

LEARNING BRIEF

Living Income in Latin America: Towards a Prosperous Future

Colombia 5-8 November, 2024



The Living Income
Community of Practice

LIVING INCOME IN LATIN AMERICA: TOWARDS A PROSPEROUS FUTURE

Contents

<u>2</u>	Living Income in Latin America: Towards a Prosperous Future - Introduction
<u>3</u>	Learning Journeys
<u>5</u>	• Cocoa Learning Journey
<u>6</u>	• Coffee Learning Journey
<u>7</u>	Living Income in Latin America: Towards a Prosperous Future Workshop
<u>8</u>	• Living Income in the Region
<u>9</u>	• Getting Started
<u>11</u>	• Supporting Meaningful Due Diligence on Living Income: Understanding the Challenges and Aligning on Opportunities for Joint Action
<u>14</u>	• Tailored Solutions for Developing Impactful Living Income Interventions - Lessons from Coffee and Cocoa
<u>17</u>	• Living Income: Environmental and Economic Resilience
<u>21</u>	• Purchasing Practices and their Role in Enabling Farmers and Farmer Organisations to Prosper
<u>26</u>	• Best Practices in Living Income Measurement
<u>30</u>	• Key Takeaways From our Time Together
<u>31</u>	Thank you

LIVING INCOME IN LATIN AMERICA: TOWARDS A PROSPEROUS FUTURE

Introduction

At the start of November 2024, the Living Income Community of Practice (LICOP), with the support from the **UK International Development from the UK government, the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH and IDH**, brought together experts from NGOs, governments, practitioners, and business representatives for our annual workshop. This event, along with our learning journeys, was a unique opportunity to deepen engagement, foster collaboration, and share knowledge among stakeholders dedicated to advancing living income initiatives across Latin America.

The workshop allowed participants to deep dive into the available data and experiences within the current innovations underway in the field of living income within Latin America.



Hosted by:

**The Living Income
Community of Practice**

With the support from:



Implemented by



Supported by the



Supported by the



Implemented by



SMALLER GROUP LEARNING JOURNEYS BEFORE THE WORKSHOP LET A DIVERSE SET OF PARTICIPANTS EXPERIENCE AND LEARN ABOUT COFFEE AND COCOA FARMING SYSTEMS TOGETHER.

For more details see the next three pages

LEARNING JOURNEYS

5 - 6 November

Learning and creation of systemic solutions requires active listening and an open mind. **Directly before the workshop in Bogotá, Sustainable Food Lab facilitated two two-day learning journeys** – one focused on cocoa and the other on coffee.

Each trip had approximately 20 attendees, representing diverse supply chain stakeholders, including brands, traders, implementing organisations, and government initiatives. Learning journeys differ from an ordinary “field trip” as they focus on recognising personal assumptions, reflecting, and engaging in group debriefs.

These two learning journeys offered workshop participants an opportunity to learn, reflect, and discuss with peers while connecting directly with producers and their communities.



The cocoa learning journey visited farms near Neiva, Huila. For this trip, LICOP partnered with the USDA program Colombian Cacao and Complementary Crops for Development (C4D) and the Solidaridad Asómbrate agroforestry program.

The coffee learning journey visited farms near Riosucio, Caldas. For this trip, LICOP partnered with Keurig Dr Pepper and Canadian coffee exporter company RGC, as well as IDH, Nespresso, and Colombian trader Cafexport.



COCOA LEARNING JOURNEY

5 - 6 November

On the first day, participants spoke with producers about the successes and challenges they have faced in adopting good agricultural practices to improve yield and income.

Each producer came from a different perspective but they had all experienced a virtuous cycle in which they worked hard to prune their cocoa trees and build soil health, resulting in higher yields and increased income. The group also visited a coop diversification program on tabasco pepper to learn how crop diversification can improve the financial resiliency of a farmer enterprise.

The second day was focused on a visit to a producer enrolled in the Solidaridad Asómbrate program, which pays cocoa and coffee producers – through the Rabobank ACORN platform – for the carbon they sequester on their farms through implementing agroforestry systems. The journey ended with a visit to a cocoa buying centre to hear about a youth-driven cooperative, the challenges with working capital, particularly under the current high prices, and their dreams for the future which include a retail chocolate shop.



Farmers presenting at the cocoa learning journey.

Cocoa Voices from the Field

“The biggest challenge is for farmers to understand agroforestry. Culture, education, and the family situation are the factors that influence farmers willingness to change practices.”

– Jacinto Guitierrez Calvedes, Asombrate farmer

“I would like to export myself, but there are so many intermediaries, that it is difficult.” – Argenis Oso, cocoa farmer

“There used to be only one thing to visit in the community, now we have created more for people to see – birds, artisanal products and cacao.”

