAY A FAIR PRICE**, and enable cocoa farmers in their supply chains to earn a living income. They should do this through a clear public commitment and strategy on living incomes for cocoa farmers and by ensuring a credible LIRP is paid across their entire cocoa supply chain by the end of 2025.
- 2.** **SHARE THE RISKS**, by ensuring that by 2030 all farmers in their supply chain get standardised long-term contracts, which reduce risks for producers, and that at least 50% of farmers get these contracts by the end of 2025.¹
- 3.** **BE ACCOUNTABLE**, by publishing the standard contract that farmers in their supply chains sign, by committing to undertake public gender-disaggregated reporting from 2025 onwards on closing the living income gap and on reducing risks for farmers, and by providing access to an effective grievance mechanism by 2025.

1. INTRODUCTION: EXPLOITATION OF COCOA FARMERS MUST END

COCOA FARMERS LIVE IN POVERTY DESPITE BEING AT THE HEART OF A PROFITABLE INDUSTRY

The vast majority of cocoa farmers have not been able to earn a living income for decades. A living income is the net annual income required for a household to afford a decent standard of living for all members of that household, which includes access to food, water, housing, education, healthcare, transport, clothing and other essential needs including provisions for dealing with unexpected events.²



In Ghana, the second largest cocoa-producing country after Côte d'Ivoire, 91% of farmers surveyed in 2024 did not earn a living income. On average, they barely earn half: a meagre 47% of a living income.⁴ For female-headed households this comes down to 31%. In other words, Ghanaian cocoa farmers do not even earn half of what they need to sustain themselves and their families. Earning a living income is a human right and it is the bare minimum. Not earning a living income means farmers continue to live in poverty, struggle to put food on the table or send their children to school, let alone invest in sustainable farming practices. As such, farmer poverty is a major driver of nearly every systemic issue in the cocoa sector, from hazardous child labour to deforestation.

A living income is the net annual income required for a household to afford a decent standard of living for all members of that household, which includes access to food, water, housing, education, healthcare, transport, clothing and other essential needs including provisions for dealing with unexpected events.²

Earning a living income is a human right and it is the bare minimum. Not earning a living income means farmers continue to live in poverty, struggle to put food on the table or send their children to school, let alone invest in sustainable farming practices.



'WE NEED MONEY TO SURVIVE. IF I MUST CHOOSE BETWEEN SPENDING THAT MONEY TO BUY FOOD FOR MY FAMILY AND SPENDING IT ON THE FARM, I WILL SPEND IT ON MY FAMILY. WE NEED TO SURVIVE BEFORE WE CAN FARM.'

Esther, Asukese community, Ghana, 7 January 2025.⁵



Cocoa Mmaa, farmers led-cooperative, Ghana (2024). Credit: Nana Kofi Acquah

And yet there is no reason why cocoa farmers should be living in poverty. They are at the heart of the chocolate supply chain and chocolate is a luxury product with an ever-growing global market.^{6,7} The cocoa trade in the two main producing countries, Côte d'Ivoire and Ghana, was introduced by the British and French colonial rulers. Centuries later, cocoa is still central to the national economies of both these nations. The colonial-era extractive export-driven structures still exist today and remain dominated by companies from the Global North which are part of a system that exploits cocoa farmers and will not give them adequate payment for their produce.

Revenue in the chocolate confectionery market is predicted to grow to \$140 billion in 2025.⁸ The most powerful players in the cocoa and chocolate supply chain have been making huge profits.⁹ Some of the largest chocolate companies, Lindt, Mondelēz and Nestlé, together earned nearly US\$4 billion in profits from chocolate sales in 2023. Hershey's confectionary profits totalled US\$2 billion in the same year.¹⁰ Most of this chocolate is sold in supermarkets, which also sell their own-brand chocolate. In Germany and the Netherlands, supermarkets generate between 40 and 53% of their total revenue from own-brand products, like chocolate bars.^{11,12} In total, supermarkets generated €200 billion in Germany, and €35 billion in the Netherlands in the financial year 2023-2024.¹³ But farmers generate almost no margin because they face high costs and low revenue.

'RIGHT NOW, I CAN GOOGLE THE PRICE OF A TON OF COCOA ON THE WORLD MARKET FOR YOU. THAT IS A LOT. AND [WE] ARE ONLY GIVEN A SMALL PERCENTAGE OF THAT.'

Emmanuel , Bediako community, Ghana, 8 January 2025.

SUPERMARKETS CAN SHIFT THE NEEDLE

Farmers can only invest in their farms and productivity and ensure sustainable quality production if they are able to plan ahead. Predictable sales volumes, long-term commitments, and sustained higher prices are key determinants. Most companies in the cocoa and chocolate supply chains have indicated their willingness, and made efforts, to contribute to living incomes for cocoa farmers. But they fail to opt for the most direct way of doing this, which is by fundamentally changing their own corporate purchasing practices.

Supermarkets must lead the way. They have a unique position in the chocolate supply chain, both as producers of own-brand chocolate and as retailers for other chocolate brands. Supermarkets are the ones who decide what they offer to consumers and at what price. They also reap huge profits from the chocolate products they sell. In the Netherlands and Germany, two countries with a significant cocoa and chocolate industry and consumer market, most supermarkets have taken the first step by offering a small range of honest chocolate products for which a living income reference price (LIRP) is paid as an additional premium on a long-term basis. A LIRP is a calculated price that farmers should receive to earn a living income.

Some retailers, most notably Albert Heijn, have gone further and have announced that they will buy all the cocoa for their own-brand chocolate products according to these conditions. Building on this momentum and given the key role of supermarkets in the supply chain, this paper focuses on the need for Dutch and German supermarkets to radically change the way they do business, by committing to long-term fair prices for farmers, sharing the risk with cocoa farmers and being accountable.

Farmers can only invest in their farms and productivity and ensure sustainable quality production if they are able to plan ahead. Predictable sales volumes, long-term commitments, and sustained higher prices are key determinants.

Supermarkets must lead the way. They have a unique position in the chocolate supply chain, both as producers of own-brand chocolate and as retailers for other chocolate brands. Supermarkets are the ones who decide what they offer to consumers and at what price. They also reap huge profits from the chocolate products they sell.

2. SHARING HONESTLY THROUGH GOOD PURCHASING PRACTICES

COCOA FARMING UNDER THREAT

It is essential to ensure cocoa farmers receive a long-term, higher price - not only from an equity perspective but also to support a sustainable business model and to secure supply for cocoa buyers.

'I THINK THAT I AM HALFWAY FROM EARNING A LIVING INCOME. I THINK A LOT WILL CHANGE IF I CAN GET 100%. I CAN BUILD A HOUSE IN MY OWN NAME. I AM NOT TALKING ABOUT A BIG HOUSE OR SOMETHING FANCY BUT JUST LIKE A NORMAL MUD HOUSE, PLASTERED WITH CEMENT AND WITH ROOFING SHEETS THAT YOU SEE IN THIS VILLAGE.'

Abigail, Adda community, Ghana, 9 January 2025.

Cocoa farmers face growing pressures. The 2024 cocoa harvest produced low yields in West Africa. These were the result of cocoa farmers' limited investments in their farms, driven by low income and financial insecurity, and further exacerbated by climate change. Cocoa is largely cultivated by smallholder farmers, including in the leading producing countries, Côte d'Ivoire and Ghana. However, many of them struggle to make a living income and lack the means to reinvest in their land.¹⁴ The prospect of low incomes, combined with strenuous work and increasingly difficult conditions, drives young people to pursue careers outside farming, including gold mining, thereby threatening the future of cocoa.¹⁵

NO HONEST CHOCOLATE WITHOUT RESPONSIBLE PURCHASING PRACTICES

What is needed for the chocolate industry is to align efforts to provide long term stability for cocoa farmers and to allow them to invest in a prosperous future. Over the past two decades, the industry's strategy has focused most of its attention on implementing Good Agricultural Practices. This is still the dominant way of addressing the poverty crisis for cocoa farmers.¹⁶ This puts the burden on farmers to increase productivity, as opposed to paying prices that reflect the true costs of sustainable production which would give farmers the means to invest in sustainable production on their own terms.

Credit: Nana Kofi Acquah

BOX 1: HONEST CHOCOLATE

Cocoa farmers need to be treated honestly. Companies need to provide long term stability allowing farmers to invest in a prosperous future. In this paper, we define chocolate as honest, when at least a LIRP is paid, either to the farmers directly or to the cooperative, and when there is a long-term commitment to the LIRP and accountability for the impact on cocoa farmers.



Increasing farm productivity to close the income gap has proven insufficient for two key reasons. Despite significant investments in sustainability programmes, average productivity has not improved significantly. Moreover, it is not clear if productivity gains will inherently increase the net income of cocoa-farming households, for several reasons. First, they require significant investment in resources that many farmers cannot afford. Second, they carry substantial financial risks, due to the exploitative nature of the market. Finally, higher productivity demands more labour hours, which is challenging for farmers who already struggle to find sufficient labour during peak times. This is especially the case for female cocoa farmers who are more reliant on hired labour. Furthermore, labour needs to be paid for at a living wage level. Otherwise, cocoa farmers would be simply transferring the living income gap to a living wage gap for their workers.¹⁷

Long-term structural rebalancing is needed in the market to shift value upstream. Central to this is ensuring that companies pay prices truly reflective of the land, labour, knowledge, and resources of cocoa producers. Government involvement is crucial to addressing these challenges and also achieving the wider goal of cocoa sustainability. Effective policies can address the root causes of poverty, while strong governance ensures the long-term success of sustainability interventions. Key elements of good governance for a living income include rural development strategies, infrastructure investments, transparency, accountability, the rule of law, and supply management.¹⁸

However, while government action is essential, the chocolate industry should not wait for policy changes to take effect. Due to the urgent consequences of current economic exploitation, immediate solutions are required. The private sector can and should take the lead by implementing good purchasing practices, while actively engaging with governments to drive systemic change. This is also clearly expected from companies according to internationally agreed standards, like the OECD Guidelines and United Nations Guiding Principles on Business and Human Rights (UNGPs), which are increasingly embedded in legislation (see Annex 1).

