

Towards a decent standard of living for smallholder farmers

The Living Income Community of Practice



www.living-income.com

Living Income Community of Practice Workshop April 7th 2020 Summary of Session 1: Living Income – State of Play

Moderator: Friederike Martin (GIZ)

Moving towards sustainable global supply chains is a journey. Examining that journey and the current state of play in cocoa, coffee and tea was the focus of this first workshop session. **Beate Weiskopf, Executive Secretary of the German Initiative on Sustainable Cocoa (GISCO),** outlined the impressive pathway of the cocoa sector moving towards improving livelihoods and explicitly living income for cocoa farmers and their families.

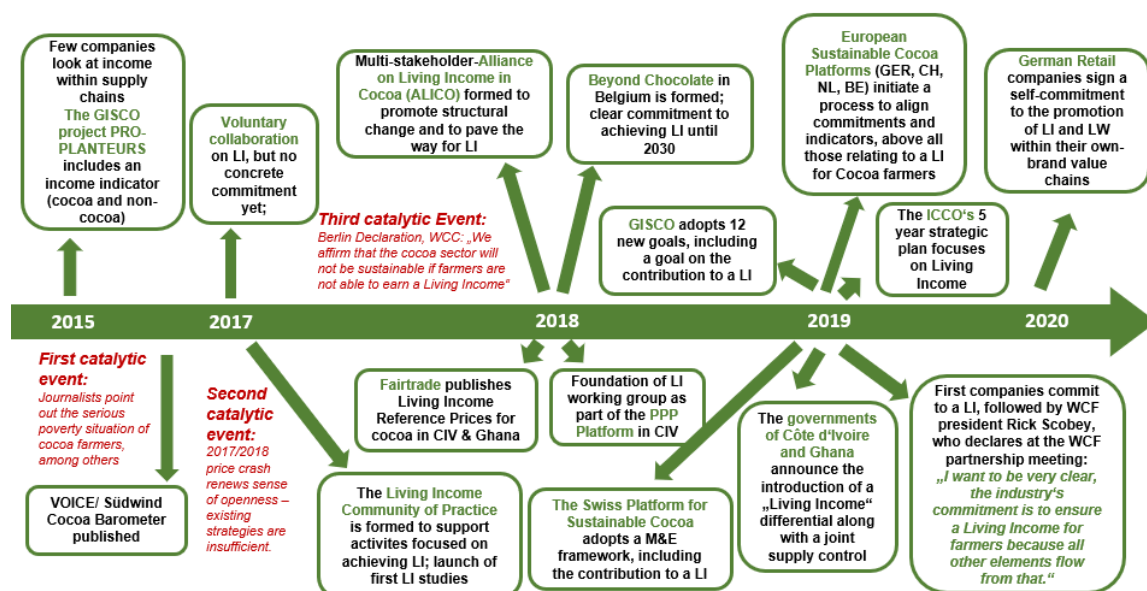


Figure 1 Evolution of cocoa sector towards living income

Complementing commitment of individual companies, the potential of collaborative action and alignment of strategies between different stakeholder groups is increasingly harnessed. In this context, Beate Weiskopf stressed the guiding role of the Living Income Community of

Practice in supporting the currently ongoing process of harmonizing the monitoring frameworks of the European initiatives on sustainable cocoa in Germany, Belgium and Switzerland: “We need to have a joined methodology for data collection on net incomes of agricultural households. We are already in discussions with the Living Income Community of Practice and we are waiting really that soon some methodologies are coming out.”

As world market prices do not take into account production costs or living expenses, **Antonie Fountain, Executive Director of VOICE Network**, called on the industry to acknowledge fair pricing as one indispensable element of a holistic living income strategy. He also stressed: “A living income reference price must be based on the current reality of the average cocoa farmers, not of the outliers or the best or the top half.”

Randi Wagener, coffee expert in GIZ’s programme for sustainable agricultural supply chains, led through the coffee sector’s way forward in working towards living income. The London Declaration, initiated by the International Coffee Organization (ICO) and signed by 12 major coffee firms in 2019, was a first important catalyzer for action. It clearly features living income as a crucial element for securing long-term sustainability in the coffee sector.