– Producer couple with a small agri-tourism business

COFFEE LEARNING JOURNEY

5 - 6 November

On the first day, participants learned how the La Vereda KDP / RGC partnership program improves farming household net income through a package of three layered interventions:

1. Multi-year volume commitment,
2. Negotiated preferred price, and
3. Targeted impact investment including coffee renovation, intercropping with plantain, and the establishment of food gardens to boost household net income.

They also visited the Las Manos del Café Project, which improves the well-being, working conditions, and professional viability of agricultural workers and their families.

On the second day, the group met Jaqueline and her husband, long-time Nespresso suppliers, who shared their journey to becoming a viable ‘farming business’. With the support from Nespresso agronomist Olga, they improved record-keeping, allowing them to better manage their farming cost and agricultural practices, increasing their production and income. The group also met a farmer involved in a new partnership with IDH and UBEES, learning about Nespresso’s support for income diversification through beekeeping and the challenges and opportunities of supporting producers’ transition towards regenerative agriculture, focusing on low-carbon farming and improving soil health.



Speakers on site at the coffee learning journey.

Coffee Voices from the Field

“Before I was shown how to record and understand my farm costs, I was blind, now I see my farm as a business.” – *Doña Jaqueline*

“These activities (with RGC) are truly different; they are very engaging and make us active participants, rather than just receiving training. This involvement allows us to fully engage and benefit from the experience”
– *Coffee producer*

Don Juan: “Growing my income over the last few years since I joined the programme would not have been possible without the strong support and friendship of RGC’s Agronomist Alonso” – *Don Juan*

DURING THE LICOP WORKSHOP, WE GATHERED INSIGHTS ON THE WORK BEING CARRIED OUT IN THE REGION.

This is what our participants shared with us

Living Income work in the region



Strategies to close the income gap



Production & Quality



Prices & Trading Practices



Landscapes & Community Development



Sector & Government Policy

Organisations that shared their work on living income during the workshop



GETTING STARTED

Between November 5-8 2024, 80+ participants from cooperative leadership and producers, local and international NGOs, representatives from the Colombian government, brands, trading houses, and academics gathered in Bogotá for the Living Income Community of Practice workshop to engage in rich discussions, exchange best practices, and explore innovative strategies and joint actions to advance living income in Latin America.

Along with facilitated panel discussions, the workshop focused on small group discussions among participations. This report will provide insights to both types of discussions.

The workshop and learning journeys were a unique opportunity to deepen engagement, foster collaboration, and share knowledge among stakeholders dedicated to advancing living income initiatives across Latin America.



Georgina Barker (Foreign, Commonwealth and Development Office)



Susana Loaiza Zuluaga (IDH - The Sustainable Trade Initiative)



Nina Kuppetz (Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH)

THIS WORKSHOP EXPLORED THE FOLLOWING THEMES:

- **Supporting Meaningful Due Diligence on Living Income: Understanding the Challenges and Aligning on Opportunities for Joint Action**
- **Tailored Solutions for Developing Impactful Living Income Interventions - Lessons from Coffee and Cocoa**
- **Living Income: Environmental and Economic Resilience**
- **Purchasing Practices and their Role in Enabling Farmers and Farmer Organisations to Prosper**
- **Best Practices in Living Income Measurement**

This report provides a summary of the discussions and insights shared during the [Living Income in Latin America: Towards a Prosperous Future workshop](#).



SUPPORTING MEANINGFUL DUE DILIGENCE ON LIVING INCOME: UNDERSTANDING THE CHALLENGES AND ALIGNING ON OPPORTUNITIES FOR JOINT ACTION



María Ximena Serrano Corredor, Gabriel Cardenas Barrera, João Carlos Schmolz de Mattos, and Paolo Muschi on stage.

Speakers:

- María Ximena Serrano Corredor, Deputy Director of Quality and Sustainability, ProColombia
- Gabriel Cardenas Barrera, National Program Officer, Embassy of Switzerland in Colombia
- João Carlos Schmolz de Mattos, Commercial Director, CLAC Latin America
- Paolo Muschi, Sustainability Execution Manager LatAm-Coffee, ofi

Moderator:

- Antonie Fountain, Managing Director and co-founder VOICE Network (cocoa) and co-founder at VOCAL Alliance (coffee)

The session emphasised the importance of the inclusion of living income within the scope of the due diligence framework set up by the EU Corporate Sustainability Due Diligence Directive (CSDDD) and the exceptional opportunities to address livelihood in a holistic way that this offers.

SUPPORTING MEANINGFUL DUE DILIGENCE ON LIVING INCOME: UNDERSTANDING THE CHALLENGES AND ALIGNING ON OPPORTUNITIES FOR JOINT ACTION

The need for more awareness-raising and guidance was highlighted when the audience answered questions on their knowledge and understanding of the CSDDD:

- 5 % knew well what was in the content and scope of the CSDDD
- 12% clearly understood the role their organization should play in the implementation of due diligence
- Less than 5 % are setting policies, changing procurement practices, reporting, or generally changing the way they do business in expectation of the due diligence legislation.

