

# Living Income Webinar Series

Closing the income gap:

The use of technology to drive consumer action

04 February 2020

The Living Income  
Community of Practice

Supported by the



Federal Ministry  
for Economic Cooperation  
and Development

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**giz**

Deutsche Gesellschaft  
für Internationale  
Zusammenarbeit (GIZ) GmbH



Tea leaves, Kenya © Ola Höiden for Fairtrade



# Today's webinar facilitators



**Sheila Senathirajah**  
ISEAL Alliance



**Poppy Hall**  
ISEAL Alliance

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Cocoa, Ghana © Kate Fishpool for Fairtrade



# Agenda

1. **Introduction** to the Living Income Community of Practice and the concept of living income.
2. **Presentation** by 2 organizations on the use of technology to drive consumer action
3. **Open** Q&A and discussion
4. **CoP** updates



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# The Living Income Community of Practice

**Living Income Community of Practice** is an alliance of partners dedicated to the vision of thriving, economically stable, rural communities linked to global food and agricultural supply chains.



For more information and to join the community visit:

[www.living-income.com](http://www.living-income.com)

Contact: [livingincome@isealalliance.org](mailto:livingincome@isealalliance.org)

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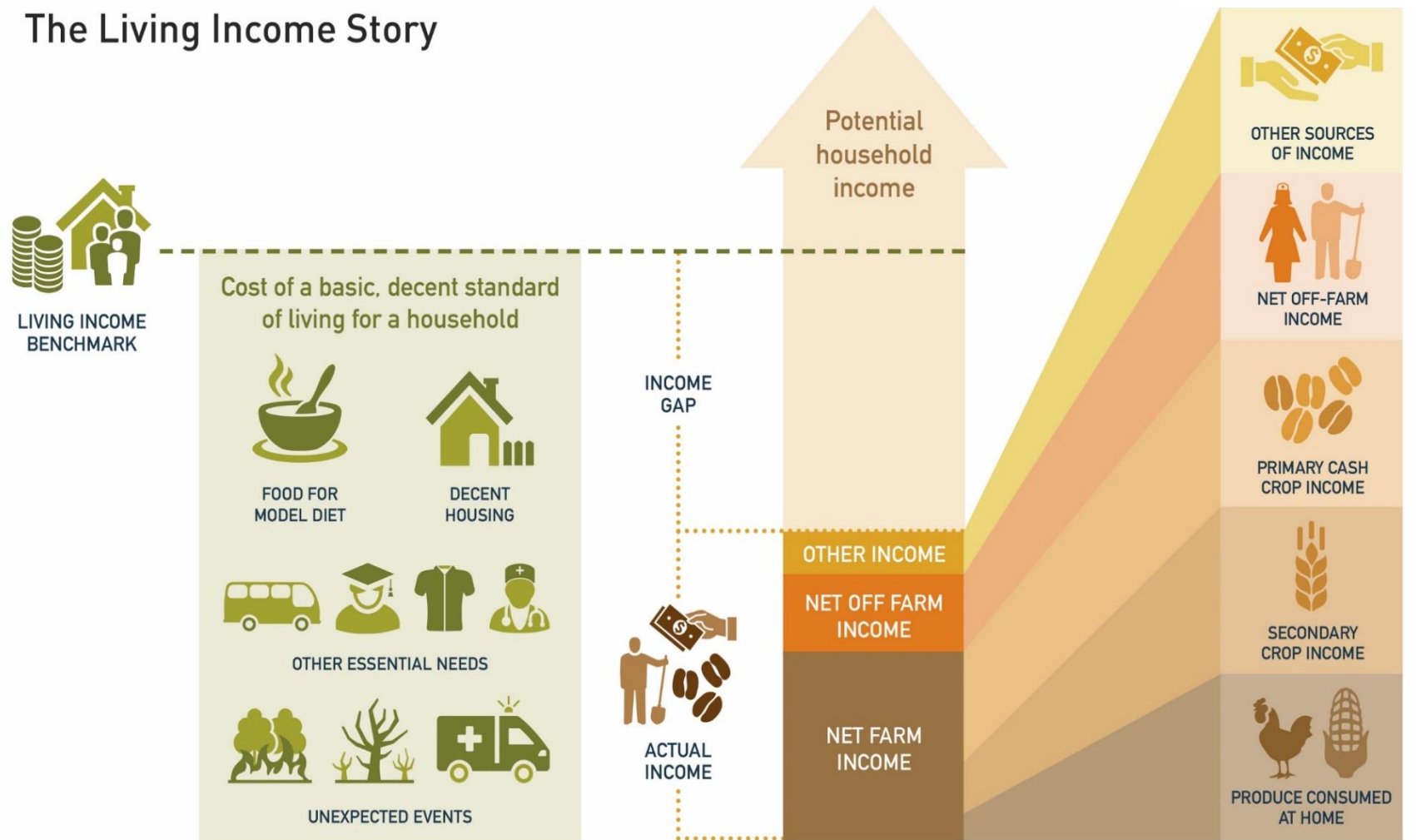
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# The Living Income Community of Practice

## The Living Income Story



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**iseal**  
alliance



# Today's guest speakers

## The Living Income Community of Practice



**Jonathan Funke**  
CEO & Customer  
Happiness  
tip me



**Helen Deacon**  
International  
Cooperation  
tip me



**Guido van Stavaren**  
Founder,  
Fairchain Foundation

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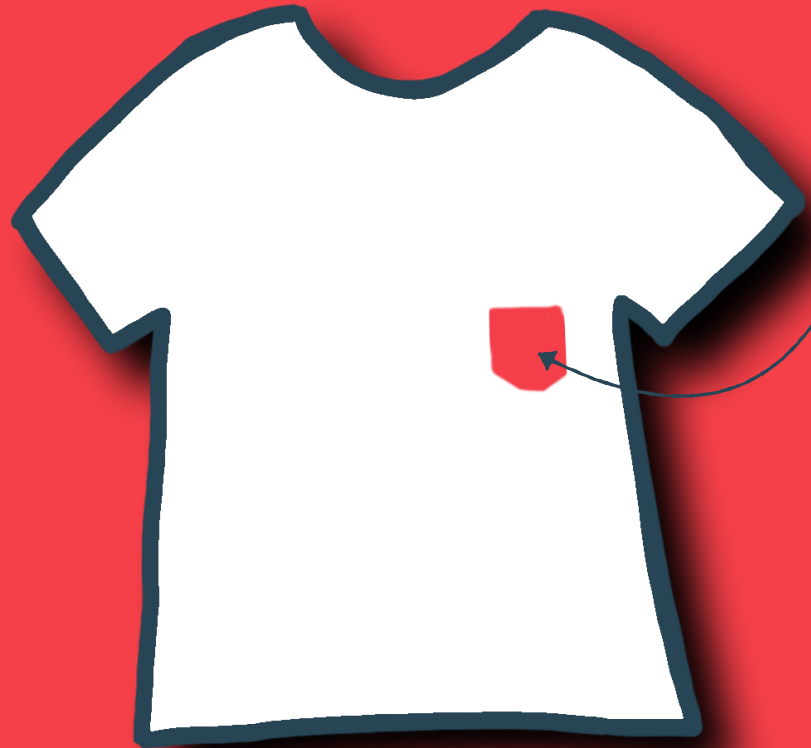




Imagine you could tip  
the people who made your products



# Gap between minimum wages and living wages



**Only 3%**

of the price paid for  
products reach those  
who made them.





direct, transparent tipping  
from consumers to workers

# FAIR SNEAKER ROOT II TRUE BLOOD



€89,90

Incl. tax\* free shipping\*\*

36	37	38	39
40	41	42	43
44	45	46	47

Measurements

Tip the producers of this product ?