COMPANIES RESIST PAYING HIGHER PRICES

Until now chocolate companies have largely resisted higher farm gate prices as part of their efforts. Attempts by the Ivorian and Ghanaian governments to add a Living Income Differential (LID) to their pricing schemes in 2020 failed because companies then started negotiating down the country differentials to lower the price.¹⁹ Another, more limited approach that has been tried at scale is to increase payments to farmers using premiums tied to certification systems and company sustainability programmes. However, these premiums typically offer only a slight increase in revenue (but not always net income).²⁰ A more recent attempt by chocolate brands is to pay cash transfers (see Annex 2). These direct payments are not tied to volumes of cocoa production and don't lead to a long-term change in the distribution of value and power along the supply chain.

Markets can effectively establish fair price levels when all participants have balanced power. However, this balance is absent in cocoa supply chains. The uneven distribution of power leads to low farm gate prices and an extremely unequal allocation of risk and value within the supply chain. As a result, farmers remain in extreme poverty, even though the industry generates billions of dollars.²¹ To counter these market failures, good purchasing practices are essential. By leveraging their purchasing power, the chocolate industry can provide farmers with long-term security and consistently higher prices. This approach would help address the systemic imbalances in risk and value distribution mentioned above.

THE VALUE OF A CREDIBLE LIVING INCOME REFERENCE PRICE (LIRP)

One of the key tools companies have is to pay farmers a LIRP for the long term. The LIRP is the price a typical farmer household with a viable farm size and sustainable productivity level needs in order to earn a living income from the sales of their crop.²² Fairtrade regularly calculates and publishes their Fairtrade Living Income Reference Price for cocoa in Côte d'Ivoire and Ghana, which at this moment is generally accepted as the standard for living income pricing for cocoa (see Annex 3). The LIRP is a form of safety net that makes sure farmers receive a price that allows them to earn a living income.

The uneven distribution of power leads to low farm gate prices and an extremely unequal allocation of risk and value within the supply chain. As a result, farmers remain in extreme poverty, even though the industry generates billions of dollars.²⁰

'THE COMPANIES AND SUPERMARKETS SHOULD MAKE SURE IT [PAYING A LIRP] IS FOR THE LONG TERM AND IT IS FIXED AT A MINIMUM SO THAT THERE ARE NO FLUCTUATIONS. IF THAT HAPPENS, WE FARMERS CAN REST ASSURED THAT AT LEAST WE HAVE THIS AMOUNT TO LOOK FORWARD TO WHICH CAN HELP US PLAN.'

Samuel, Tei Mensah community, Ghana, 10 January 2025.

THE LIRP IS AT THE HEART OF GOOD PURCHASING PRACTICES BECAUSE IT HAS MANY BENEFITS:

- It is the most direct way to support farmers, as any increase immediately contributes to their net income.
- It is an open-ended long-term commitment, whereas company sustainability programmes are temporary by nature.
- It works as a catalyst for other interventions aimed at improving good agricultural practices. Farm investments become more viable when cocoa remuneration is high and stable enough to allow for a positive return on investment.
- It is a core business of the chocolate industry to buy cocoa and the LIRP is largely in their control.
- It will have an impact on all farmers, acknowledging that farmers with higher volumes of cocoa benefit more.

'MY INCOME HAS INCREASED MORE THAN I EXPECTED. BEFORE, MY COCOA INCOME COULD ONLY SUPPORT ME FOR FOUR MONTHS MAXIMUM. BUT NOW, DUE TO [VILLAGE SAVINGS AND LOAN ASSOCIATIONS] AND ALSO THE [LIRP] PREMIUM, I HAVE MONEY THROUGHOUT THE YEAR. I THINK I HAVE INCOME SECURITY NOW BECAUSE I DO NOT SELL MY COCOA TO GO AND PAY DEBTS AND THEN FALL INTO DEBT AGAIN.'

Grace, Bankame community, Ghana, 15 January 2025.

THE IMPORTANCE OF LONG-TERM SECURITY AND ACCOUNTABILITY

While price plays a significant role in purchasing decisions, it is not the sole factor. Good purchasing practices must also address the disproportionate risks faced by farmers, who bear the brunt of these challenges without equivalent rewards. In the cocoa industry, the most vulnerable carry the largest burden. These farmers often include female-headed households, farmers with small plots and sharecroppers (those who do not own their land). Farmers contend with challenges such as unpredictable sales volumes, fluctuating costs, powerful buyers, pests, diseases, climate change, and market volatility – all of which heavily impact their livelihoods. Moreover, they often navigate unclear and unreliable contracts, which exacerbate their vulnerabilities. Reducing these risks requires fair, long-term agreements, standardised practices, and accessible ways to resolve disputes.²³

'THE LONG-TERM CONTRACT IS MOST IMPORTANT AND IT IS GOOD FOR US. THE [VILLAGE SAVINGS AND LOAN ASSOCIATION] IS VERY GOOD AND ALL THE OTHER SUPPORT WE RECEIVE BUT IF THE PROJECT IS SHORT, AND WE LOSE THOSE BENEFITS, THEN IT HAS NO VALUE TO US. IT CANNOT REALLY CHANGE OUR LIVES IF THE CONTRACT ONLY LASTS FOR A SHORT TIME.'

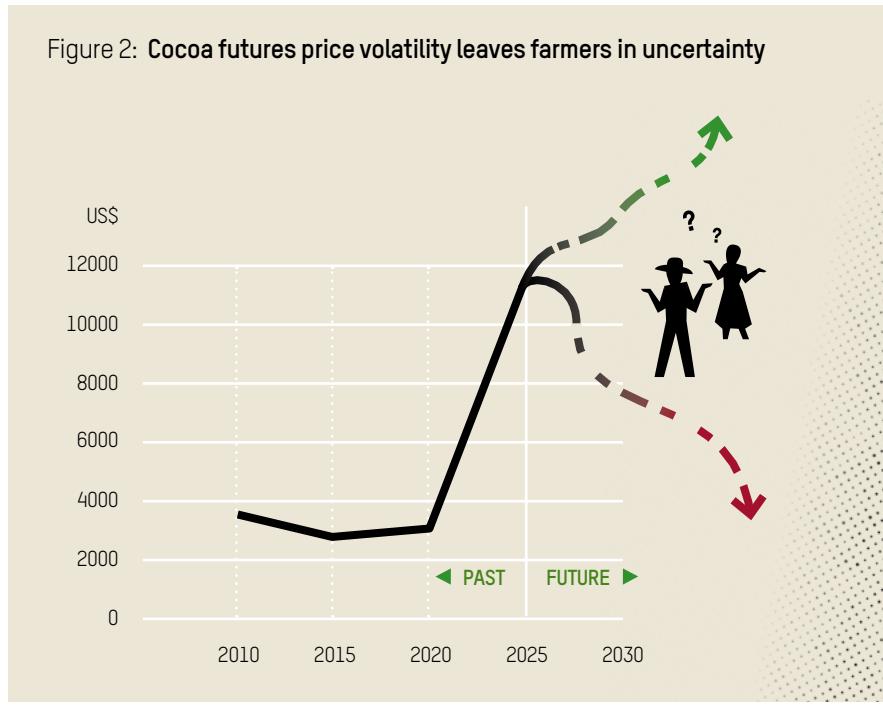
Isaac, Adomfe community, Ghana, 16 January 2025.

In the cocoa industry, the most vulnerable carry the largest burden.

Farmers contend with challenges such as unpredictable sales volumes, fluctuating costs, powerful buyers, pests, diseases, climate change, and market volatility – all of which heavily impact their livelihoods.

The current cocoa market boom (2024-2025) has pushed prices to unprecedented highs, offering farmers a much-needed opportunity to benefit from better earnings. However, these higher prices come after years of unsustainably low farm gate prices, when many farmers struggled to

Figure 2: Cocoa futures price volatility leaves farmers in uncertainty



Source: Barchart.com. (2025).²⁴

cover basic costs and were unable to invest in their farms. This long period of underinvestment has left many farms in poor condition, limiting their ability to take full advantage of today's higher prices.

Moreover, future cocoa prices remain highly unpredictable, creating ongoing income and investment insecurity for farmers. Despite the current market upswing, farmers continue to bear all the above-mentioned production risks without any guarantee that prices will remain favourable in the years ahead. This uncertainty underscores the need for good purchasing practices that provide stability beyond short-term price fluctuations, ensuring farmers can achieve sustainable livelihoods regardless of market volatility.