Antonie Fountain, Managing Director and co-founder **VOICE Network** (cocoa) and co-founder at **VOCAL Alliance** (coffee), gave an overview of the content and scope of the CSDDD, including key levers to address living income.

Fountain explained the six steps in the due diligence process laid out in the Directive and emphasised its purpose - to identify problems, not hide them. Unlike the EUDR, which regulates products, the CSDDD focuses on companies and their activities throughout the supply chain. The Directive creates a level playing field for the 27 EU member states and is a huge step forward for meaningful engagement on the topic.

Key levers to address living income include good agricultural practices, good governance and regulation, and responsible procurement practices. Procurement practices in their entirety – living income reference price (LIRP), cash transfers, long term contracts, grievance mechanisms, transparency – are all key levers that companies can influence.

On a joint panel we heard the perspectives of governments in producing and consuming countries, the private sector, and from the producer organisations.



Antonie Fountain presents.

SUPPORTING MEANINGFUL DUE DILIGENCE ON LIVING INCOME: UNDERSTANDING THE CHALLENGES AND ALIGNING ON OPPORTUNITIES FOR JOINT ACTION

Key action points on due diligence

1. Guidance and Information on Scope and Implementation of Living Income.

More clarity is needed on implementing due diligence on living income, the roles of different actors, and the systems for effective and meaningful practices. For example, it is common to think of CSDDD as a requirement for farmers, but it is companies who need to comply. Companies are allowed to disengage only when they have made all necessary steps to support producers in achieving positive outcomes for human rights and the environment.

2. Inclusion of Smallholders

To achieve the goals of CSDDD, it is paramount to consider how to reach producers, who are dispersed and unorganised, and help them organise for better access to markets and to prevent exclusion from global supply chains.

Access to quality data is key to incorporate small-scale producers in global supply chains. Systems related to data collection / M&E should be set up to also serve producers in making more informed decisions. Businesses and governments should cooperate to make information, which is currently dispersed amongst various private actors and institutions, open and public.

3. Role of Governments

Governments can play a key role in supporting meaningful due diligence by **coordinating and aligning** businesses and producers on joint goals and supporting them with the necessary tools and resources. **Collaboration** between international and national governments is essential to make this work.

4. Role of Businesses

Responsible procurement practices are paramount to addressing the living income gap. Since businesses operate in complex environments, sourcing from many farmers through intermediaries, there is the need for realistic expectations and clear guidance on responsible procurement practice implementation to help adapt to the different realities and types of farmers.

Progressive improvement is how you meet CSDDD requirements, especially for supply chains with large remaining gaps / challenges. Procurement practices and better prices can only be effective when combined with strategies that address systemic issues in tandem with government action.

5. Diversification

There is a high demand for feasible strategies to diversify income and create and retain youth employment in agriculture. Diversification strategies should go hand in hand with creating opportunities for market access and climate mitigation measures.

6. Collaboration

Safe pre-competitive spaces to share data, approaches, lessons learnt was identified, alongside the need to develop joint strategies to help companies eliminate the need for leaving high risk origins, supply chains, or producers.

TAILORED SOLUTIONS FOR DEVELOPING IMPACTFUL LIVING INCOME INTERVENTIONS - LESSONS FROM COFFEE AND COCOA



Participants during the session.

Speakers

- Pablo Ramirez, Chief of Party, Cacao 4 Development
- Andres Acevedo, Lead Agronomist, RGC Coffee
- Allie Straus, Supply Chain Sustainability, Keurig Dr. Pepper
- Diewertje Hendricks, Innovations Manager, IDH

Moderator:

- Stephanie Daniels, Senior Program Director, Sustainable Food Lab

Smallholder farmers often lack access or resources to invest in practices that can optimise the assets they own. This session highlighted programs designed to close the gaps to living income that involve optimisation of smallholders' land and labour, tailored solutions for different farm profiles, and evidence of successful inclusive business models.

TAILORED SOLUTIONS FOR DEVELOPING IMPACTFUL LIVING INCOME INTERVENTIONS - LESSONS FROM COFFEE AND COCOA

The session included the following initiatives:

Cacao 4 Development – This large-scale initiative aims to transform and expand Colombia's cocoa sector. It is grounded in a comprehensive [living income baseline report](#) and offers customised, high-quality technical assistance, improved planting materials, and strengthened cooperatives across all cocoa-growing regions in Colombia.

Keurig Dr. Pepper (KDP) & RGC Coffee: In 2021, KDP launched an innovative pilot program to test a sourcing model designed to significantly enhance coffee farmers' incomes. Collaborating with RGC Coffee and La Vereda, a unique group of indigenous farmers within the Cooperativa de Caficultores de Alto Occidente de Caldas, the initiative focuses on boosting net farmer income through three key interventions:

- A multi-year volume commitment
- Delivery of a negotiated preferred price
- Targeted impact investments

The investment, co-designed by La Vereda leadership and RGC Coffee, includes activities such as farm renovation, intercropping with plantains, and the establishment of food gardens to holistically enhance household incomes. This pilot is providing valuable data and insights on inclusive growth, which KDP aims to replicate and scale in the future.