How will Muhammad Asghar receive your money?



0 €	1 €	3 €	5 €
-----	-----	-----	-----

What is this?



ADD TO CART



FAIR S

close



## THE PEOPLE BEHIND YOUR PRODUCT

### What's the global tip?

With a small contribution you can leave a special thanks to the people who made your products. In this way you create a direct and secure connection between yourself and the people behind your product. Your tip makes it possible to fulfill individual goals and sustainably improves the living conditions of employees, their families and communities in Pakistan.

### What role does tip me play in this?

tip me enables the technical process and ensures that your tip reaches the workers in Pakistan. All beneficiaries are personally registered and receive their tips via mobile money on their mobile phones or via cash pickup.

### By the way:

athletic is the first company to offer a tip to producers in Pakistan. We're glad to have you on board!

### Tip the producers of this product

0 €

1 €



3 €

5 €


Provided by **tipme**

MEIN WARENKORB

1. Ihre Angaben	2. Versandart	3. Zahlungsart	4. Bestätigung
-----------------	---------------	----------------	----------------

Produkt	Menge	Einzelpreis	Summe
<div><div></div><div><div>Ethletic Fair Sneaker Root II True Blood</div><div>39 (25019-079_39)</div></div></div>	<div><div>1</div><div>+</div><div>-</div></div>	€89,90	€89,90
<div><div></div><div><div>tip me your global tip 3 EUR</div><div>3 (tm_11102019_3-188_3)</div></div></div>	<div><div>1</div><div>+</div><div>-</div></div>	€3,00	€3,00
<div>« Weiter einkaufen</div>		<div>WARENKORB AKTUALISIEREN</div>	


TIP ME



tip me your global tip 1 EUR

Mehr Info »


€1,00



tip me your global tip 3 EUR

Mehr Info »

€3,00



tip me your global tip 5 EUR

Mehr Info »

€5,00

AB IN DEN WARENKORB

RABATTCODE

Rabattcode

ANWENDEN

Zwischensumme exkl. MwSt.:

€78,07

MwSt. 19%

€14,83

Gesamt inkl. MwSt:

€92,90

ZUR KASSE GEHEN



## WHAT MAKES US UNIQUE



human to human

direct connection between  
customer & worker



transparent

trace your tips  
as  
they arrive



no middle men

100% of your tips go  
directly to  
the workers

WIN – WIN – WIN



farmers & workers

tips increase income  
up to 18%



customers

enjoy saying „thank you“  
and giving something back  
directly



brands

make products more  
human & emotional  
and strengthen  
customer retention



## PROOF OF CONCEPT IN PAKISTAN



registration  
tip me team registers  
workers in database  
w/ ID, phone number



tip received  
workers receive  
tip via  
text message



cash pickup  
with ID &  
text message  
at local bank





## WHAT DID THE WORKERS THINK?





**„I made your shoes.“**  
- Mehmoed, 46, Pakistan

Mehmoed arbeitet seit 2008 für Ethletic. Er träumt davon, ein eigenes Lokal zu eröffnen.

Du kannst ihm und seinem Team ein Trinkgeld schicken.



**€1 Trinkgeld an Mehmoed**  
und das Team hinter diesem Schuh

Wie? **An der Kasse**  
oder auf [www.tip-me.org/mehmoed](http://www.tip-me.org/mehmoed)

mit 



100% registration  
rate  
workers love it

visibility  
their work is being  
appreciated

extra money  
which they can spend  
according to their  
needs



## LEARNINGS



- Value of pilot project & focal person to increase trust
- Presentation for workers
- Involving stakeholders in decision-making
- Working on eye-level



KPI'S ETHLETIC



KPI'S BAYTI HIER

**32%**

of customers tip

**3,07€**  
tip per product

**1.549€**  
tips

since October 2019

**63%**

of consumers  
tip

**3,47€**  
tip per product

**539€**  
tips

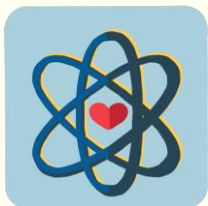
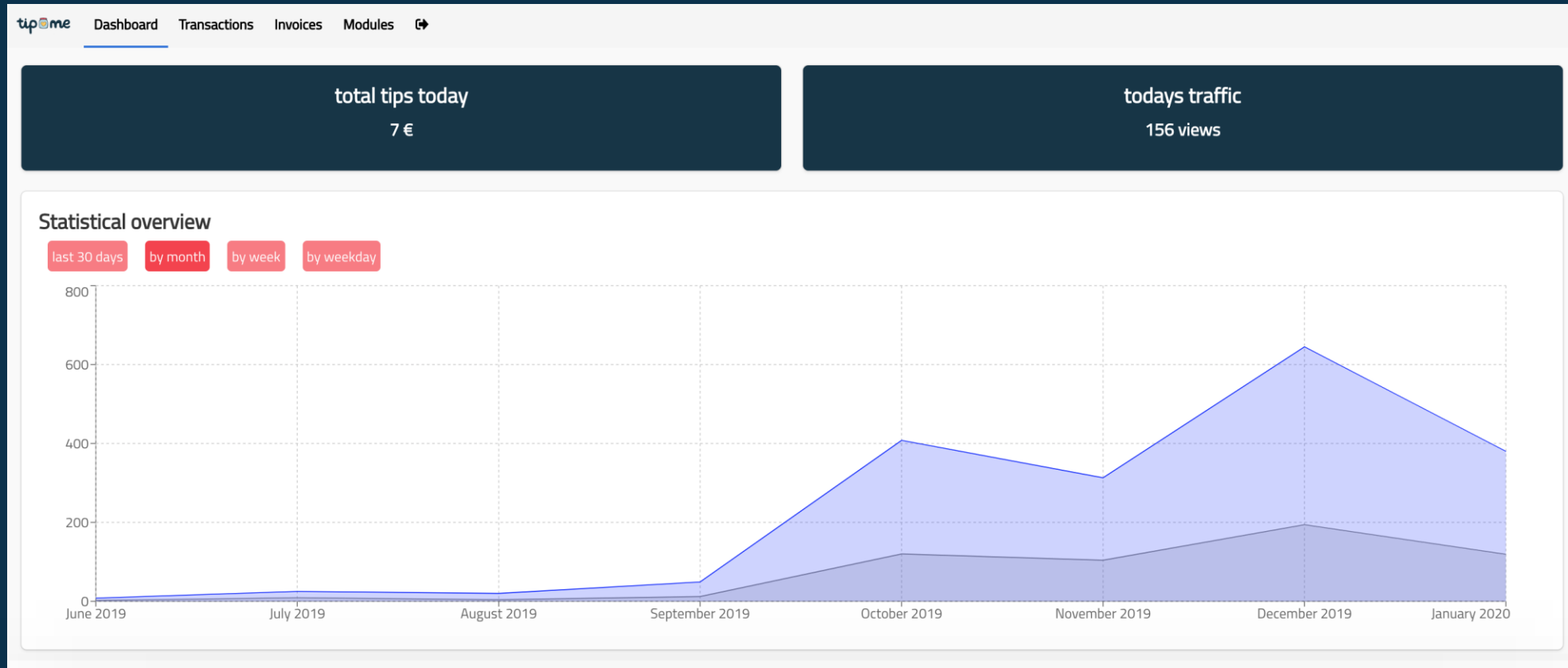
since June 2019

tip is  
**3rd**  
most sold  
product

January 2020, last 100 orders



## REAL TIME DATA



### data on tips

tips given, percentage of customers tipping, increased customer loyalty through tip me and higher retention rates



## LEARNINGS



- Consumer love to tip
- Wishes & photos of producer/s important for a personal connection
- Eager to learn more about the supply chain
- Value the work behind a product
- Increasingly demand fairness & sustainability



## REQUIREMENTS FOR BRANDS

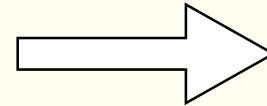
### Who do we work with?