BOX 2: WOMEN IN COCOA

Oxfam believes that when women take charge and work collectively, they become a powerful force for ending poverty, benefiting not only themselves but also their communities. However, in many cocoa-growing areas, gender inequality persists and is the norm rather than the exception. This poses significant challenges for the cocoa industry as gender equality is a fundamental human right. For women in cocoa production inequality comes in different forms and includes but is not limited to:

- Male household members often sell the cocoa produced, leaving women, who work on the farms, without direct access to the income or influence over how it is utilised.
- Without legal access to land or land title registration, women face barriers to opportunities like securing financial services or joining cooperatives, where farm ownership is typically a prerequisite.
- Women frequently lack representation in community leadership and governance roles.
- Enhancing the role of women in households led by men is a significant challenge, as their contributions to farming and caregiving often go unnoticed and unpaid.
- Programmes, policies, and training initiatives often fail to address the specific challenges women farmers face, such as time constraints and the unequal burden of caregiving.²⁵

Paying a LIRP is not enough to improve the conditions of women in cocoa farming. This approach must include a gender-focused strategy, shaped by input from women farmers, to ensure fair distribution of benefits and equitable sharing of risks. For women in male-headed households, one potential solution is allocating a portion of the payment directly to them. In female-headed households, additional measures like securing land tenure and facilitating market access are necessary to address their specific needs.²⁶

Long-term standardised contracts specifying cocoa volumes, timelines, and prices are a key solution to reducing risks for farmers. This approach is particularly effective when farmers are permitted to sell to other buyers if more favourable terms are available. These so-called asymmetric contracts tilt the power balance slightly towards smallholders as they can benefit from competition between traders while being protected from losing market access.²⁷

Greater accountability and transparency on how companies advance living incomes for cocoa farmers is another crucial element of the change the cocoa sector needs. Regular public reporting on closing the living income gap and an accessible and effective grievance mechanism are important instruments to shift the balance of power in favour of cocoa farmers.

It is clear that purchasing practices are the key. Together with many CSOs and farmer cooperatives, we launched a Call to Action in April 2024.²⁸

Long-term standardised contracts specifying cocoa volumes, timelines, and prices are a key solution to reducing risks for farmers. This approach is particularly effective when farmers are permitted to sell to other buyers if more favourable terms are available.

We call on companies to:

PAY A FAIR PRICE

- Enable cocoa farmers in their supply chain to earn a living income.
 - > Immediately publish a cocoa living income commitment and strategy, with a time-bound action plan to achieve this.
 - > Ensure all farmers in their whole cocoa supply chain are paid a LIRP by the end of 2025, using a credible LIRP benchmark.

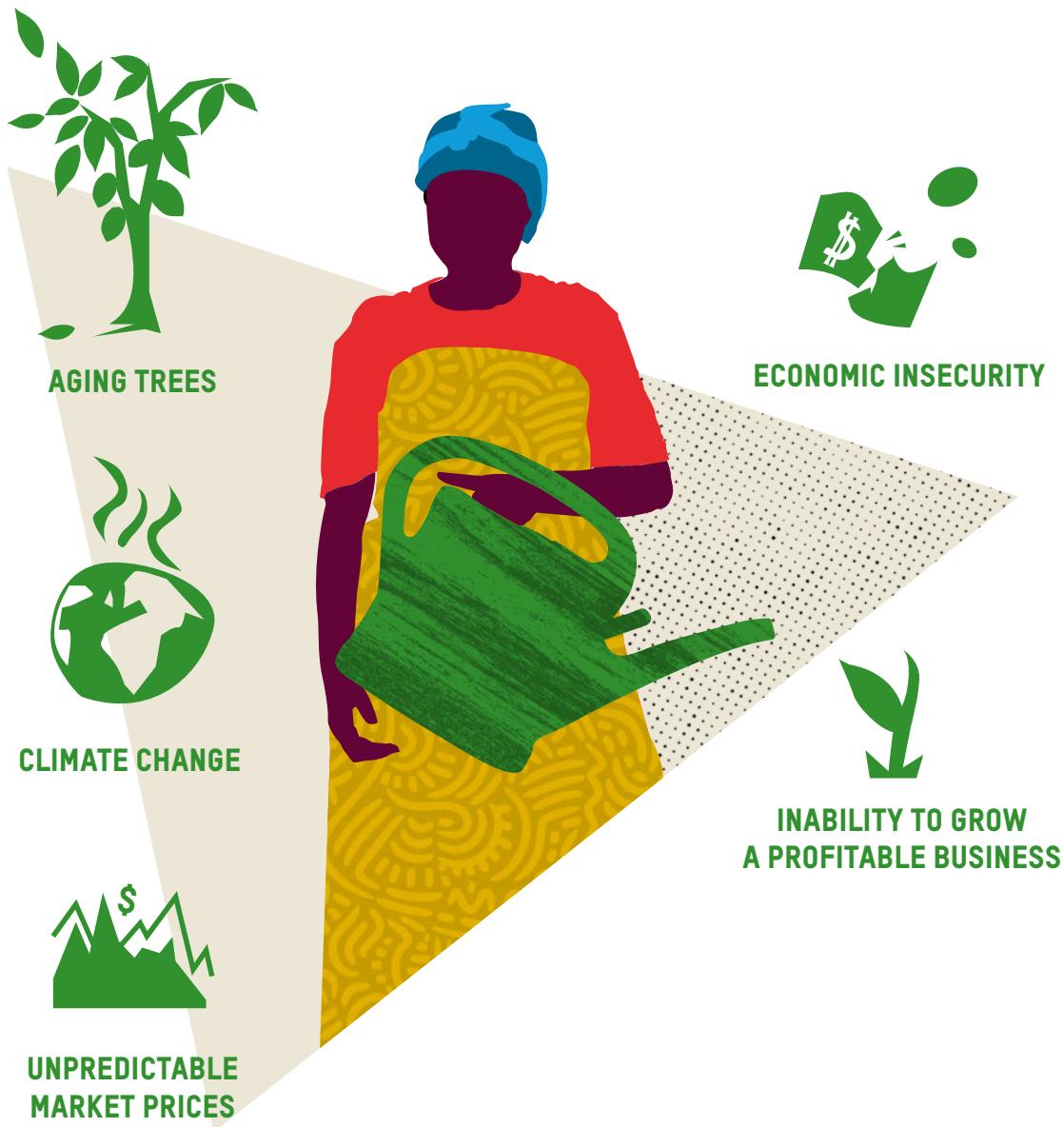
SHARE THE RISKS

- Ensure that by 2030 all farmers in their supply chain get standardised long-term contracts, and that at least 50% of all producers are covered by 2025.
- Ensure that these contracts reduce risks to farmers.

BE ACCOUNTABLE

- Publish the standard contract that the farmer signs.
- From 2025 onwards, commit to undertaking regular public reporting on:
 - > Progress on closing the income gap for farmers in their supply chains, including gender-disaggregated measurement, volumes and farm gate price paid, and responsible purchasing KPIs.
 - > Outline how companies are reducing risk for farmers, including assessments of how their purchasing practices pose risks to farmers and how these risks will be addressed.
- Provide access to an accessible and effective grievance mechanism by 2025.

Figure 3: Cocoa farmers faced with many challenges



Source: Oxfam. (2025)

3.

SUPERMARKETS MUST WALK THE TALK ON HONEST CHOCOLATE

SUPERMARKETS SHOULD BE FIRST MOVERS

Europeans buy more than 70% of their chocolate from supermarkets.²⁹ Research shows that in 2022 for every milk chocolate bar sold in Germany an average 42% accrues to the supermarket and less than 9% to cocoa farmers.³⁰ With the share of the value they reap, supermarkets earn about a 10% profit margin on these chocolate bars, while farmers generally operate at a net loss. As powerful market actors, obtaining the largest share of the value and profits in the cocoa supply chains, and as the final determinator of the consumer price and of what they offer on their shelves, supermarkets are in a strong position to drive further change in the cocoa sector. Of course, chocolate brands and cocoa traders similarly benefit from the way the cocoa price is set and need to step up to make change possible. That's why we also call on them to take responsibility. But supermarkets are in a unique position to influence both the brands and the traders. They are both retailers and brands for their own chocolate, and they are the gatekeepers for consumers.

Figure 4: Value distribution for a bar of milk chocolate

Research shows that in 2023 for every milk chocolate bar sold in Germany an average 42% accrues to the supermarket and less than 9% to cocoa farmers.



Source: Le Basic. (2022).³¹

We focus specifically on Dutch and German supermarkets. The Netherlands and Germany are among the top three largest importers of cocoa worldwide and are among the five countries that have established a national multi-stakeholder initiative jointly referred to as the Initiatives on Sustainable Cocoa (see box 4).^{32,33} The seven largest Dutch and German retailers are of particular interest in these concentrated markets, because they represent 87% of total food sales in Germany and almost 82% of retail market share in the Netherlands.^{34, 35}