IDH recently published the [Brewing for Change report](#), which highlights key success factors for fostering inclusive business models. The report is based on an in-depth analysis of 120 value chains and identifies the following critical factors: integrated services, access to finances, income diversification, value created by farmer segmentation, tailored services, and efficiency in extension delivery, especially for the last mile (1 agronomist for every 200 farmers, as opposed to 1 for every 400)

Key Takeaways

- A bundled approach of different interventions is key. Including both commercial trading practices and field interventions as much as possible leads to higher impact.
- Speakers agreed that the key levers they could impact for income improvement were: productivity, yield, labour allocation, cost of production, and diversification. The KDP effort also incorporates longer term purchasing agreements, premium prices, and regular, transparent communication, as well as food security and food gardens.
- Consultation of farmers in the design of interventions yields more successful programs.
- Delivering trainings with local leaders builds on local cultural traditions.

WHAT WE HEARD FROM SMALL GROUP DISCUSSIONS

What are approaches to develop sustained, tailored technical assistance services? How can these be scaled?

- Provide structured and well-delivered technical assistance by highly motivated and well-trained staff.
- Use tailored soil amendments informed by soil analysis.
- Engage farmers through focus groups to understand their priorities and needs.
- Recruit diverse field staff with skills in leadership, communication, agronomy, and a genuine passion for the work.
- Conduct thorough, community-specific baseline studies to understand farming contexts.
- Build partnerships with agronomy and market experts.
- Establish clear KPIs to measure progress and drive continuous improvement.

What are effective approaches to segment farmers and tailor programs to them? What are factors of success to engage farmers and coops in participatory design?

- Farmer segmentation is crucial for understanding farmer risk and identifying the support needed to close income gaps.
- Segmentation should have a clear and specific objective.
- Keep the segmentation process simple—less is more. Ensure the data is relevant and practical for local teams who design and implement farmer services.
- Focus groups can help to speed up the process.
- Key variables for segmentation include productivity levels, farm size, and levels of professionalization. These can guide prioritization and the development of tailored service packages.
- Participatory design should be used to: build capacities, ensure farmers feel heard, cultivate sense of ownership and collective agency, ensure that research will be followed by Action, build trust with the entity providing technical assistance.

What are strategies for developing successful diversification programs for improved incomes and resilience?

- Economic factors: select crops that boost incomes in the short, medium and long term; and conduct good market analysis to identify the qualities and types of products with potential market demand.
- Agronomic factors: suitable for the soils and climate of the region.
- Nutritional factors: consider nutrition and food security of the community.
- Farmers need ownership over the decisions they make for diversification to be successful.
- Criteria for taking advantage of family labour, but not adding undue work for women or youth that takes them away from schooling or other responsibilities.
- Building the capacity of producers and producer organisations is critical so that when the programme ends the work can continue.

LIVING INCOME: ENVIRONMENTAL AND ECONOMIC RESILIENCE



Luis Cardona, María Alexandra Pastrana, and Stefan Ruge on stage.

Speakers

- Luis Cardona, Gerente de operaciones de café, Nespresso
- María Alexandra Pastrana, Representante de productores, SKN Caribecafé
- Stefan Ruge, Gerente de Programa, Hanns R. Neumann Stiftung

Moderator:

- Joel Brounen, Director País Colombia, SOLIDARIDAD

“Youth are coming into a system in which previously the focus was on productivity and not on the ecosystem consequences. There is an additional cost to implementing the environmental practices, but we have a better-quality product, and we are investing in our future” – *María Alexandra Pastrana, coffee producer.*

LIVING INCOME: ENVIRONMENTAL AND ECONOMIC RESILIENCE

This session explored the links between improved income and livelihoods and sustainable agricultural practices that protect biodiversity and capture carbon. This includes agroforestry and other regenerative agriculture practices, which can improve farming efficiency, provide diversified income sources, reduce carbon emissions, and increase resilience against climate change impacts.

Molly Leavens opened the session and framed the discussion by answering the question “*Why link environmental and income impact?*”

1. At the producer household level:
 - a. Income is an incentive and enabler to adopt sustainable practices
 - b. Environmental resilience is essential for a viable future for farming
2. At the company level:
 - a. Long-term supply sustainability and reputation requires producer households to both have decent income and adopt sustainable practices
 - b. Aligning public goals helps to support more effective holistic programs and direct funding more efficiently

Joel Brounen introduced the Asómbtrate program, a carbon payment program implemented by Solidaridad. Data from this program suggests that agroforestry in coffee can impact yield, but this depends on the specific climate conditions of a farm. Agroforestry can reduce production costs, so even if the yield drops, the margin per hectare can be higher in agroforestry systems.