Commitment to ILO working standards  
No child labor, no forced labor, right to unionize etc...



Transparent supply chain  
Contact to production sites



Decent wages  
Commitment to pay at least minimum wages

We're working  
on SCT  
solutions &  
partnerships

## Clients



### 1. REFUGEES IN GERMANY



1. The global tip increases brand value & makes products more emotional
2. 18% increase in income
3. Marketing



### 2. SHOEMAKERS IN PAKISTAN



1. Increased brand value & makes products more emotional
2. 3% increase in income (low-season)
3. Strengthened USP: Media coverage by Galileo/ProSieben, influencers and blogs



### 3. GUARANÁ FARMERS IN BRAZIL



1. Brands look for innovative marketing options
2. Pilot completed, increased cooperation 2020
3. Potential partnership with supermarkets



## CONCLUSION



Customers love to tip and ask for more sustainability & transparency



Huge potential to increase incomes & living standards of workers



Improve image, customer loyalty & pioneer in living wages

## CALL TO ACTION



spread the word



let's implement the global tip



collaborate for higher impact



Let's make globalization  
fair!

Let's go



**Jonathan Funke**  
CEO & Customer happiness

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+49 17672577960



**Helen Deacon**  
International Cooperation

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+49 1775903920





#RadicalEquality

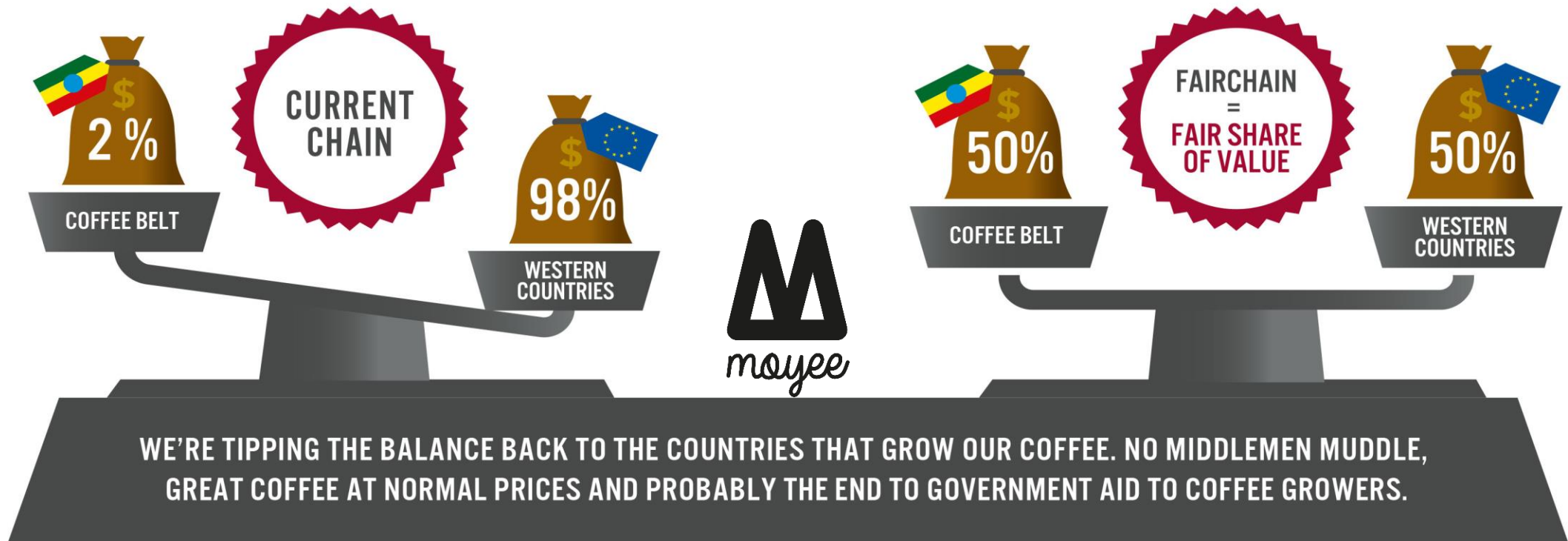


The 21st century demands a new set of instructions:

*"We stand little chance of writing a new economic story that is fit for our times if we keep falling back on last century's economic storybooks."*