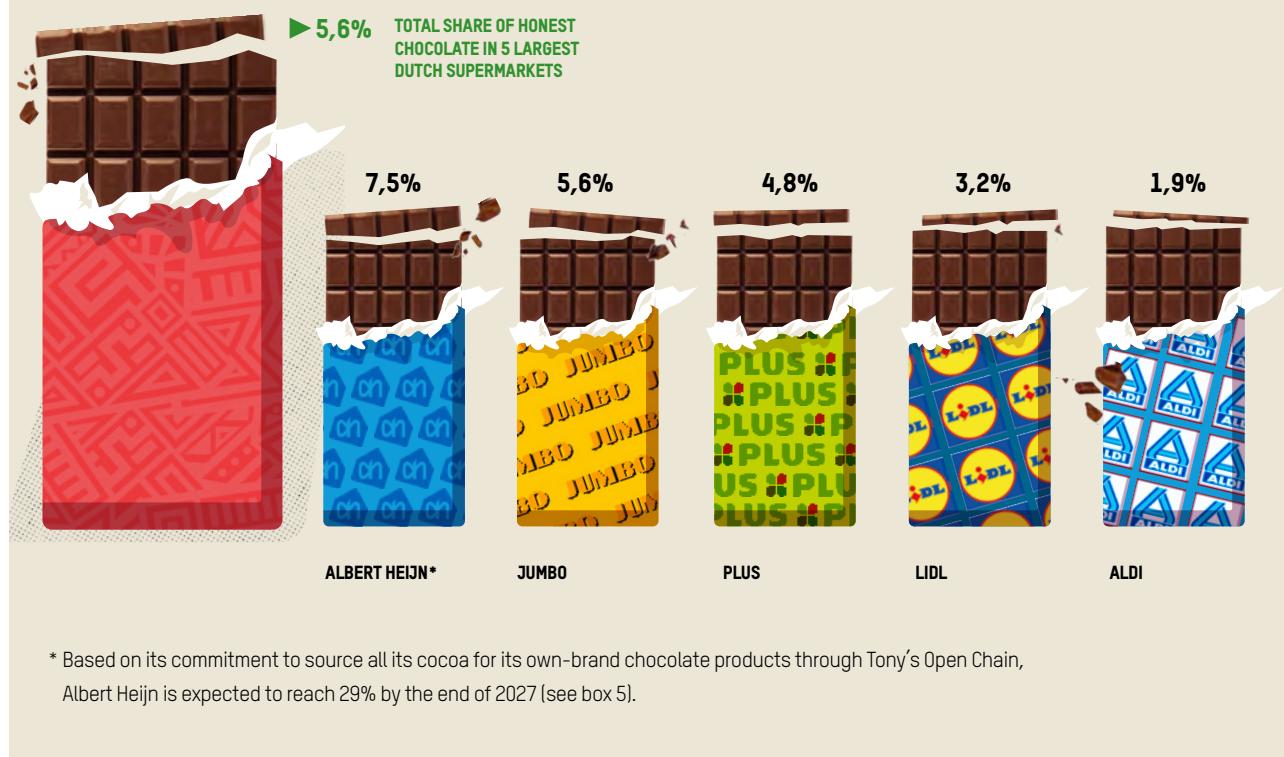
ONLY 5% OF THE CHOCOLATE DUTCH AND GERMAN SUPERMARKETS SELL IS HONEST CHOCOLATE³⁶

Our new research shows that only 5% of the chocolate products in the shelves of Dutch and German supermarkets is an honest product. Most Dutch and German supermarkets have taken initial steps to enhance living incomes for cocoa farmers by contributing to a LRP. These actions, while meaningful, are too little to allow all cocoa farmers in these supermarkets' supply chains to earn a living income.

Oxfam commissioned and conducted research to determine how much of the chocolate sold in the five largest Dutch and four of the largest German supermarkets is 'honest' chocolate.³⁷ Since sales data for these supermarkets are unavailable, the study focused on the number of chocolate products offered. To ensure a fair and realistic comparison, the research included only standard products available year-round, excluding seasonal items like Easter eggs and chocolate letters. The data was primarily gathered from online sources, with in-store visits conducted for supermarkets that did not have a comprehensive online selection.

Figure 5 below shows how much honest chocolate each of the five largest Dutch supermarkets have on offer. The percentage per supermarket is calculated by dividing the total number of honest chocolate products that supermarkets currently offer by their total number of chocolate products. The total share for all supermarkets is calculated by dividing the total number of honest chocolate products by the total number of chocolate products for all supermarkets taken together.

Figure 5: How much honest chocolate can you buy at Dutch supermarkets?



The research findings show that none of the Dutch supermarkets offer significant volumes of honest chocolate. On average, less than 6% of the chocolate products in Dutch supermarket shelves can be called honest chocolate. Thus, for more than 94% of the chocolate in Dutch supermarkets, there is no evidence that farmers are being paid LIRPs. That includes branded chocolate as well as supermarkets' own brands. At this moment, even the best-ranking supermarket, Albert Heijn, provides no assurances for well over 90% of the chocolate it sells. At the bottom of the pack, PLUS, Jumbo, Lidl and Aldi offer virtually no guarantee to their customers that their chocolate is honest, aside from a couple of chocolate bars. The overwhelming majority of the chocolate they sell does not offer any evidence of enabling living incomes for cocoa farmers.

The research findings show that none of the Dutch supermarkets offer significant volumes of honest chocolate. On average, less than 6% of the chocolate products in Dutch supermarket shelves can be called honest chocolate.

BOX 3: DIFFERENT LIRP-BASED OWN-BRAND CHOCOLATE PRODUCTS

Dutch and German supermarkets mainly use two sourcing models to enable cocoa farmers in their own-brand chocolate supply chains to attain a living income. These models are called Tony's Open Chain and Lidl's Way To Go.

Tony's Chocolonely started as a chocolate brand with a mission. They base their cocoa buying on five sourcing principles:

- 1. Traceable cocoa beans.**
- 2. A higher price, where they top up the farm gate price to align with the LIRP.**
- 3. Long-term and asymmetric contracts with partner cooperatives, where they commit to working with farmers and partner cooperatives for at least five years.**
- 4. Strong farmers, where they collaborate with cocoa partner cooperatives to enhance and professionalise cocoa farming practices and implement sustainability programmes.**
- 5. Quality and productivity, through investment in agricultural knowledge and skills.³⁹**

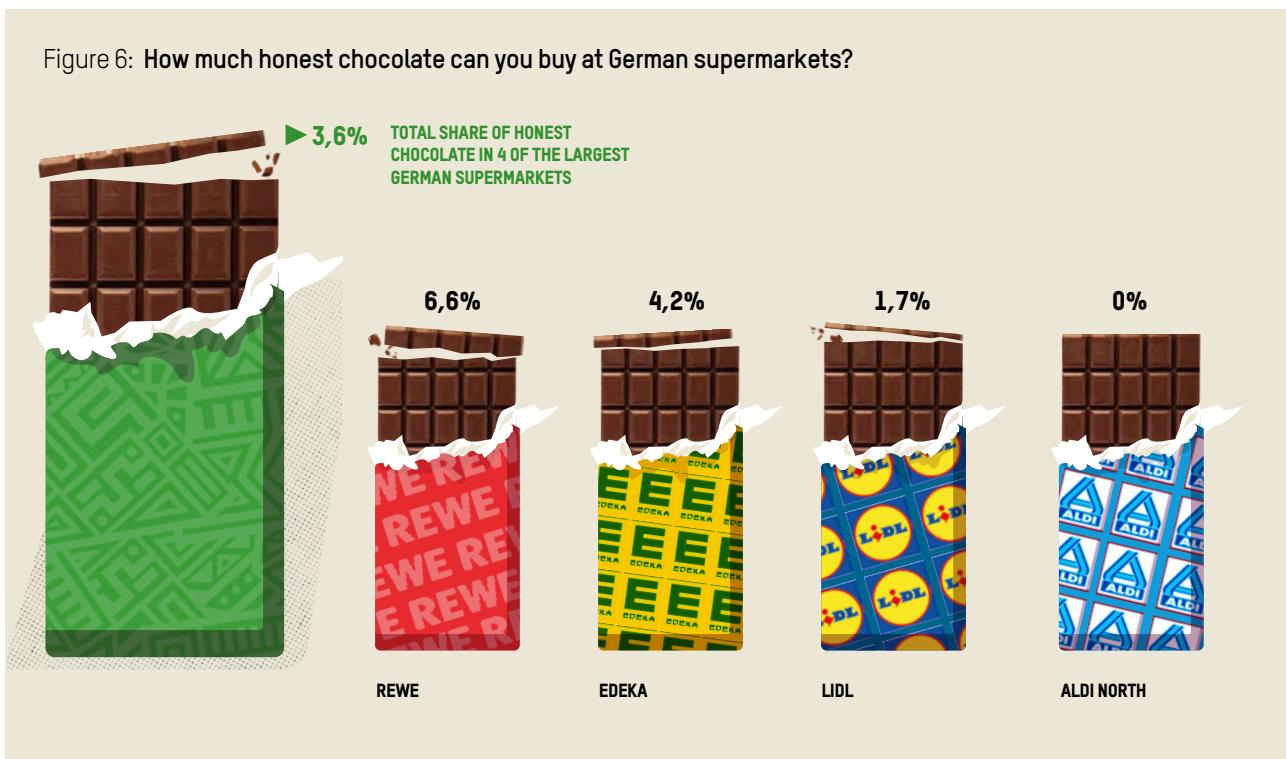
Tony's Open Chain started in 2018, providing other companies in the cocoa supply chain the opportunity to also buy their cocoa according to the same five sourcing principles. This proved to be a proposition that works well for supermarkets, as they could start selling chocolate bars according to these principles straight away. The five sourcing principles offer a broad range of interventions that align closely and are an important first step for supermarkets to meet our recommendations. While the current LIRP is low compared to the world market price, the other four buying principles are key to ensuring farmers benefit from this cooperation in the long term.

Lidl follows its own model, Way To Go, in partnership with Fairtrade. Lidl also applies this same model to other commodities, like coffee, orange juice and cashew nuts. While the core principles share similarities with those of Tony's Open Chain, the approach differs in areas such as long-term commitments and contract structures:

- 1. 100% traceable beans.**
- 2. Paying an extra LIRP premium, on top of the Fairtrade minimum price and premiums.**
- 3. There is commitment to the long term, which is not publicly communicated.⁴⁰**
- 4. Investment in specific projects for cooperative strengthening and good agricultural practices.⁴¹**

Both approaches meet Oxfam's definition of honest chocolate and were counted in our research on shares of honest chocolate products offered by the Dutch and German supermarkets.