Highlights from panel discussion:

- **Sustained economic incentives**, such as carbon payments and access to credit, are crucial for farmers. These incentives enable farmers to afford necessary inputs, such as fertilisers, and maintain consistent production and sustainability efforts.
- **The economic benefit of biodiversity** can be harder to measure, but some examples of its benefits include pollination, reduced input costs from nutrient cycling, value-add for end consumers, and cleaner water.
- **A producer’s relationship with the extension officer** and bringing good data to the field to show farmers the value of these practices are two factors for successful adoption of environmental practices.



Stefan Ruge and María Alexandra Pastrana on stage.

LIVING INCOME: ENVIRONMENTAL AND ECONOMIC RESILIENCE

What we heard from our small group discussions

Challenges for addressing environmental and livelihoods impact together:

- **Land Tenure and Carbon Rights:** Uncertainty around who holds the rights to carbon credits poses a barrier to equitable benefit-sharing.
- **Carbon Market Regulation:** The absence of clear guidelines on the percentage of carbon payments that should reach producers limits their financial incentive.
- **Measuring Carbon Potential:** Efficient and reliable methods to assess carbon sequestration remain a technical challenge.
- **Long-Term Commitment:** Ensuring producers remain engaged throughout the duration of carbon credit contracts (often ~20 years) is critical but difficult to guarantee.
- **Producer Support:** Financial and cultural barriers hinder producers from adopting sustainable practices, highlighting the need for targeted assistance.
- **Lack of Innovation:** Insufficient access to advanced tools like low-carbon-footprint fertilisers and enhanced soil analysis technologies restricts progress.
- **Limitations of Carbon Metrics:** Carbon dioxide emissions alone do not fully capture the environmental sustainability of practices. For instance, Caravela Coffee farms achieve higher yields and income but also face increased carbon footprints from fertiliser use, despite reinvesting in water-saving technologies.
- **Knowledge Gaps:** Limited awareness of the benefits and impact potential of sustainability initiatives prevents broader adoption.

Sectors need to better address environmental and livelihoods impact together:

- **Demonstration programs** to incentivise the adoption of sustainable practices.
- **Data collection** on the relationships between environmental and social outcomes.
- **Convening spaces** for collaboration and knowledge-sharing.
- **Frontier technologies**, such as satellite technology, to improve implementation and monitoring.
- **Clear economic business cases** for environmental practices, including improved research on cost-benefit evidence.
- **Markets for regenerative agricultural products** to create incentives for sustainable farming.
- **Better understanding of producers' needs** to ensure interventions are relevant and effective.
- **More data to prove the theory of change:** demonstrating that as income rises, farm practice adoption increases, and that climate resilience leads to higher incomes.
- **Regulation** that aligns and integrates environmental and social outcomes.

LIVING INCOME: ENVIRONMENTAL AND ECONOMIC RESILIENCE

Highlights from participant discussion

Success factors for addressing environmental and livelihood impact together:

- **Carbon bonuses and payments for ecosystem** services to incentivise forest conservation.
- **Technical assistance** to support producers in adopting innovative and sustainable systems.
- Establishment of **agro-business schools** to build producer capacity and resilience.
- **Market connections** for producers, linking them to both agricultural and carbon markets.
- Providing **transparency in production costs** to enhance financial planning and decision-making.
- **Delivering actionable data back to producers** to foster continuous on-farm learning and improvement.
- **Collaborative program development** with farmers to ensure relevance and feasibility.
- Striking a balance between **livelihoods and environmental benefits** by designing incentives that drive producer adoption. An integrated approach, combining environmental stewardship with economic benefits, is essential to motivate producers to prioritise environmental protection.
- **Prioritising climate mitigation actions** that deliver short-term income benefits for producers. Where short-term benefits are not achievable, **subsidies** should be provided to close the gap.
- Conducting **soil analysis** to inform and optimise sustainable farming practices.
- Ensuring an **integrated approach to human rights and labour issues**, with a focus on high-risk sectors such as palm oil and sugar.
- Promoting **industry alignment** to drive collective action and consistency in sustainability efforts.
- Incorporating **climate risk assessments** into cost-benefit evaluations of recommended practices to enhance decision-making.
- Embedding **risk and resilience factors** into the living income framework to ensure long-term sustainability and stability for producers.
- Actively **engaging youth** in agricultural and sustainability initiatives to build the next generation of leaders.
- Implementing a **cost-plus model**, where producers receive the cost of production plus an additional margin (e.g., 15%) to ensure fair compensation.

PURCHASING PRACTICES AND THEIR ROLE IN ENABLING FARMERS AND FARMER ORGANIZATIONS TO PROSPER



Christina Archer, Dr. José Leibovich, Victor Enrique Cordero Ardila, Carla Veldhuyzen, and Tom Van den Steen.