**RADICALLY GOOD COFFEE**

# 1<sup>st</sup> FAIRCHAIN COFFEE IN THE WORLD





## THE GREAT DIVIDE BETWEEN GROWING AND ROASTING

99,9% OF ALL COFFEE IS ROASTED HERE



100% OF COFFEE IS GROWN IN THE COFFEE BELT

90% OF THESE COUNTRIES RECEIVE DEVELOPMENT AID



# FAIRCHAIN ROASTING

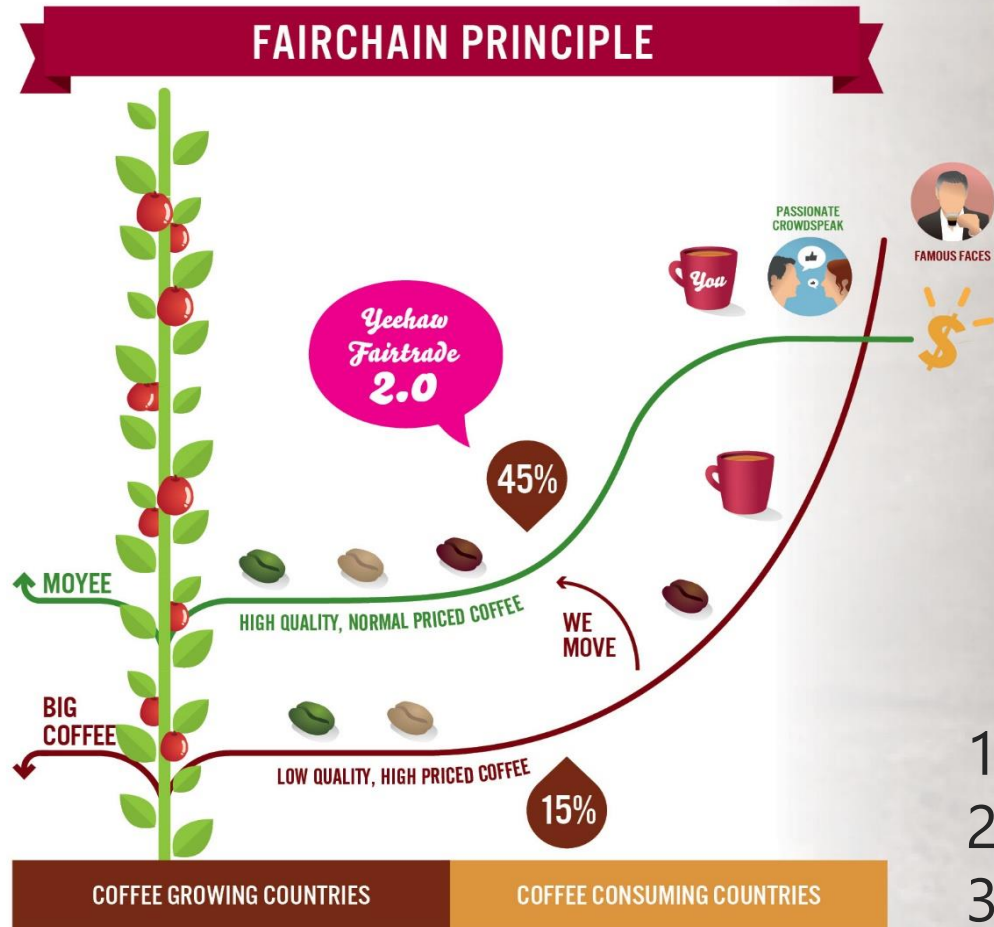
FAIRCHAIN EPISODE 1 . THE SAGA BEGINS





# FAIRCHAIN IN A TWEET

## WE BUILD SHARED VALUE CHAINS



1. VALUE ADD AT SOURCE
2. COMPETE ON QUALITY NOT POVERTY
3. REDESTRIBUTION BY DESIGN





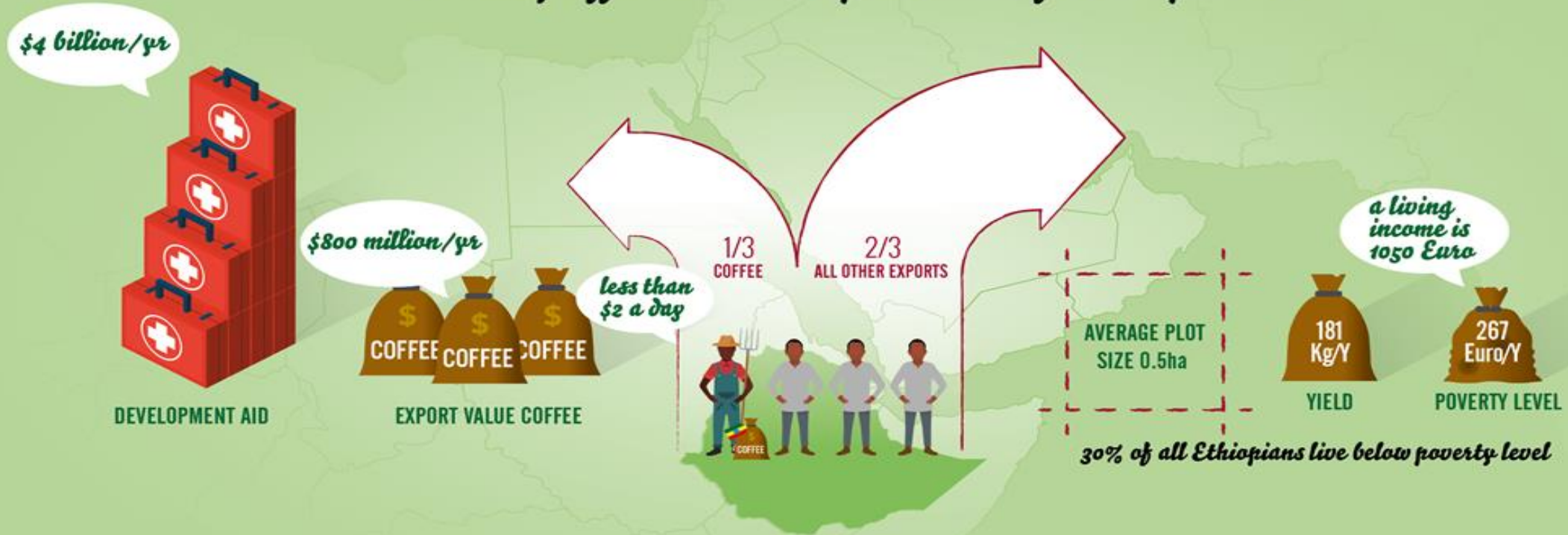
# FAIRCHAIN FARMING

FAIRCHAIN EPISODE 2. THE SAGA  
CONTINUES



# ETHIOPIA, BIRTHPLACE OF COFFEE

*A healthy coffee sector could replace the need for development aid*

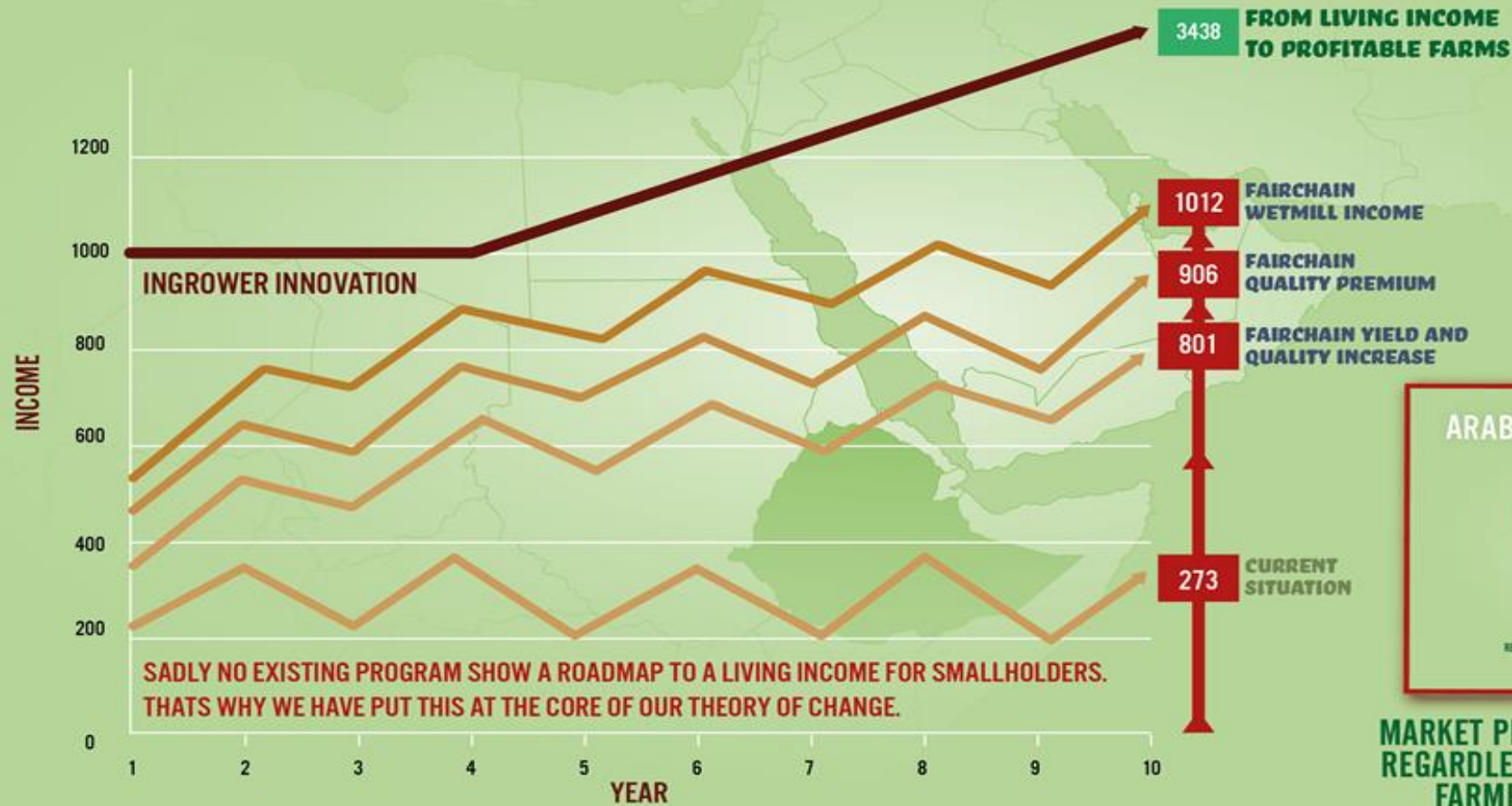


**FAIRCHAIN FARMING MEANS FARMERS AND WORKERS EARN LIVING INCOMES AND WAGES BY MANAGING PROFITABLE FARMS AND GETTING INVOLVED IN VALUE ADDED ACTIVITIES, IN ORDER TO IMPROVE LIVELIHOODS AND COMMUNITIES**