The honest chocolate assortment in German supermarkets is even smaller. In a survey in selected stores, only 3.6% of all products containing cocoa on average had evidence of a long-term commitment to paying a LIRP.⁴²



EDEKA and Rewe performed relatively better than the German discounters Lidl and Aldi North. At EDEKA and Rewe the honest chocolate products are all from brands that are Tony's Open Chain mission allies as well as Tony's Chocolonely and GEPA bars.^{44, 45} EDEKA offers no own-brand chocolate products for which a LIRP is paid. Rewe did in the past but discontinued their Very-Fair-Chocolate in 2024.⁴⁶ For this chocolate the company paid a LIRP for the cocoa bought from the Abakoase community, which is part of the Fanteakwa cooperative in Ghana. Rewe's termination of this practice led to disappointment amongst farmers. Cooperative membership had grown to over 200 farmers during the period Rewe was committed to paying the LIRP, but only a few remained actively engaged in meetings once Rewe pulled back.⁴⁷

'WHEN THEY STARTED TO PAY THE LIRP, I STOPPED TAKING LOANS. NOW I HAVE GONE BACK TO TAKING LOANS. I HAVE LOST WEIGHT SINCE THAT MONEY STOPPED COMING.'

Lydia, Abakoase community, Ghana, 14 January 2025.

'THE COOPERATIVE WOULD BE HAPPY TO HAVE [A LONG-TERM LIRP AGREEMENT]. I THINK FIVE YEARS IS VERY SHORT, AT LEAST 10 YEARS OR FOREVER BECAUSE COCOA CAN LAST FOR 100 YEARS SO WHY SHOULD THE LIRP CONTRACT BE LESS? WHEN IT IS JUST PAID FOR A SHORT PERIOD, WHAT CAN YOU DO WITH IT? IT IS GOOD IF IT IS PAID FOR A LONG PERIOD SO THAT IF YOU DECIDE TO INVEST, THEN YOU CAN DO THAT. ASIDE FROM THAT, MY YIELD IS SMALL, SO WHAT I GOT FROM IT WAS NOT MUCH. THE BENEFIT WAS THERE BUT IT WAS A SHORT-TERM BENEFIT, THAT HELPED ME TO BUY MORE FOOD. IT COULD NOT BE USED TO GET MY FAMILY OUT OF POVERTY DUE TO THE AMOUNT AND ALSO THE SHORT PAYMENT PERIOD.'

Agnes, Abakoase community, Ghana, 14 January 2025.

This highlights some of the problems associated with project-based, short-term approaches to living incomes and reinforces our call for long-term commitments. It also shows that substantial volumes are needed to ensure that all communities benefit from LIRP payments.

As in the Netherlands, Aldi South and Lidl each offer an own-brand honest chocolate bar. Lidl also offers products from a Tony's Open Chain mission ally. Surprisingly, for Aldi North the own-brand honest chocolate bar was not found in the stores visited in Berlin, because they recently stopped the sale of the product in Germany.

These results are disappointing, as it shows that there is still a significant gap between retailers' commitments and implementation, especially considering that supermarkets have shown they can be first movers. Albert Heijn is an exception - it has made a commitment to source honest cocoa for all own-brand chocolate by the end of 2027. If they carry out this commitment, their percentage of honest chocolate would increase to 29% (see box 5).

SUPERMARKETS HAVE MADE CLEAR COMMITMENTS

The seven supermarkets in this paper, Dutch supermarkets Albert Heijn, Jumbo and PLUS, German supermarkets EDEKA and Rewe and Germany-based and internationally operating discounters Aldi and Lidl, have all explicitly or implicitly made a commitment to enabling small-scale farmers in their supply chains to earn living incomes. Albert Heijn and Jumbo were the first to make a broad commitment to living incomes for small-scale farmers in the wake of Oxfam's Behind the Barcodes campaign in 2019. Later, Aldi and Lidl followed suit.

All seven supermarkets are members of one or more of the European multi-stakeholder Initiatives on Sustainable Cocoa (ISCOs). PLUS is represented in DISCO by their Dutch buying group Superunie. The fact that several European governments support ISCOs and that most of the relevant

These results are disappointing, as it shows that there is still a significant gap between retailers' commitments and implementation, especially considering that supermarkets have shown they can be first movers.

private sector actors, certifications, as well as academia and civil society organisations are signatories of the ISCOs, signals the importance attached to sustainability in the cocoa and chocolate sector. The Dutch and German ISCOs (DISCO and GISCO respectively) have clear and time-sensitive objectives on living incomes for cocoa farmers which all members have made a commitment to implement (see box 4). From this we can conclude that all supermarkets at least pay lip service to living incomes for cocoa farmers.

There is, however, a clear gap between ambition and reality. These public commitments ought to be fully met by 2030 but so far we have only seen pockets of emerging good practice (see Box 3). There is an urgent need for supermarkets to fully scale up their living income practices starting with all own-brand chocolate and ensuring their strategy explains how they will get large chocolate brands to follow suit.

Until now, the ISCOs have shown very little progress on their living income objectives.

More than 450,000 cocoa households exporting to the Netherlands are not earning what a family minimally needs to cover basic needs and lead a decent life.

BOX 4: DISCO AND GISCO NOT ON TRACK TO REACH LIVING INCOME COMMITMENTS

Both DISCO and GISCO focus on living incomes for cocoa farmers as one of their main pillars alongside child labour and deforestation. They have both published joint ambitions for their entire membership. DISCO's living income commitment is stated as follows:

'WE ARE JOINTLY COMMITTED TO: ENABLE FAMILIES WHICH HAVE COCOA FARMING AS THEIR MAIN LIVELIHOOD ACTIVITY AND SUPPLY COCOA TO THE NETHERLANDS TO EARN A LIVING INCOME BY 2030.'⁴⁸

Meanwhile, GISCO's living income commitment reads:

'WE ARE JOINTLY COMMITTED TO ENABLE AT LEAST 90% OF HOUSEHOLDS, WHOSE MAIN OCCUPATION IS COCOA CULTIVATION AND WHO SUPPLY MEMBERS OF [THE] GERMAN INITIATIVE ON SUSTAINABLE COCOA WITH COCOA THAT IS SOLD OR PROCESSED IN GERMANY, TO EARN A LIVING INCOME BY 2030.'⁴⁹

Until now, the ISCOs have shown very little progress on their living income objectives. DISCO's 2023 annual report shows that only 10.62% of the households of cocoa farmers producing for the Dutch market achieved an income above the living income benchmark in 2023.⁵⁰ This means that more than 450,000 cocoa households exporting to the Netherlands are not earning what a family minimally needs to cover basic needs and lead a decent life. Looking ahead, the plans from all DISCO signatories together reveal that a living income strategy is currently being implemented for less than 6% of all farmers. This means that DISCO is still a long way from achieving its goal of 100% by 2030.

Members of GISCO are also not on track to hit their 2030 commitments. Only seven GISCO members (21%) paid a LIRP for part of the volume they sourced globally in 2023. In that same year, a LIRP was paid for less than 3.6% of the total volume of cocoa imported into Germany from Côte d'Ivoire.⁵¹ All GISCO companies were required to publish individual roadmaps on living income for the first time by early 2025. In these roadmaps, the supermarkets committed to forming a joint working group on living incomes with the aim of developing 'realistic next steps' in accordance with anti-trust law by the end of 2025.⁵² Starting a working group almost 13 years after GISCO was founded and nearly two years after the joint GISCO plan on living incomes was agreed, clearly shows the lack of ambition of the initiative's members.⁵³ The roadmaps include some individual commitments, but none of these provide a sufficient contribution for the GISCO objectives to be achieved. EDEKA will not even join this living income working group, stating that it will continue with its Cocoa for Future project, which does not include long-term commitments to paying living income reference prices.

FROM COMMITMENT TO CONCRETE ACTIONS TO REACH ALL COCOA FARMERS

Long-standing commitments and participation in multi-stakeholder initiatives are an important sign that supermarkets understand that things need to change in their cocoa supply chains. But they become superfluous or even misleading when there is not enough action that leads to actual change in incomes for cocoa farmers.

While it is positive that so many supermarkets have taken this first step, it is clear that much more is needed to actually live up to the commitments made. A potential breakthrough came when Albert Heijn announced in October 2024 that they will vastly expand their portion of chocolate products for which a LIRP is paid.⁵⁴ Albert Heijn is the first supermarket globally to commit to purchasing all the cocoa for its own-brand cocoa products through Tony's Open Chain within the next three years. Albert Heijn's commitment is open-ended and for the long term. Signing 5-year consecutive contracts with Tony's Open Chain allows Tony's Open Chain to sign long-term MOUs with cocoa cooperatives.

Albert Heijn is the first supermarket globally to commit to purchasing all the cocoa for its own-brand cocoa products through Tony's Open Chain within the next three years. Albert Heijn's commitment is open-ended and for the long term.

BOX 5: ALBERT HEIJN'S LIRP COMMITMENT FOR ALL OWN-BRAND PRODUCTS CONTAINING COCOA OR CHOCOLATE

To allow Albert Heijn to upscale cooperation with Tony's Open Chain to cover all its own-brand products containing cocoa or chocolate, a new model was developed, called 'Bean-to-Machine'. All the beans are bought from cocoa cooperatives that are part of Tony's supply chain and remain segregated until reaching the processor's factory.⁵⁵ According to Albert Heijn, this leads to a cost reduction which can be invested in raising the price paid to farmers without significantly raising the consumer price.

With this commitment, we expect to see a rise of the portion of Albert Heijn's honest chocolate products to around 29% of the total by the end of 2027. The remaining 71% consists of products manufactured by large chocolate brands that the supermarket offers on its shelves.