Speakers

- Dr. José Leibovich, Federación Nacional de Cafeteros de Colombia
- Victor Enrique Cordero Ardila, Red Ecolsierra, Colombia
- Carla Veldhuyzen, Fairtrade International
- Tom Van den Steen, Impact Coach, Rikolto

Moderator

- Christina Archer, Strategic Adviser, Sustainable Food Lab

Purchasing practices are fundamental to successful supply chains, and traditionally have focused on elements such as contract terms, pricing, and quality specifications. But we are seeing movement towards more responsible purchasing practices, that look at more shared responsibility, length and terms of agreements and contracts, and risk sharing mechanisms such as pre-harvest finance or guarantees.

They have the potential to be an important driver of farmer (and their associations') income, profitability, and resilience.

PURCHASING PRACTICES AND THEIR ROLE IN ENABLING FARMERS AND FARMER ORGANIZATIONS TO PROSPER

The session started with examples of frameworks developed by the [Ethical Trading Initiative](#) and [IDH](#) on the topic of responsible purchasing practices that capture key principles and practices. It then delved into why and how responsible purchasing practices are a fundamental enabler to achieve living incomes for producers, bringing powerful insights from the panelists, and helping participants understand which practices maybe critical for enabling farmers to both stabilise and grow their incomes towards prosperity.

The Federacion Nacional de Cafeteros (FNC) is one of the most well-known farmer federations in the world, and their Director of Economic Research, **Dr. José Leibovich**, introduced participants to the FNC's '[Guaranteed Purchase Programme](#)'. This is an extensive system that guarantees to purchase 20% of production of its members using the National Coffee Fund, which helps to stabilise producers' income from coffee sales. This is especially important during times of volatile market price swings, and reduces the risk and uncertainty faced by producers. Although the guaranteed market has been well appreciated by their members, they would also like to see a minimum price – but unfortunately the Fund is not sufficient to cover this at this time.

Dr Leibovich shared lessons learnt, including the need to find mechanisms to tackle defaults from farmers and cooperatives when spot prices for coffee boom, and also finding additional ways to incentivise farmers by rewarding specific quality and sustainability parameters through pricing premiums.

Cooperative leader **Victor Cordero Ardila** from **Red Ecolsierra** shared examples from his experience on how long-term trading relationships, with two-way open communication between buyer and producer/cooperative was fundamental to establishing and maintaining a successful partnership that resulted in improved incomes for producers. Good commercial practices should be based on trust and long-term relationships throughout the chain – Red Ecolsierra has been working with some clients for over 15 years. Transparency is crucial in both directions: while much attention is given to cooperatives and producers, they often have limited visibility into the downstream processes. A good relationship with a buyer will also help the organisation grow and mature – his cooperative was able to learn how to export directly and move up the value chain, which strengthened their ability to negotiate with other buyers.

Ardila also reminded the audience where the risks lie in the coffee value chain: producers and cooperatives, the weakest part of the chain, bear the weight of financing, exchange rate fluctuations and contractual obligations – this needs to change. However we also need to make sure best practices are based on reality and can be implemented by both sides.

PURCHASING PRACTICES AND THEIR ROLE IN ENABLING FARMERS AND FARMER ORGANIZATIONS TO PROSPER

Fairtrade International's Living Income strategy considers responsible purchasing practices, such as long term commercial relationships, as key component to achieving living incomes, and complement investments in sustainable production and an enabling environment.

Senior Advisor for Sustainable Livelihoods **Carla Veldhuyzen** explained how the Living Income Reference Price can be part of responsible purchasing practices as it gives producers certainty on what price they will receive, and can be a useful negotiation tool between buyer and producers.

As with Red Ecolsierra, Fairtrade's experience also shows how close and transparent relationships between buyers (and their clients further up the chain) and producer organisations are mutually beneficial, and the importance for producers to know who their final buyer is and what the demands of the market are.

Belgian **NGO Rikolto** recently published a summary study of the various living income initiatives they have partnered on with companies in the cocoa sector.

The study concludes that there is ample scope to expand current engagements of cocoa buying companies and support actors alike to develop more inclusive business models that help bridging the living income gap for cocoa farmers.

Impact coach **Tom Van den Steen** shared insights from their analysis, which confirmed that inclusive business practices are essential to ensure that all stakeholders benefit from inclusive purchasing models. These practices should be viable for business while also strongly contributing to farmers' ability to improve their incomes. These practices include creating opportunities for smallholder cocoa farmers, sharing risk, enhancing access to markets, and ensuring fair distribution of benefits across the value chain.

PURCHASING PRACTICES AND THEIR ROLE IN ENABLING FARMERS AND FARMER ORGANIZATIONS TO PROSPER

What we heard from small group discussions

What purchasing practices are most important for enabling farmers to sustainably increase their incomes?