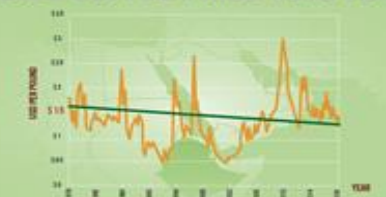
# FROM POVERTY FARMING TO PROFITABLE FARMS

## FAIRCHAIN FARMING INNOVATIONS



*After correcting for inflation farmers only got poorer*

### ARABICA COFFEE PRICE 1978 TO 2018



MARKET PRICE IS THE SAME AS 40 YEARS AGO  
REGARDLESS OF ALL SUSTAINABILITY EFFORTS FARMERS STILL COMPETE ON POVERTY

**MARKET PRICE IS THE SAME AS 40 YEARS AGO  
REGARDLESS OF ALL SUSTAINABILITY EFFORTS  
FARMERS STILL COMPETE ON POVERTY**



# FAIRCHAIN BLOCKCHAIN

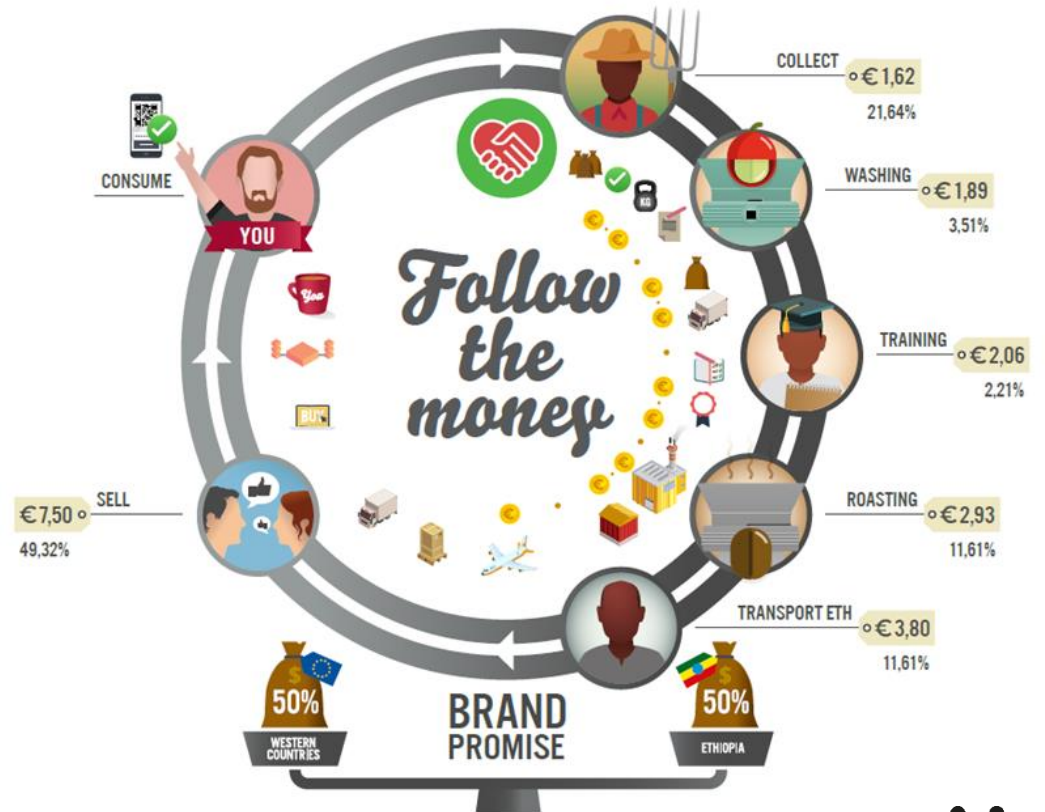
FAIRCHAIN EPISODE 3, CRUSHING THE ORTHODOXY OF FAKE.