SUPERMARKETS MUST SEIZE THE MOMENTUM

As outlined in chapter 2, cocoa farmers have been experiencing deep poverty and productivity shocks. In Côte d'Ivoire and Ghana, the cocoa sector is in crisis, with farmers leaving the industry and gold mining replacing cocoa trees, putting sustained supply at risk. With only five years left to achieve the ISCO outcomes, it has become clear that progress is too slow and ISCOs have failed to get companies to act at a sufficient pace.

Joint objectives have not been translated into individual actions at an adequate level. Current high prices are not only a wake-up call to the sector, but also an opportunity for fundamental change. At this moment

Cocoa farmers have been experiencing deep poverty and productivity shocks. In Côte d'Ivoire and Ghana, the cocoa sector is in crisis, with farmers leaving the industry and gold mining replacing cocoa trees, putting sustained supply at risk.

committing to the LIRP is easier for companies because they are already paying a higher price, and it can be built into their buying practices. A long-term commitment to continue this practice would be a sign of real progress.

Supermarkets play an important role and their own commitments show that they recognise this. Albert Heijn is leading the way by expanding their honest chocolate from a limited range to the full category of own-brand products containing cocoa and chocolate. This demonstrates that large-scale implementation of honest chocolate sourcing is feasible. Supermarkets are finding living income models that work for them and consumers are not expected to shy away from buying sustainable chocolate. Most supermarkets are fully aware of what it entails to start paying the LIRP and are giving assurances for the longer term through the small portions of honest chocolate that they are already selling.

In a sector where competition is fierce, supermarkets always monitor each other closely, so now is the time for them to look into following the example of the Dutch market leader. One supermarket alone is not enough to drive sustainable change. Instead, the bar needs to be raised collectively, with every supermarket chain taking responsibility now.

At this moment committing to the LIRP is easier for companies because they are already paying a higher price, and it can be built into their buying practices. A long-term commitment to continue this practice would be a sign of real progress.

4. CONCLUSION AND RECOMMENDATIONS

SUPERMARKETS NEED TO STRUCTURALLY ENSURE HIGHER PRICES FOR COCOA FARMERS

All chocolate in supermarkets should be honest chocolate. Increasing the farm gate price by paying a credible LIRP, coupled with a long-term commitment, asymmetric contracts and accountability, is the most direct and straightforward way for companies to enable farmers in their supply chain to earn a living income.

Dutch and German supermarkets have taken the first steps in this direction. Albert Heijn shows that it is possible to move beyond offering small quantities of honest chocolate. What is needed now is that other supermarkets also announce structural changes to their purchasing practices to enable cocoa farmers to earn a living income.

By scaling their range of honest chocolate, they can make an important step towards upholding their commitments and improving the livelihoods of cocoa farmers. Unless the supermarkets act now, it is very unlikely that the DISCO and GISCO objectives will be met. If they take this step other players in the supply chain will have to follow.

THIS IS THE BEGINNING, NOT THE END

This move would be a good start but supermarkets need to do much more. For example, they should engage with the large chocolate brands whose products are also available on their shelves and work with them towards achieving the same goals. They should also advocate for the LIRP to be set at a credible rate so that cocoa farmers can earn a living income. Cocoa farmers should be able to earn more than just the minimum and should receive a fair share for their vital role in providing the indispensable ingredient for this luxury product.

Cocoa farmers should be able to earn more than just the minimum and should receive a fair share for their vital role in providing the indispensable ingredient for this luxury product.

RECOMMENDATIONS FOR DUTCH AND GERMAN SUPERMARKETS

For the reasons outlined in this paper, we call on supermarkets in the Netherlands and Germany to:

- 1. PAY A FAIR PRICE**, and enable cocoa farmers in their supply chain to earn a living income. They should outline a clear public commitment and strategy on living incomes for cocoa farmers and ensure a credible LIRP is paid across their entire cocoa supply chain by the end of 2025.
- 2. SHARE THE RISKS**, by ensuring that half of all farmers in their supply chain get standardised long-term contracts by 2025 with full coverage achieved by 2030.
- 3. BE ACCOUNTABLE**, by publishing the standard contract signed by farmers in their supply chains, by committing to undertake public gender-disaggregated reporting from 2025 onwards on closing the living income gap and on risk reduction for farmers, and by providing access to an effective grievance mechanism by 2025.

RECOMMENDATIONS FOR DUTCH AND GERMAN GOVERNMENTS AND THE EUROPEAN COMMISSION

The Dutch and German governments and the European Commission should ensure that companies respect and enhance the right to living incomes and wages for farmers and workers in their global supply chains.

We recommend that they:

- Ensure continued support for the private sector in terms of sustainability through legislation and additional measures, despite current cuts to aid budgets. This includes continued funding of civil society organisations which play an important role in supporting farmers' voices, critically participating in the ISCOs and other multi-stakeholder initiatives; and fostering engagement with different stakeholders across value chains to build a new economy together.
- Ensure that the EU Corporate Sustainable Due Diligence Directive (CSDDD) is upheld in its current form and that implementation guidelines provide clear guidance for companies to help them to increase their efforts to pay living incomes to cocoa farmers and also to farmers in other global supply chains.
- In the review of the Unfair Trading Practices Directive, support the ban on purchasing primary agricultural and food products from suppliers at a price lower than the supplier's sustainable cost of production and its application to global supply chains.



ANNEX 1: PRESSURE TO DELIVER ON LIVING INCOMES MOUNTING

Current trends, such as the growing demand for sustainability and respect for human rights from both consumers and governments, are increasing pressure on supermarkets to act. Legislative measures further reinforce this need.⁵⁶

Consumers, especially the younger generations, increasingly care about the sustainability of the food they eat. Consumer research conducted in 2024 shows that more than 80% of consumers say they're willing to pay more for sustainably produced food.⁵⁷

It has long been established that corporations have a responsibility to enable living incomes through international standards like the UN Guiding Principles on Business and Human Rights. Moreover, mandatory human rights due diligence legislation can legally require large supermarkets to enable living incomes in their high-risk supply chains like cocoa. Germany has already introduced mandatory human rights due diligence, and in 2024 the EU adopted the Corporate Sustainability Due Diligence Directive (CSDDD) to impose human rights obligations on all large companies in the EU. The implementation of the CSDDD, currently set to start in 2027 for the first group of companies, will mean that it becomes mandatory for companies to enable a living income. Notably, the CSDDD also establishes a responsibility for companies to adjust business strategies and purchasing practices where necessary to enable living incomes in their supply chains. For supermarkets this would mean ensuring that living incomes are also enabled in the supply chains of any chocolate brands they sell and not just their own-brand chocolate products.

However, in February 2025, the European Commission published a set of proposals called Omnibus, which would amend the CSDDD.⁵⁸ The proposal put forward by the EU Commission significantly weakens existing European supply chain regulations, affecting both the environmental standards and the human right obligations that companies must respect throughout their global supply chains. The catastrophic changes include the removal of civil liability provisions and a shift away from climate protection legislation.⁵⁹ These proposed changes are widely opposed, including by companies covered by the law. Chocolate companies have previously embraced the CSDDD in its original form, and now call on the European Commission to implement the original text of the CSDDD.^{60, 61}

In any case, it is clear that the age of corporate impunity and voluntary measures is over. The EU Unfair Trading Practices Directive, which prohibits large buyers from imposing unfair conditions on their suppliers, is currently being reviewed. Oxfam and allies are urging the European Commission to prohibit buyers from purchasing primary agricultural and food products from the supplier at a price lower than the supplier's sustainable cost of production. A sustainable cost of production should encompass living incomes and living wages.⁶²

ANNEX 2: CASH TRANSFERS

Cash transfers offer a valuable way to decouple poverty alleviation efforts from a strictly market-driven approach. This distinction is useful as poverty is felt by a household and not measured by the quantity of production. For cocoa farmers, particularly those with smaller farms, more dependents, or female-headed households, interventions cannot rely solely on the volume of cocoa sold. Market-based solutions alone cannot address all aspects of poverty. If companies can demonstrate that cash transfers increase household income or lower expenses, these benefits can be factored into narrowing the living income gap. Globally, cash transfers have proven effective in various agricultural and non-agricultural initiatives.⁶³

An example of a cash transfer model in the chocolate industry is Nestlé's Income Accelerator. This programme rewards farmers with around €105 (100CHF) per activity (school enrolment, good agricultural practices, agroforestry and income diversification) for the first two years of the programme. If all four activities are performed, then the farmer receives an additional €105 totalling a possible €525 per year. After two years the cash transfers go down to a possible €262. Early data from the programme suggest that it is making a positive contribution to closing the living income gap. Nestlé aims to roll the programme out to all its farmers.⁶⁴

Even if Nestlé is able to successfully scale the Accelerator, cash transfers should not be a substitute for paying a LIRP. These programmes must be complemented by companies reassessing their pricing strategies as part of good purchasing practices. The Income Accelerator is a company programme and does not offer the same long-term commitment as paying the LIRP. It also does not contain the same level of risk reduction and income stability as good purchasing practices. Finally, the conditionality of the cash transfers means that this system does not redistribute value and power towards the producers.

ANNEX 3: OXFAM'S PERSPECTIVE ON THE FAIRTRADE LIVING INCOME REFERENCE PRICE

Any living income reference price (LIRP) must be calculated using realistic, current agronomic variables. These should include actual production costs, yield per hectare, farm size, alternative income sources, household size, and the applicable Living Income Benchmark.⁶⁵ LIRPs need to be based on the median farmer in a supply chain and should be designed to help the majority of farmers in a company's supply chain to achieve a living income.⁶⁶

Fairtrade has played a pioneering role in pushing the cocoa sector toward honest pricing with its Fairtrade Living Income Reference Price. Fairtrade's LIRP provides a concrete mechanism for paying farmers consistently better and sets an important precedent for companies looking to close the living income gap. Without Fairtrade's initiative, meaningful conversations about LIRPs in the sector would be far less advanced.