More Fair Payment Terms	Establishing Equal Partnerships	Reducing Volatility and Risk for Farmers
<ul style="list-style-type: none">1. Timely and transparent payments, aligned with cost of sustainable production, agricultural calendar, and recognising added value.2. Transparent pricing that provides producers with visibility to pricing calculations included in contracts. Establish methodologies for cost and income calculations agreed by both sides.3. Support for sustainable practices, by having prices account for labour, financing, and compliance with sustainability standards. Costs for climate adaptation should also be included.4. Supply chain efficiency by reducing operational inefficiencies in cooperatives, and raising awareness of costs at each stage of the supply chain.	<ul style="list-style-type: none">1. Strengthened buyer-producer relations and loyalty by developing long-term, responsible purchasing agreements with clear terms understood and agreed by all. Clearly define buyer-producer responsibilities.2. Provide access to resources such as credit, insurance, and productivity-enhancing investments.3. Increase transparency and collaboration by enabling producers to own and use data for their own informed decision-making. Improve links between international buyers, producers, roasters, retailers, and other actors in the supply chain.4. Role of other actors – it is key to involve retailers in promoting fair practices as well as first buyers. Strengthen collaboration among industry associations, governments, and exporters.	<ul style="list-style-type: none">1. Stabilising income by guaranteeing minimum prices and support funds for resilience in times of crisis (e.g. with government safety nets).2. Increase access to more attractive markets offering differentiated prices. Standardisation of quality and defect parameters can be developed and producers supported to understand and comply.3. Risk management through fair long-term contracts with arbitration for breaches.4. Improved access to financial tools, for example by providing banking services and improved payment systems. Also can consider cash transfer programs for households and communities.5. Policy and platform improvements, such as more unified collaboration between industry platforms like DISCO and GISCO, and taking advantage of market regulations to pass higher margins to producers.

PURCHASING PRACTICES AND THEIR ROLE IN ENABLING FARMERS AND FARMER ORGANIZATIONS TO PROSPER



Participants during group discussions.

Key Takeaways

Responsibility goes both ways: cooperatives (and their members) have responsibilities towards buyers, and buyers to the producers. However, it is important to also have visibility along the supply chain, all the way to the final consumer, with each stakeholder understanding their role.

There is a need to **build trust** and have a dialogue along all actors in the supply chain, starting between producers/cooperatives and their clients, in order to understand each other and develop joint plans and contracts that share risk. For example these could include forward planning, minimum prices that include exchange rates and purchase/sale commitments.

BEST PRACTICES IN LIVING INCOME MEASUREMENT



Kealy Sloan presenting on living income measurement.

Speakers

- David Fernando Mozzo, Project Coordinator, GLZ Colombia
- Dr. José Leibovich, Director of Research Department, Federación Nacional de Cafeteros de Colombia
- Jessica Mullan, Senior Director of Measurement Systems, COSA
- Diewertje Hendricks, Innovations Manager, Intelligence, IDH
- Dr. Marcelo Delajara, Anker Research Institute

Moderator

- Kealy Sloan, Program Director, Agriculture & Development, Sustainable Food Lab

Practitioners and those using living income results for reporting and story-telling gathered for updates from LICOP's Technical Advisory Committee (TAC), including a review of new tools and ongoing work from partner organisations. As part of the TAC's ongoing work, we are striving to create, review and publish guidance that supports aligned measurement across the sector and addresses common challenges.

BEST PRACTICES IN LIVING INCOME MEASUREMENT

The session opened with a reminder on where to find [measurement tools & resources](#) and a deeper dive on the TAC's Guidance on an [Aligned Inclusive Living Income Narrative and Indicators](#). The Guidance aims to reduce the risk of exclusion of farming households furthest from reaching the living income benchmark (as can happen when focusing narrowly on the percent of households that reach or exceed the living income benchmark) by promoting progress metrics, that above all focus on the change in the share of the living income benchmark achieved by the “typical” farming household.

This narrative and its corresponding indicators drive organisations to focus on progress for the “typical” farmer rather than those closest to the benchmark. It provides a motivating factor for companies to stay committed and see smallholder origins as high-impact origins where they can make meaningful progress towards narrowing the living income gap.

The TAC helps LICOP to identify the direction, priorities, and components of our technical work, providing a backstop for the technical guidance and resources we produce. It is composed of experts in farm household economics and characteristics, and income calculation. We meet quarterly to discuss challenges in living income measurement and reporting, and to review and craft guidance - we would love more Latin American participation – if interested, please contact Sheila Senathirajah (Sheila@isealalliance.org).

The session focused on aligned tools and guidance documents, hearing from Sustainable Food Lab, GIZ, the Colombian National Coffee Growers Federation (FNC), COSA, and IDH on open-source tools used to measure and model the narrowing the living income gap, as well as the Anker Research Institute on the living income benchmarking methodology.

Alongside the above-described inclusive living income narrative, **Kealy Sloan** from Sustainable Food Lab presented for the TAC on the set of [inclusive indicators](#) that include:

1. Key indicators for actual income measurement,
2. Progress indicators,
3. High level progress indicators.

Jessica Mullan from COSA presented on:

- The International Coffee Organization actual income studies in Mexico and Rwanda (full indicators can be found [here](#)),
- The DIASCA Farmer Income & Cost of Production Indicator and Methods Guidance (full indicators can be found [here](#)),
- The development of a farmer app for cost of production and income that can help to collect cost of production and income data directly from farmers (more [here](#)).