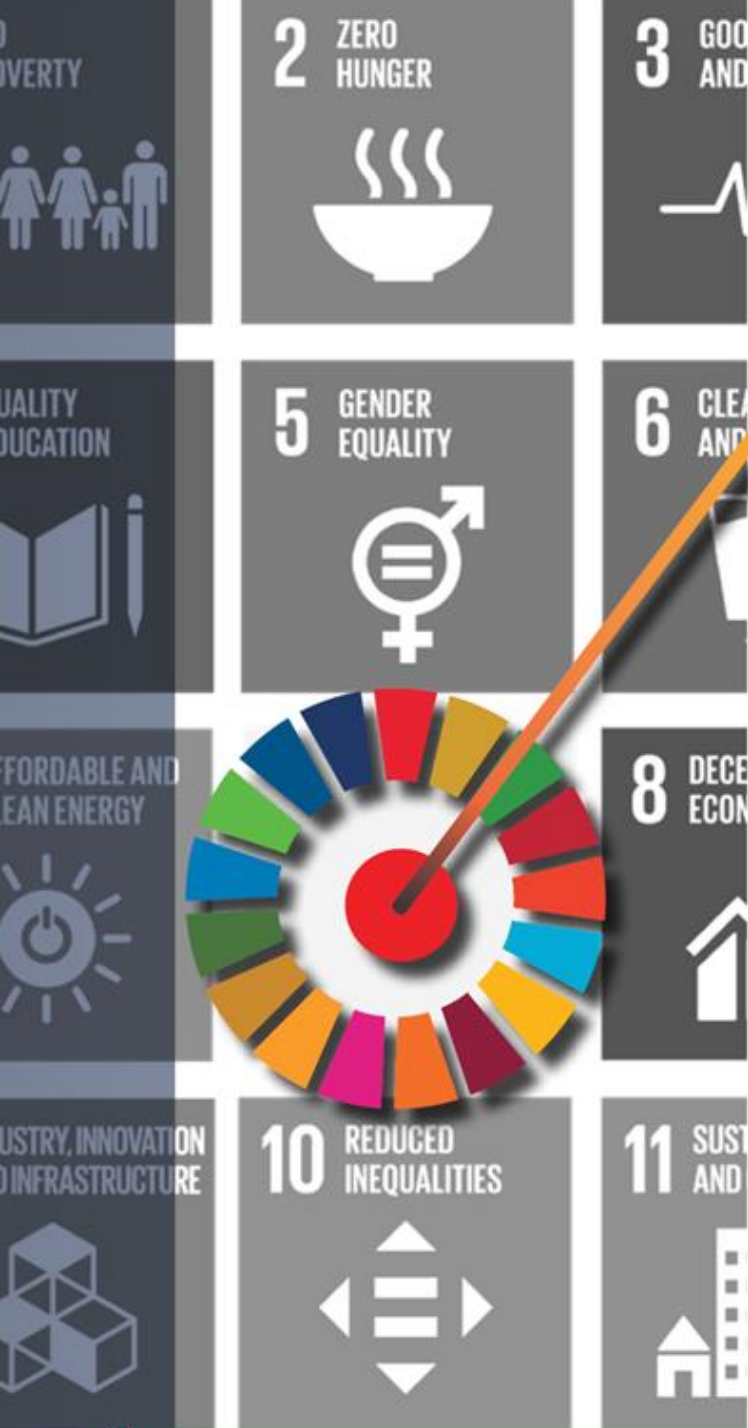


# WHY THE F\*CK BLOCKCHAIN

CRUSHING THE ORTHODOXY OF FAKE

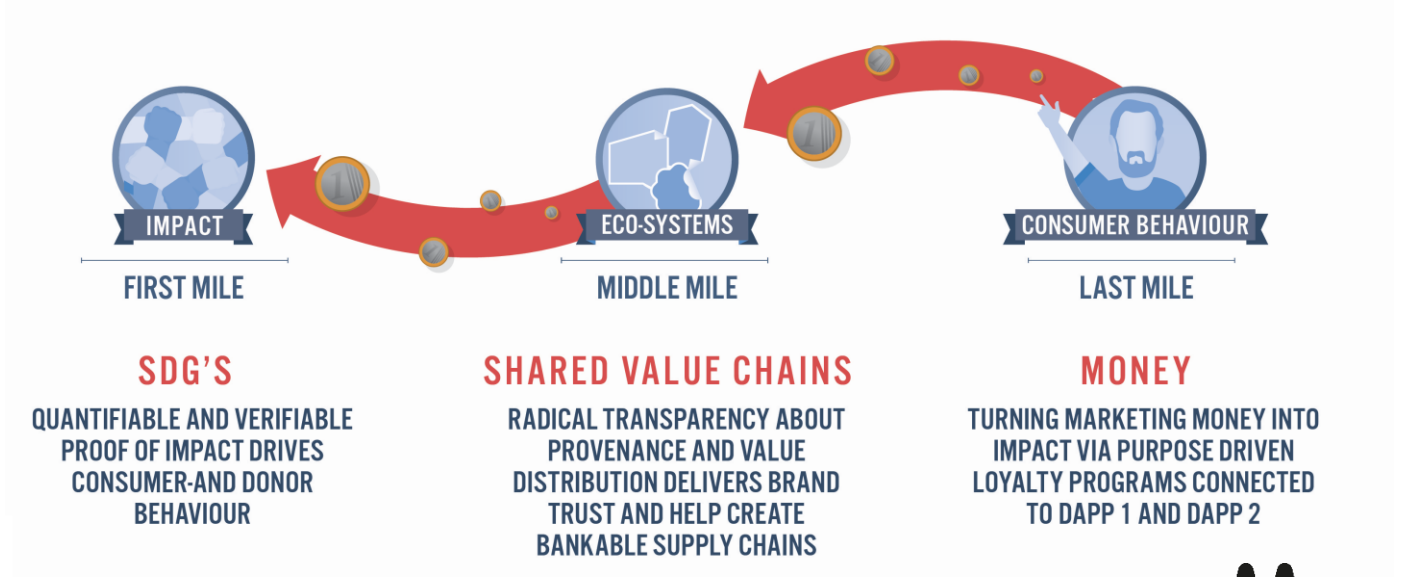
PROMISE OF TRUST  
RADICAL  
TRANSPARENCY  
VALUE  
DISTRIBUTION  
STORY PROVING





THE PROFIT-POVERTY  
PARADOX

# HARNESS THE POWER OF CONSUMPTION AND CHANNEL ITS VALUE THROUGH SHARED VALUE CHAINS TOWARDS POSITIVE EXTERNALITIES





# REDISTRIBUTION BY DESIGN

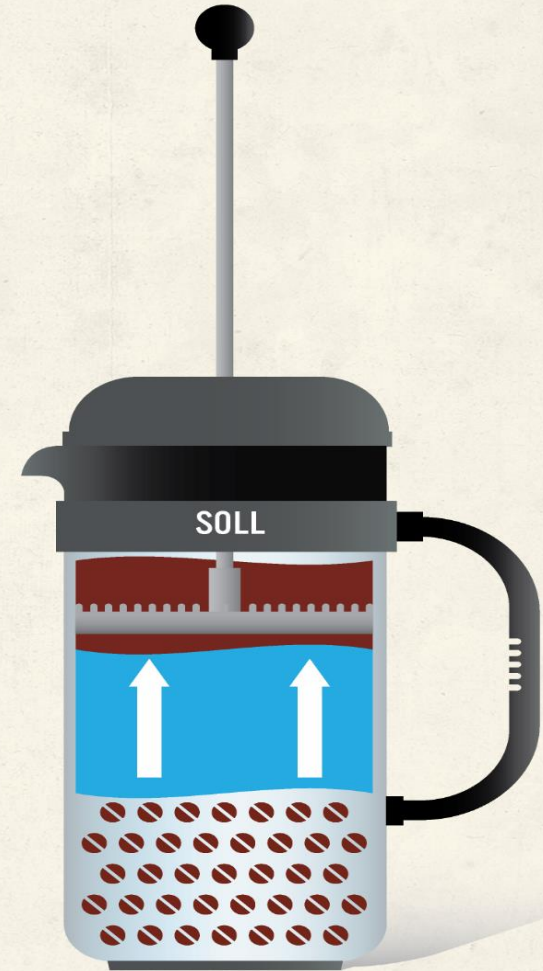
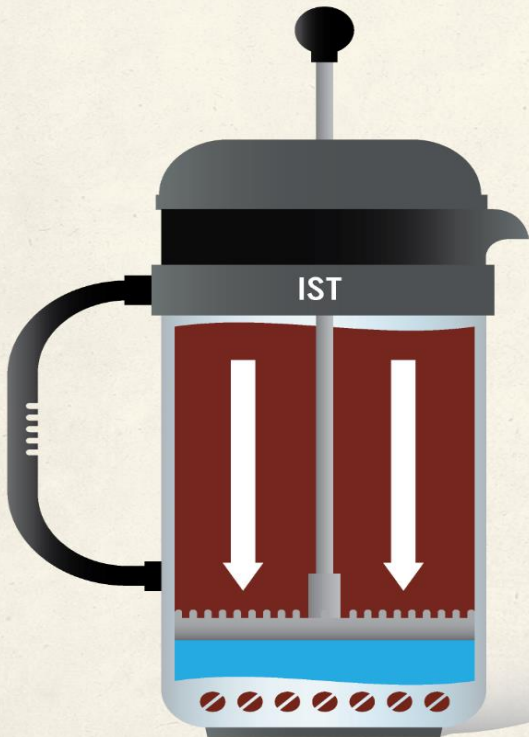
BLOCKCHAIN WILL HELP US REVOLUTIONIZE THE WAY THE COFFEE INDUSTRY IS ORGANIZED AND WILL LEAD TO LIVING INCOME FOR FARMERS, AND IT WILL FREE COFFEE GROWING COUNTRIES FROM THE NEED OF DEVELOPMENT AID.