However, the assumptions used in Fairtrade's LIRP calculations present challenges that must be addressed. The model relies on projected scenarios rather than the realities faced by the median cocoa farmer. It operates on the 'shared responsibility principle', which assumes that farmers should elevate their yields to an estimated sustainable level. This approach sets expectations based on what should be achievable rather than what is actually achieved.

While this principle may encourage productivity, it risks underestimating the support farmers need. As a result, Fairtrade's LIRP is set lower than it would be if based on actual conditions, meaning it may not provide most farmers with the means to earn a living income. The consequences of these assumptions have been particularly evident this year. The updated LIRPs from Fairtrade for Côte d'Ivoire and Ghana, published in January 2025, are now lower than the current farm gate prices in those countries.⁶⁷ These LIRPs thus suggest that farmers should be able to earn a living income this year, though this remains doubtful. The actual yield in 2025 will determine whether farmers can finally benefit significantly from increased prices.

The current situation underscores a critical risk. If LIRPs are based on unrealistic assumptions, they may inadvertently legitimise continued underpayment by the private sector rather than solving the problem they were designed to address. The cocoa industry must ensure that LIRPs genuinely reflect the costs and conditions faced by the majority of farmers.

'I DO NOT HAVE A LIVING INCOME BECAUSE WE SPEND MORE THAN WE GET FROM THE FARM AND IT'S NOT BECAUSE WE HAVE A LUXURIOUS LIFESTYLE. WE LIVE MODEST LIVES. SO, IF WE NEED TO BORROW MONEY OR TAKE OUT CREDIT TO SURVIVE THE YEAR AND THEN SETTLE THE DEBT WHEN THERE IS COCOA INCOME, THAT MEANS I DO NOT GET A LIVING INCOME.'

Florence, Abakosae community, Ghana, 14 January 2025.

We therefore call on the chocolate industry to adopt LIRPs grounded in realistic, up-to-date variables and urge Fairtrade to reconsider its new LIRPs for Côte d'Ivoire and Ghana. Fairtrade's leadership has been instrumental in moving the sector toward honest pricing. Now, we must take the next step to ensure that LIRPs truly deliver a living income for farmers.

NOTES

- ¹ Supermarkets should make a long-term commitment that allows their cocoa suppliers to provide farmers in their supply chains with standardised long-term contracts.
- ² The Living Income Community of Practice. <https://www.living-income.com/the-concept>. Accessed 17 March 2025.
- ³ I. Manu et al. (2024). Income Study of Cocoa Producing Households in Ghana. Ghana COCOBOD, the Swiss Platform on Sustainable Cocoa (SWISSCO) and the Research Institute of Organic Agriculture (FiBL). https://www.kakaoplattform.ch/fileadmin/redaktion/dokumente/Studien_Themenseiten/CHIS_report_long.pdf. 23. Accessed 17 March 2025.
- ⁴ Ibid. 23.
- ⁵ All names of farmers quoted in this report have been changed to protect their identities. The farmers' quotes are based on research conducted in Ahafo, Eastern, and Ashanti regions in Ghana by ALC from January to February 2025. The research assesses the impacts of LIRP payments on farmers in the cocoa supply chain. It documents and compares the experiences of farmers who receive LIRPs with those who do not. It is based on interviews with 108 farmers from four different cooperatives, three of which are involved in LIRP initiatives and one that is not and which served as a control group. The views of 35 cooperative leaders are reflected in the research through their participation in four focus group discussions.
- ⁶ Statista. Chocolate Confectionery Worldwide – Revenue. <https://www.statista.com/outlook/cmo/food/confectionery-snacks/confectionery/chocolate-confectionery/worldwide#revenue>. Accessed 17 March 2025.
- ⁷ Centre for the Promotion of Imports from developing countries (CBI). (2024). What is the demand for cocoa on the European market? <https://www.cbi.eu/market-information/cocoa/what-demand>. Accessed 17 March 2025.
- ⁸ Statista. Chocolate Confectionery Worldwide. <https://www.statista.com/outlook/cmo/food/confectionery-snacks/confectionery/chocolate-confectionery/worldwide>. Accessed 17 March 2025.
- ⁹ Le Basic. (2022). German Cocoa and Chocolate Value Chains. https://lebasic.com/v2/content/uploads/2024/10/BASIC_German-Cocoa-and-Chocolate-Value-Chains_September-2022.pdf. 40. Accessed 17 March 2025.
- ¹⁰ Oxfam. (22 April 2024). Media Advisory: Oxfam and Cocoa Farmers at World Cocoa Conference in Brussels. <https://www.oxfam.org/en/press-releases/media-advisory-oxfam-and-cocoa-farmers-world-cocoa-conference-brussels>. Accessed 17 March 2025.
- ¹¹ J. Meijsen. (15 January 2025). Feiten en cijfers: De actuele omzetten en ontwikkelingen. Distrifood. <https://www.distrifood.nl/179379/feiten-en-cijfers-de-actuele-omzetten-en-ontwikkelingen> [paywall]. Accessed 17 March 2025.
- ¹² Lebensmittel Praxis. (11 July 2024). Eigenmarken im Lebensmittelhandel legen zu. <https://lebensmittelpraxis.de/lp-international/40688-europa-handelsmarken-auf-dem-vormarsch.html>. Accessed 17 March 2025.

- ¹³ Gourmet Pro. (14 January 2025). The 20 Biggest Supermarkets in Europe in 2025. <https://www.gourmetpro.co/blog/biggest-supermarkets-in-europe>. Accessed 17 March 2025.
- ¹⁴ J.P. Morgan. (2 December 2024). Rising cocoa prices: Will the chocolate crisis continue in 2025? <https://www.jpmorgan.com/insights/global-research/commodities/cocoa-prices>. Accessed 17 March 2025.
- ¹⁵ Fairtrade. Cocoa Farmers. <https://www.fairtrade.org.uk/farmers-and-workers/cocoa/>. Accessed 17 March 2025.
- ¹⁶ A.C. Fountain. (2022). Cocoa Living Income Compendium. <https://voicenetwork.cc/wp-content/uploads/2022/09/220920-Cocoa-Barometer-Living-Income-Compendium.pdf>. 4. Accessed 17 March 2025.
- ¹⁷ Ibid. 5.
- ¹⁸ A.C. Fountain. (2025). Good Governance for Living Income in Cocoa. 2. <https://voicenetwork.cc/wp-content/uploads/2025/02/EN-Good-Governance-for-Living-Income-in-Cocoa-2025-v3.pdf>. Accessed 17 March 2025.
- ¹⁹ Oxfam Belgium. (2024). The living income differential for cocoa: Futures markets and price setting in an unequal value chain. <https://oxfambelgie.be/publicaties/living-income-differential-cocoa-futures-markets-and-price-setting-unequal-value-chain>. Accessed 17 March 2025.
- ²⁰ A.C. Fountain (2022). Cocoa Living Income Compendium. op. cit. 9.
- ²¹ Ibid. 10-11.
- ²² Fairtrade. Living Income Reference Prices. <https://www.fairtrade.net/en/why-fairtrade/why-we-do-it/decent-livelihoods/living-income/living-income-reference-prices.html>. Accessed 17 March 2025.
- ²³ A.C. Fountain. (2023). Good Purchasing Practices in Cocoa. VOICE Network. 14. <https://voicenetwork.cc/wp-content/uploads/2023/12/Purchasing-Practices-in-Cocoa.pdf>. Accessed 17 March 2025.
- ²⁴ Barchart.com. *Cocoa 1 month future prices for the month May*. Accessed 6 February 2025.
- ²⁵ A.C. Fountain, and F. Hütz-Adams. (2022). Cacao Barometer. <https://voicenetwork.cc/wp-content/uploads/2022/12/Cocoa-Barometer-2022.pdf>. 20-21. Accessed 17 March 2025.
- ²⁶ A.C. Fountain (2023). Good Purchasing Practices in Cocoa. op. cit..10.
- ²⁷ Ibid. 15.
- ²⁸ Power to Voices. (2024). Call to Action on Cocoa. <https://www.powertovoices.org/cocoajustice/topic/call-action-cocoa>. Accessed 17 March 2025.
- ²⁹ Le Basic. (2022). German Cocoa and Chocolate Value Chains. op. cit. 18-19.
- ³⁰ Ibid. 39.
- ³¹ Ibid. 40.

³² Centre for the Promotion of Imports from Developing Countries. (2024). op. cit.

³³ GISCO, DISCO, SWISSCO, Beyond Chocolate. (2024). Joint ISCO Monitoring Brief 2023. https://www.kakaoplattform.ch/fileadmin/redaktion/dokumente/Studien_Themenseiten/241203_ISCO_Bericht_2023.pdf. Accessed 17 March 2025.

³⁴ Le Basic. (2022). German Cocoa and Chocolate Value Chains. op. cit. 21.

³⁵ D. Van Loon. (17 January 2024). Food Personality. NielsenIQ: marktaandelen supermarkten 2023. <https://www.foodpersonality.nl/branche-cijfers/branche-cijfers/18357/nielseniq-marktaandelen-supermarkten-2023>. Accessed 24 March 2025.

³⁶ This percentage is calculated by dividing the total number of honest chocolate products by the total number of chocolate products for all seven Dutch and German supermarkets counted together.