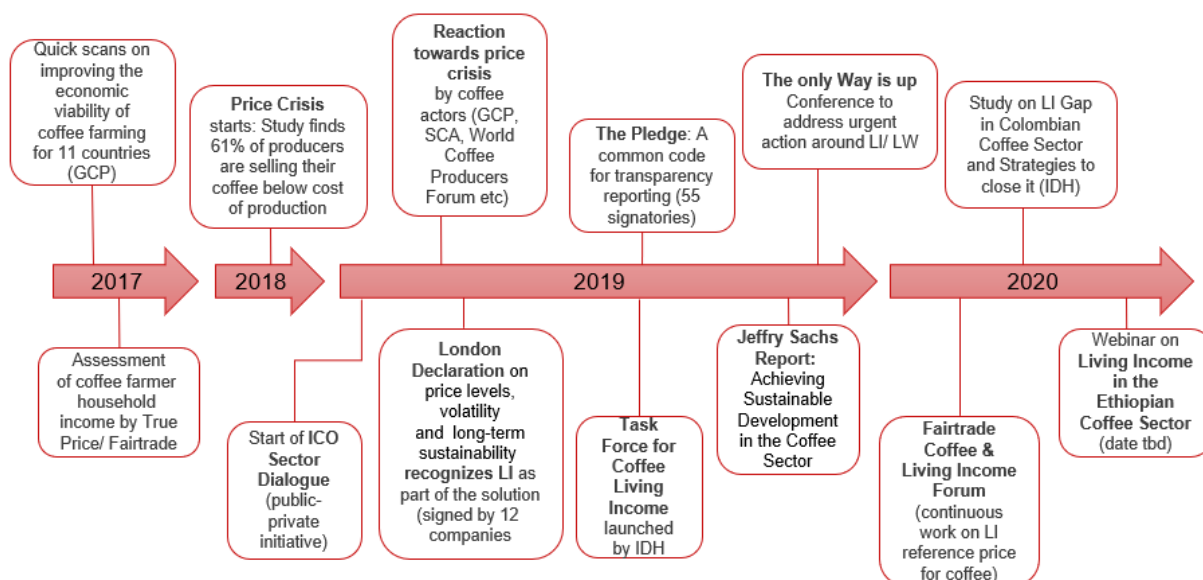


Figure 2 Evolution of the coffee sector towards living income

Randi Wagener also highlighted that securing higher incomes for smallholders is an overarching goal of GIZ’s current coffee projects. In Ethiopia, GIZ and its partners are working on establishing a sustainable production region in which smallholder coffee farmers can generate higher incomes. This is approached by providing producer trainings to increase quality and productivity and by facilitating access to international markets.

Drawing from key findings of a recently published report by IDH led **Taskforce for Coffee Living Income**, **Ashlee Tuttleman** showcased how the different realities and potentials of small, medium and large coffee farmers in Colombia could be harnessed through various sourcing and pricing strategies. She concluded that farmer segmentation is crucial since living income gaps of farming households supplying to different sourcing archetypes widely differ just like

the needed smart-mixes of interventions. Stay tuned for the foreseen follow-up study in East Africa!



Figure 3 Living income gaps for different sourcing archetypes in Colombian coffee sector

Finally, **Judith Fraats**, Senior Program Manager for tea at IDH, **Eberhard Krain**, and **Claudius Bredehöft**, both planning advisors at GIZ, presented their views on lessons learnt from the Malawi Tea 2020 project. According to Eberhard Krain this tea project was a very helpful “laboratory” not only for piloting measures like capacity trainings to improve yields and good agricultural practices; but also, to provide hands-on experience on how to integrate and interlink activities both related to living wages and living income, since both topics are equally important in the tea sector. Nevertheless, he also stressed: “It is important to work on living income not in isolation but in connection with other human rights and sustainability themes.” Judith Fraats pointed out that a level playing field among producing countries is highly needed to not undermine sustainability achievements by a loss in global competitiveness. Building on lessons learnt from Malawi Tea 2020, both GIZ and IDH will broaden their living wage and living income work in tea to further East African countries like Ruanda, Tanzania and Kenya.

You are interested in deepened conversations or have open questions? Directly reach out to the speakers:

- Beate Weiskopf (GISCO): beate.weiskopf@giz.de
- Antonie Fountain (VOICE Network): antonie@voicenetwork.eu
- Randi Wagener (GIZ - Coffee): randi.wagener@giz.de
- Ashlee Tuttleman (IDH – Coffee): tuttleman@idhtrade.org
- Judith Fraats (IDH – Tea): Fraats@idhtrade.org
- Eberhard Krain (GIZ): eberhard.krain@giz.de
- Claudius Bredehöft (GIZ): claudius.bredehoeft@giz.de

For a more comprehensive introduction to the living income concept, please refer to the website of the Living Income Community of Practice: <https://www.living-income.com/measurement-living-income>.

Post-reads

Cocoa

- [VOICE Network \(2020\): Necessary Farm Gate Prices for a Living Income](#)

Coffee

- [London Declaration on price levels, price volatility and the long-term sustainability of the coffee sector](#)
- [Jeffrey Sachs et. al. \(2019\): Ensuring Economic Viability & Sustainability of Coffee Production](#)
- [Taskforce for Coffee Living Income \(2020\): Fact-based exploration of the living income gap to develop effective sourcing and pricing strategies that close the gap](#)

Tea

- [Malawi Tea 2020: Annual Progress Report 2019](#)