MARKETING

PROFIT

FARMERS

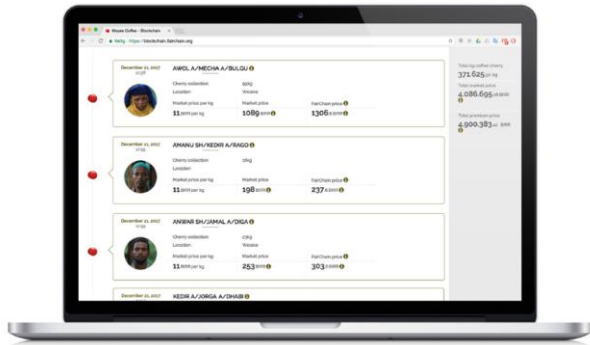
OUR AIM IS TO REDUCE THE NEED FOR MARKETING BY REPLACING IT BY TRACEABILITY AND QUANTIFIABLE IMPACT. THE MOYEE MANTRA IS "YOU PAY FOR QUALITY, THE IMPACT IS FREE". BY REDISTRIBUTING VALUE WE DELIVER ON BRAND PROMISE, KEEP PRICES COMPETITIVE AND QUALITY MAXIMAL WHILE CONTRIBUTING TO OUR ROADMAP TO A LIVING INCOME.





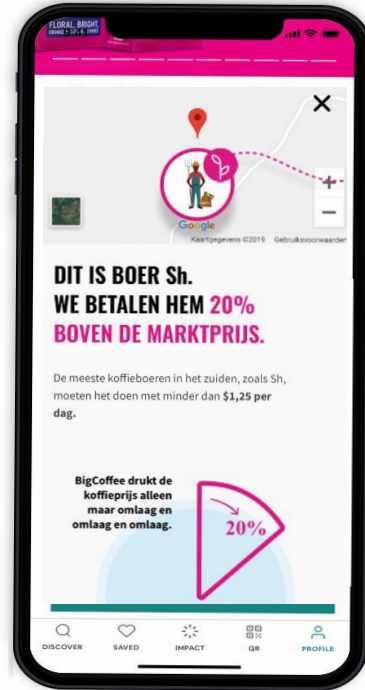
# BEING THE FIRST STAYING THE FIRST BUT THE FAIRCHAIN TECHNOLOGY IS THERE FOR YOU ALL

2017



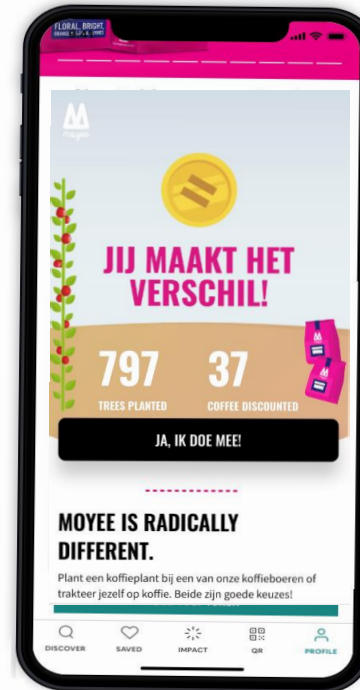
FIRST FARMER  
PAYMENTS  
ON THE BLOCKCHAIN  
& TIP THE FARMER  
WORLD WIDE

2018



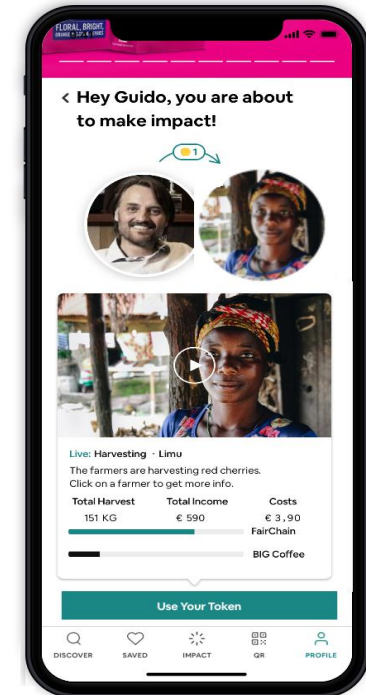
FIRST COMPLETE  
CHAIN  
ON THE BLOCKCHAIN  
INCLUDING  
EARNINGS

2019



FIRST DIRECT  
INVESTMENT  
ON FARMER LEVEL  
WITH LIVING INCOME  
GOAL

2020



STAY TUNED



GET IN TOUCH  
MOYEECOFFEE.COM  
BE A RADICAL BUY EQUALITY





# Questions?

Questions asked	Answers given by tip me
How do you ensure traceability of the money? Do you use Blockchain?	Answer from tip me: We don't use blockchain. We prefer to use solutions that are already established and used on the ground. We send the tips directly to the individual workers via mobile money or bank accounts, depending on the local infrastructure. We track the money at all times and send updates to customers and brands when the money has arrived safely.
Currently it targets workers, what about the cotton farmers, who also often live in extreme poverty?	Our goal is to cover the whole supply chain and collect tips for all workers involved, especially those who live in conditions of poverty. There is still a long way to go and we're still a young startup, but we're doing our best to include everyone. We are now starting our first collaboration with a well-known cotton certifier and will scale this solution after our pilot.
How do you cover the management cost of this tip collection?	In order to send 100% of the tips to the workers, we need the support of our partnerbrands who also do their share. This can be small provision of tipped shopping cards and/or set-up and maintenance fees depending on the size and preference of our partners.
Do you think tip me can be adapted for Business to Business supply chain transactions for industrial commodities?	tip me can be adapted to many sectors and areas. We are building currently pilot programs for B2B use cases in the textile industry. Just reach out to <a href="mailto:jonathan@tip-me.org">jonathan@tip-me.org</a> and we'll discuss how a possible (pilot) project could look like.
I have a question for the tip me presentation. In terms of the potential to reduce the gap on living wages, is the project offering also information to consumers regarding this gap or is this implicit in the tipping options? In terms of the information of where the tips are invested, are the workers themselves adding in the database these data or is it collected by the tip me team?	In Pakistan we've collected the personal wishes of the workers on how they would like to spend their tips. In our pilot the information was gathered manually. Now we've also established a direct communication channel via WhatsApp where workers can keep us updated on their wishes and send us pictures of what they bought. We're also making the registration process quicker by digitilzing it and automating processes. We conducted a survey among the workers and have found out, that more than 46% would like to spend the additional income on their families. 56% said, they want to use the tips to cover basic needs such as food, housing, transport, clothing or health care. In our current solution we do not address a wages gap, as our current partners already pay living wages. The increase in monthly incomes we see due to our programme, however, can be directly translated into closing an income gap. With new partners we can start to use our tool to inform customers about advancements in achieving living incomes.



Questions asked	Answers given by tip me
Fascinating! How are tips split among workers, specifically when there are many factories with manufacturing lines. Is there traceability to understand which worker worked on which styles or products? Does mass balance come into play?	tip me uses a mass balance system to distribute the tips. In factories, the tips are divided among the team according to working hours/days. In the agricultural sector, we can use production data to distribute the tips accordingly. If someone worked full time the whole month, he or she will get more tips as someone who has been on holidays for two weeks. As a product often goes through many different hands, we distribute the tips through the whole team. However, it is extremely important to us to develop the distribution mechanisms with local partners to ensure ownership and to prevent conflicts. This is why solutions are always tailored to local circumstances.
For example, how would this work in a longer supply chain like coffee that goes from grower to aggregator to exporter to importer to roaster?	Most supply chains are complex and involve many people in different parts of the world. Since we want to target global inequalities and make globalization fair, we focus on the producing countries in the Global South, where the money has a higher impact. Currently, we're setting up a living income program with a large green coffee service provider. In this context we generate tips for individual coffee farmers, people who have been severely suffering from the decline of the coffee price.
Thank you!!	You're very welcome! We enjoyed sharing our experiences with tip me and would love to stay in touch. Feel free to send us an email at <a href="mailto:helen@tip-me.org">helen@tip-me.org</a> , subscribe to our newsletter on our website or follow us on LinkedIn, Instagram or Facebook.
sorry, I missed the slide but is one of the requirements for tip me that the producer already pays the local living wage? so that tip me is not substituting for low wages?	Our goal is to establish living wages and incomes worldwide. Therefore, we only work with companies that pay at least minimum wages and show a clear commitment to reach living wages. We understand that many companies are struggling to pay living wages. Here we're open to work together to reduce or close the income gap. If companies do not do their part or even decrease wages, we can not collaborate.
How do you allocate the tips amongst the workers?	tip me uses a mass balance system to distribute the tips. In factories, the tips are divided among the team according to working hours/days. In the agricultural sector, we can use production data to distribute the tips accordingly. If someone worked full time the whole month, he or she will get more tips as someone who has been on holidays for two weeks. As a product often goes through many different hands, we distribute the tips through the whole team. However, it is extremely important to us to develop the distribution mechanisms with local partners to ensure ownership and to prevent conflicts. This is why solutions are always tailored to local circumstances.
How do you fund your organisations? How will they be sustainable (and pay for themselves) in the long term?	As mentioned above, we're receiving a provision from our partner brands, when consumers are using the tipping system. The company improves its image and increases customer loyalty and retention. We need their support to make our work possible and to transfer 100% of tips to achieve maximum impact.

Questions asked	Answers given by FairChain
Question for tip me: Are brands open to matching the consumer contribution in any way to increase impact?	The FairChain approach is that the brand makes its first move and then asks the consumer for support to amplify the impact already created
How do you ensure traceability of the money? Do you use Blockchain?	The FairChain platform is blockchain based to be globally available reducing fiat currency as much as possible with the aim to keep the value IN the impact ecosystem. So consumer channel their procurement value through shared value chains towards impact programs of NGO/Impact partners. This impact tokenomics makes sure use of the money contributes to the theory of change of the brand./ngo and is not used for stuff you can't track and might not want. It is designed to create new sources for NGO projects
Currently it targets workers, what about the cotton farmers, who also often live in extreme poverty?	The FairChain platform is based on individual wallets that can be supplied to farmer, workers, impact programs all connected to the impact goals of choice, Designing this ecosystem and creating the impact roadmaps that lead to meaningful impact events is the hard work we have been focussing on after we introduced the tip the farmer functionality in 2017 which we felt of being a nice start but the real value is in the supply chain and the impact goals.
Fairchain is great and an opportunity for many but very difficult to scale unless policy makers promote tax waivers or similar to promote transformation in producing countries.	FairChain approach is not hindered by any law other than existing trade regulation that indeed are not designed to favor equality. We think that these two forces will indeed need to go hand in hand. Radical new business models that redistribute by design like we help built on the one hand and Governments/laws/taxation on the other (you see a lot of movement related to child labor but also about the coffee tax in Germany > ( <a href="https://www.moyeecoffee.com/moyee-and-fairchain-inspire-the-german-policy-makers/">https://www.moyeecoffee.com/moyee-and-fairchain-inspire-the-german-policy-makers/</a> ))
Is it possible to get data on the issues which are discussed today for conducting research? If available, please give me the contact details.	Yes we have some nice use cases and whitepapers to share. Please contact Guido@FairChain.org
Do you think tip me can be adapted for Business to Business supply chain transactions for industrial commodities?	The FairChain platform supports any interaction between the impact ecosystem, tips, thanks, invest, loans, prepayment, residual value and profit sharing and even ownership agreements, we have use cases in each of them as we are running projects for 3 years with multiple partners and in many industries (honey, cacao, coffee, shoes, flowers, bread, etc)
Fascinating! How are tips split among workers, specifically when there are many factories with manufacturing lines. Is there traceability to understand which worker worked on which styles or products? Does mass balance come into play?	In the FairChain platform the partners can select and identify the impact events that would generate the value distribution. The robust API layer allows to integrate with existing software like ERP, bookkeeping or time registration but also allows very simple web-based solutions or manual data entry. Double handshake mechanism prevents one-sided data control.

Questions asked	Answers given by FairChain
For example, how would this work in a longer supply chain like coffee that goes from grower to aggregator to exporter to importer to roaster?	This is exactly what we have been working on for years. We developed a drag and drop value chain configurator in which you can define the roles and responsibilities and business/impact rules. Our start was in coffee and we moved to cacao and other industries. These learnings we are ready to share as our ambition is to build the wordpress of blockchain, low cost, DIY, template based. Our platform allows for consumer to farmer tipping (we started with that in 2017) but loans, investment in impact programs and especially connecting ALL in the supply chain is the real long term sustainability goal.
Is the Fairchain platform tied to cryptocurrency? Curious how farmers cash out or how to mitigate fluctuations in the currency. re farmers receiving crypto tokens? How do they cash out? Is farmer data secured?	Great question. NO we don't use crypto, We feel that they are intrinsically non democratic, favor few and deny radical transparency. We created a low energy consuming FC platform with stable coins that don't allow speculation or fluctuation. Most farmers work on year basis and thus this allows for great annual stability, The goal is to keep the value in the ecosystem (token economics) with limited need to cash out (eg pay for farm input, training and ngo support with tokens). Our model is focussing on performance based impact programs where NGO's can connect their valuable work to the supply chain to generate new sources of funding. Then money from the consumer/brand is given to farmer for them to buy, instead of get for free, e.g. farmer training. We see higher adoption rates and better services in our use case in Ethiopia. Data is owned by the ecosystem and not capitalized in any way. If needed we have zero knowledge proof system to make sure really private data stays like that. We needed this in our healthcare program.
Question for Guido given he talks about marketing budget. Which brand equity attributes is Fairchain tracking to ensure marketing ROI on the social impact investment turns into consumers loyalty?	We are doing many tests at the moment to validate the premisses that verifiable and quantifiable proof of impact leads to lower marketing spend (lower cost of acquisition, loyalty and longer life time value) we can share the experiment design and learnings and proof. send mail to Guido@fairchain.org.



# Community of Practice Updates

## Event | Living income Workshop 2020

The Living Income Community of Practice will host our next in person workshop with the aim of facilitating conversation and driving for greater action and impact for farmer livelihoods. Find out more about the event:

<https://www.living-income.com/living-income-event-2020>



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Zusammenarbeit (GIZ) GmbH



A freshly-opened cocoa pod, Nicaragua © Sean Hawkey for Fairtrade International

# Stay informed!

## Living income

[www.living-income.com](http://www.living-income.com)

Mailing list: <http://eepurl.com/gMKLgT>

Linkedin group:

<https://www.linkedin.com/groups/13784101/>

## Living wage

<https://www.globallivingwage.org/>

**Questions? Email us at:**

[livingincome@isealalliance.org](mailto:livingincome@isealalliance.org)

**TOOLS** to support organisations in developing their strategies to closing the income gap.

**ALIGN** is a guidance tool for agri-food companies aiming to reduce complexity around the topic of living wage and living income.

**Evidensia** is an evidence platform that aims to make it easy for sustainability practitioners to work with evidence on the impacts of supply-chain sustainability approaches.

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**Thank You!**