³⁷ The Dutch findings are based on research conducted for Oxfam Novib by the think tank Questionmark, while the German findings are based on research done by Oxfam in Germany.

³⁸ Oxfam. (2025). Research conducted for Oxfam Novib by the think tank Questionmark. <http://oxfamnovib.nl/Files/rapporten/2025/Research-LIRP-chocolate-in-Dutch-supermarkets.xlsx>

³⁹ Tony's Chocolonely. <https://nl.tonyschocolonely.com/en/pages/tonys-5-sourcing-principles>. Accessed 17 March 2025.

⁴⁰ We want to acknowledge the frontrunners in paying a Living Income Reference Price (LIRP), especially those who have upheld this practice for the long term (5+ years). Therefore, we recognise Way To Go chocolate as honest chocolate, even if they do not yet meet the long-term contract requirement. Going forward, we will require this long-term commitment to be part of our criteria for future recognition in our honest chocolate initiatives.

⁴¹ Lidl Netherlands. Way To Go. https://www.lidl.nl/c/way-to-go/s10008465?srstid=AfmB0oqPL1ym7TzKz3dsqen_Si9eVbe1WJ3qBMZQ01yT01iYjt_ufOrB. Accessed 17 March 2025.

⁴² For the survey, Oxfam Germany assessed all products containing cocoa in selected supermarkets in Berlin, Germany in the period January–February 2025. While the figures form a snapshot, it is likely that they overestimate the share of honest chocolate given that Berlin is a comparatively progressive sales area for German supermarkets. Aldi South was not surveyed as they are not present in Berlin. The survey was done at an EDEKA and Rewe stores respectively. Their discount stores, Penny and Netto, were not analysed.

⁴³ Based on research conducted by Oxfam Germany in selected supermarkets in Berlin in the period January–February 2025.

⁴⁴ GEPA started paying all the cocoa farmers in their supply chain a Kakao-PLUS-Preis of US\$3.500 per tonne, well above the Fairtrade LIRP, in June 2021. As for Lidl's Way To Go, we recognise GEPA chocolate as honest chocolate, even if they do not yet meet the long-term contract requirement. Going forward, we will require this long-term commitment to be part of our criteria for future recognition in our honest chocolate initiatives.

⁴⁵ GEPA. (10 June 2021). Neuere Kakao-Plus-Preis: Damit Kinder statt Konzerne profitieren. <https://www.gepa.de/gepa/presse/pressemitteilung/neuer-kakao-plus-preis-damit-kinder-statt-konzerne-profitieren.html#:~:text=Juni%3A%20Die%20GEPA%20hat%20jetzt%20ihren%20Mindestpreis%20f%C3%BCr,240%20US-Dollar%20Fairtrade-Pr%C3%A4mie%20und%20300%20US-Dollar%20Bio-Pr%C3%A4mie%20enthalten>. Accessed 17 March 2025.

⁴⁶ Rewe stated that they decided to stop selling the product due to a lack of customer demand in a highly competitive market and that the Very-Fair-Chocolate initiative was clearly initiated as a pilot project.

⁴⁷ These finding are based on research commissioned by Oxfam and conducted by ALC research in Ghana in the period January–February 2025.

⁴⁸ DISCO. (19 June 2020). Dutch Initiative on Sustainable Cocoa (DISCO) Declaration. <https://idh.org/resources/dutch-initiative-on-sustainable-cocoa-disco-declaration>. 5. Accessed 17 March 2025.

⁴⁹ GISCO. (19 September 2023). With the new year, the German Initiative on Sustainable Cocoa (GISCO) is launching the 2-year theme ‘Inclusive strategies for living wages’. <https://www.kakaoforum.de/new-two-year-theme-2024-2025-inclusive-strategies-for-living-wages/#:~:text=At%20the%20extraordinary%20general%20meeting,can%20earn%20a%20living%20income>. Accessed 17 March 2025.

⁵⁰ DISCO. (17 October 2024). Release of the DISCO Annual Report 2023 and Individual Action Plans. <https://www.idhsustainabletrade.com/news/release-of-the-disco-annual-report-2023-and-individual-action-plans>. Accessed 17 March 2025.

⁵¹ GISCO. (2024). Monitoring Report 2023. <https://www.kakaoforum.de/wp-content/uploads/Monitoring-Report-2023.pdf>. Accessed 17 March 2025.

⁵² GISCO. (2025). Individual roadmaps of our members. <https://www.kakaoforum.de/our-members/roadmap-of-our-members>. Accessed 17 March 2025.

⁵³ GISCO. (2024). GISCO Roadmap 2023. https://www.kakaoforum.de/wp-content/uploads/2024/03/GISCO_Roadmap-DE-2023.pdf. 3. Accessed 17 March 2025.

⁵⁴ Albert Heijn. (23 October 2024). Albert Heijn: eerlijke en duurzame cacao voor al het eigen merk. <https://nieuws.ah.nl/albert-heijn-eerlijke-en-duurzame-cacao-voor-al-het-eigen-merk>. Accessed 17 March 2025.

⁵⁵ Tony’s Open Chain. (2025). Tony’s Open Chain Impact Report 2023/2024. <https://online.flippingbook.com/view/296860704/>. 72. Accessed 17 March 2025.

⁵⁶ Centre for the Promotion of Imports from developing countries (CBI). (10 August 2022). The European market potential for tree-to-bar chocolate. <https://www.cbi.eu/market-information/cocoa-cocoa-products/tree-bar/market-potential>. Accessed 17 March 2025.

⁵⁷ PwC. (15 May 2025). Consumer willing to pay 9.7% sustainability premium, even as cost-of-living and inflationary concerns weigh: PwC 2024 Voice of the Consumer Survey. <https://www.pwc.com/gx/en/news-room/press-releases/2024/pwc-2024-voice-of-consumer-survey.html>. Accessed 17 March 2025.

⁵⁸ European Commission. (26 February 2025). Omnibus I. https://commission.europa.eu/publications/omnibus-i_en. Accessed 17 March 2025.

⁵⁹ European Coalition for Corporate Justice. (26 February 2025). EU Commission's Omnibus proposal is full-scale deregulation designed to dismantle corporate accountability. <https://corporatejustice.org/news/press-release-eu-commissions-omnibus-proposal-is-full-scale-deregulation-designed-to-dismantle-corporate-accountability/>. Accessed 17 March 2025.

⁶⁰ Cocoa Coalition. (February 2025). Cocoa Coalition call to action. <https://www.cocoainitiative.org/sites/default/files/resources/cocoa-coalition-call-to-action.pdf>. Accessed 24 March 2025.

⁶¹ Fairtrade International et al. (20 January 2025). Statement on Omnibus Proposal. https://media.business-humanrights.org/media/documents/Statement-on-Omnibus-proposal-200125_1.pdf. Accessed 17 March 2025.

⁶² Coalition against Unfair Trading Practices. (December 2024). Position paper on the evaluation of Directive (EU) 2019/633 regarding Unfair Trading Practices in business-to-business relationships in the agricultural and food supply chain. <https://oxfambelgie.be/sites/default/files/2024-12/POSITION%20PAPER%20ENG%20V2.1.pdf>. Accessed 17 March 2025.

⁶³ A.C. Fountain (2023). Good Purchasing Practices in Cocoa. op. cit. 10-11.

⁶⁴ Nestlé. (January 2022). The Income Accelerator Program, How it works. <https://www.nestle.com/sites/default/files/2023-07/nestle-income-accelerator-program.pdf>. Accessed 17 March 2025.

⁶⁵ A.C. Fountain (2023). Good Purchasing Practices in Cocoa. op. cit. 7.

⁶⁶ Ibid. 9.

⁶⁷ Fairtrade. (2025). Fairtrade Living Income Reference Prices Cocoa Ghana, Cote D'Ivoire 2025, Explanatory note. <https://www.fairtrade.net/content/dam/fairtrade/global/why-we-do-it/living-income/living-income-reference-prices/Fairtrade-Living-Income-Reference-Prices-Cocoa-Ghana-Cote-dIvoire-2025-explanatory-note.pdf>. Accessed 17 March 2025.

ABOUT OXFAM

Oxfam is a global movement of people who are fighting inequality to end poverty and injustice. We are working across regions in more than 70 countries, with thousands of partners, and allies, supporting communities to build better lives for themselves, grow resilience and protect lives and livelihoods also in times of crisis. Please write to any of the agencies for further information or visit www.oxfam.org.

Oxfam America (www.oxfamamerica.org)
Oxfam Aotearoa (www.oxfam.org.nz)
Oxfam Australia (www.oxfam.org.au)
Oxfam-in-Belgium (www.oxfamsol.be)
Oxfam Brasil (www.oxfam.org.br)
Oxfam Canada (www.oxfam.ca)
Oxfam Colombia (www.oxfamcolombia.org)
Oxfam France (www.oxfamfrance.org)
Oxfam Germany (www.oxfam.de)
Oxfam GB (www.oxfam.org.uk)
Oxfam Hong Kong (www.oxfam.org.hk)

Oxfam Denmark (www.oxfam.dk)
Oxfam India (www.oxfamindia.org)
Oxfam Intermón (Spain) (www.oxfamintermon.org)
Oxfam Ireland (www.oxfamireland.org)
Oxfam Italy (www.oxfamitalia.org)
Oxfam Mexico (www.oxfammexico.org)
Oxfam Novib (Netherlands) (www.oxfamnovib.nl)
Oxfam Québec (www.oxfam.qc.ca)
Oxfam South Africa (www.oxfam.org.za)
Oxfam KEDV (www.kedv.org.tr)