These tools can be used to build on the LICOP Aligned Inclusive Indicators, elaborating on aligned metrics, definitions, and methodologies.

BEST PRACTICES IN LIVING INCOME MEASUREMENT

David Fernando Mozzo from GIZ presented on the Cocoa Household Income Study (CHIS) methodology that has been used for cocoa growing households in West Africa. This methodology is an open-source guidance that can be used specifically for cocoa growing households and adapted to other sectors, providing guidance on data collection, sampling, enumerator approach and a sample survey. The methodology has been used to illustrate a shared understanding of farming household income in Ghana and will do the same for Cote d'Ivoire.

Dr. José Liebovich from the FNC presented on the FNC's non-monetary method to estimate acute/extreme poverty in Colombian Coffee Households using the Multidimensional Poverty Index (MPI). The MPI provides a complementary approach to the monetary-based living income assessments generally used by companies and organisations which better highlight the role of trade.

The Colombian MPI uses 5 dimensions of poverty: education, childhood & youth, employment, health, and household living standards and assesses poverty to understand incidence of poverty and key challenges. This method works particularly well for government entities as these dimensions fall within the purview of social services provided by the government and provide a complete picture of farmer prosperity and strategies to narrow the gap to a living income when paired with a living income study.

Diewertje Hendriks from IDH presented on the Income Measurement Guidance for primary data collection. This is an easily adaptable survey that is aligned with the aforementioned methodologies and meant to streamline primary data collection, improve resource efficiency and improve comparability across regions and crops.

Hendriks also showcased the Income Driver Calculator which can be used to easily assess the size of the income gap and analyse the impact of different income drivers to identify effective strategies.

Dr. Marcelo Delajara provided an overview of the Anker Research Institute methodology for establishing a living income benchmark. The methodology combines international standards with national standards and local consultation, including focus groups with producers and stakeholder consultations, to establish the cost of a decent standard of living in a particular place. This is a transparent process that includes stakeholder validation to establish a shared understanding of the benchmark for comparison against actual income measurements.

BEST PRACTICES IN LIVING INCOME MEASUREMENT

Key takeaways

- The sector is well-aligned around living income benchmark methodologies and using shared benchmarks to understand the cost of a decent standard of living in order compare actual farmer income and understand the living income gap.
- The Technical Advisory Committee is working to ensure that the sector has aligned tools that are easy to access and free to use for measuring actual income and reporting against the living income benchmark.
- LICOP will continue to work with partners on aligning data toward a shared understanding of actual farmer income in particular geographies to balance the need for measurement with the resources needed to invest in origins to narrow the gap.



Breakout group discussion.



Dr. José Liebovich presenting.



Participants sharing their discussions.

KEY TAKEAWAYS FROM OUR TIME TOGETHER

The workshop highlighted the need for more responsible and inclusive practices to enable living incomes in Latin America. Through expert presentations, case studies, and participant-led discussions, key lessons and insights emerged:

Responsible Purchasing Practices

Responsible purchasing practices play a transformative role in enabling farmers and cooperatives to achieve financial stability and long-term growth. Purchasing practices must evolve from transactional relationships to strategic partnerships, where shared responsibilities and risk mitigation are prioritised to build a resilient supply chain.

Measurement tools

Effective tools and methodologies for measurement and benchmarking are necessary to close the income gap. Combining these tools and methodologies with local insights and international standards allows a better understanding of the situation on the ground. These methodologies are vital for identifying income disparities and creating targeted strategies for improvement.

Collaboration is Key

Collaboration among industry stakeholders - including retailers, NGOs, and governments - is essential. Creating cross-sector partnerships can ensure that insights from data collection and lessons learnt by actors are translated into initiatives that close income gaps effectively.

Inclusion and Representation

Inclusive practices that prioritise marginalised groups, such as women and youth, are essential. Ensuring that data collection and income measurement account for all household members is a critical step towards equitable solutions. Interventions must also focus on the typical farming household, not just those closest to the living income benchmark, to drive meaningful improvement.

Expanding regional participation - particularly increasing representation from Latin America - was recognised as vital for developing strategies tailored to the unique challenges of different regions. Greater diversity in voices ensures more comprehensive understanding and effective solutions.

Commitment to progress

Long-term commitments and trust-building among all actors in the value chain is crucial. Relationships between producers and buyers must go beyond short-term transactions to ones that foster mutual growth, transparency, and a shared vision. This alignment helps stabilise incomes and create pathways for producers to move up the value chain, access better markets, and diversify their income sources.

THANK YOU!



Thank you to the many speakers and our collaborators who helped make this event possible. We encourage you to join the Living Income Community of Practice [newsletter](#) and [LinkedIn Page](#) to stay up-to date on future in-person and virtual events, research papers, and more.

Hosted by:

The Living Income Community of Practice

With the support from:

