

Living Income Webinar Series

Living Income and Standards Systems: main challenges and cross-sectoral learning

21 May 2020



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Federal Ministry
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Deutsche Gesellschaft
für Internationale
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Today's webinar presenters



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Agenda

1. Living Income concept
2. Standards and living income
3. Strategies to close the income gap
4. RSPO and Fairtrade USA
5. Discussion/Q&A

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Freshly picked coffee cherries in Caldas, Colombia © Sean Hawkey for Fairtrade Max Havelaar.jpg



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
Contact: livingincome@isealalliance.org

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A close-up photograph of a person's hand reaching towards a plant. The plant has large, dark green, glossy leaves. A small, white, fuzzy object is attached to the stem of the plant. The background is a dense, out-of-focus forest. The text "Living Income Concept" is overlaid in white, bold, sans-serif font.

Living Income Concept

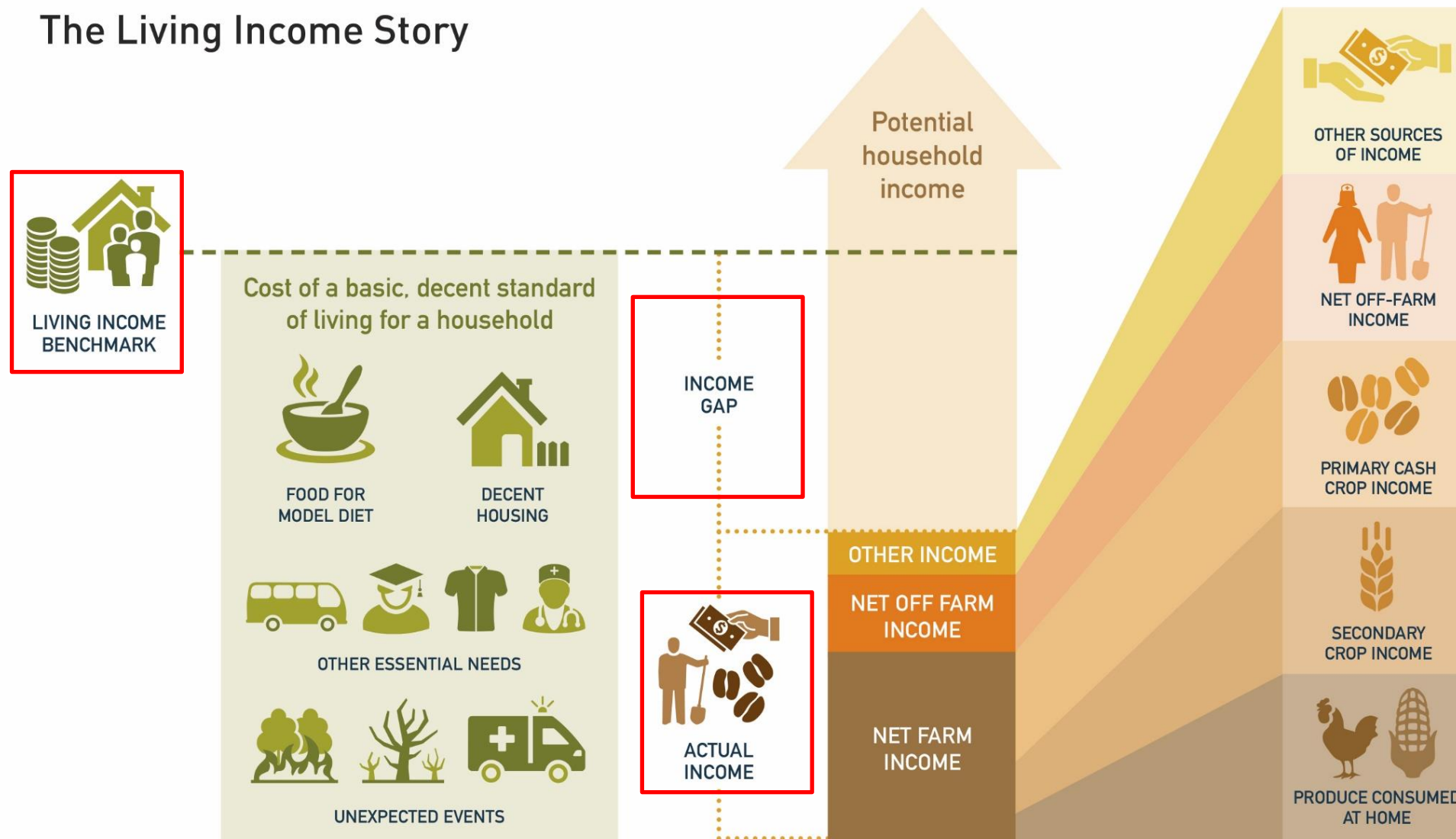
The concept goes a step beyond traditional notions of poverty alleviation that are concerned with basic subsistence and survival.

It puts a strong emphasis on the idea of **decency and earning enough income to live comfortably**.

Living Income is becoming a critical topic and discussions on this are fast gaining momentum and being prioritised.

The Living Income Story

The Living Income Story



Living Income Benchmark



2 Key Points

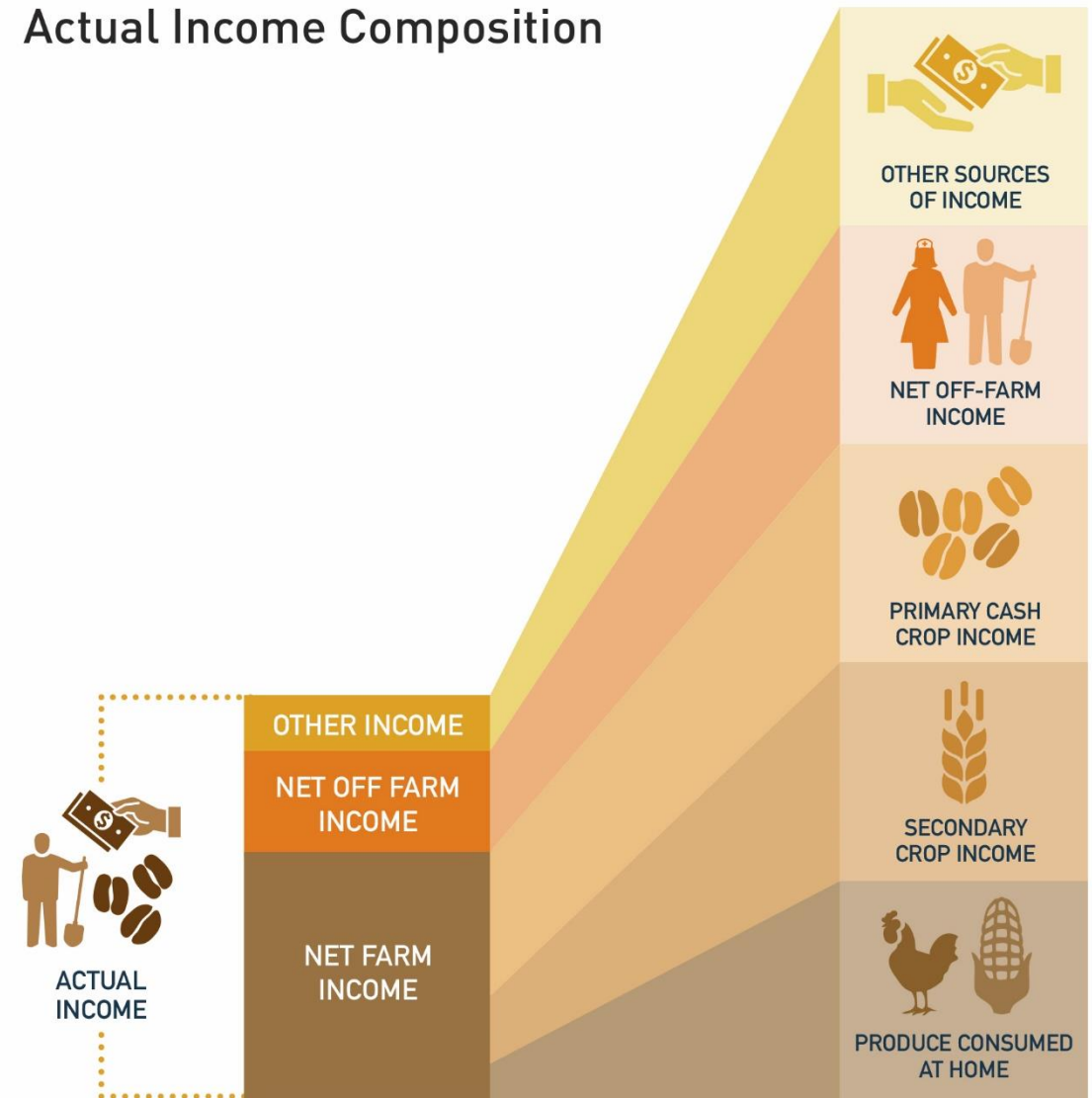
- ✓ Based on households
- ✓ Is specific to a particular place

Closing the household income gap

Combined effort and shared responsibility to household incomes to allow for a decent standard of living

- Net income from a crop as a fraction of the total household income.
- Variables that can be influenced depend on the type of actor and local conditions

Actual Income Composition



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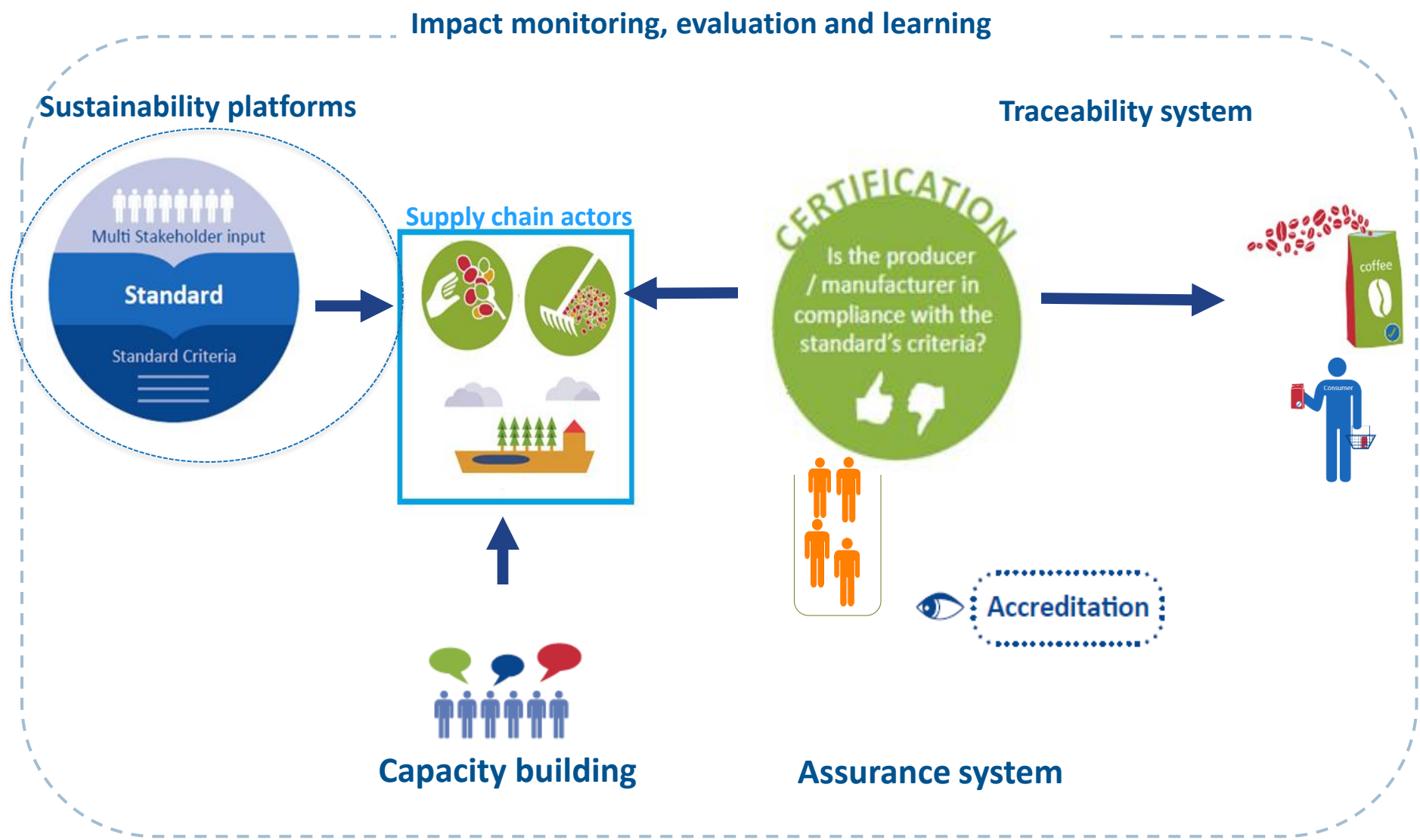


Source: <https://www.living-income.com/living-income-graphics>

A close-up photograph of a hand reaching towards a plant in a forest. The hand is positioned on the right side of the frame, with fingers slightly curled. The plant has large, green, serrated leaves and a small, brown, fuzzy object (possibly a seed or fruit) hanging from a stem. The background is a blurred forest scene with various shades of green. The text 'Sustainability Standards and Living Income' is overlaid in white, bold, sans-serif font on the left side of the image.

Sustainability Standards and Living Income

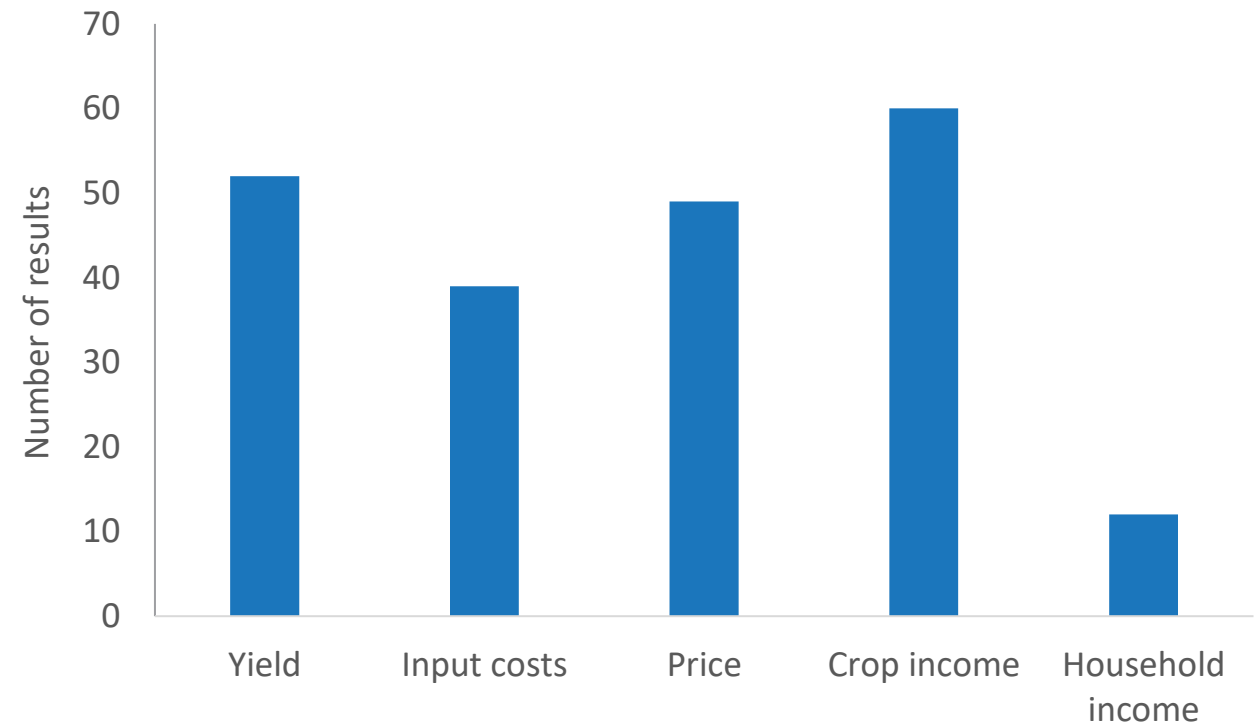
Sustainability standard systems



What evidence is telling us...

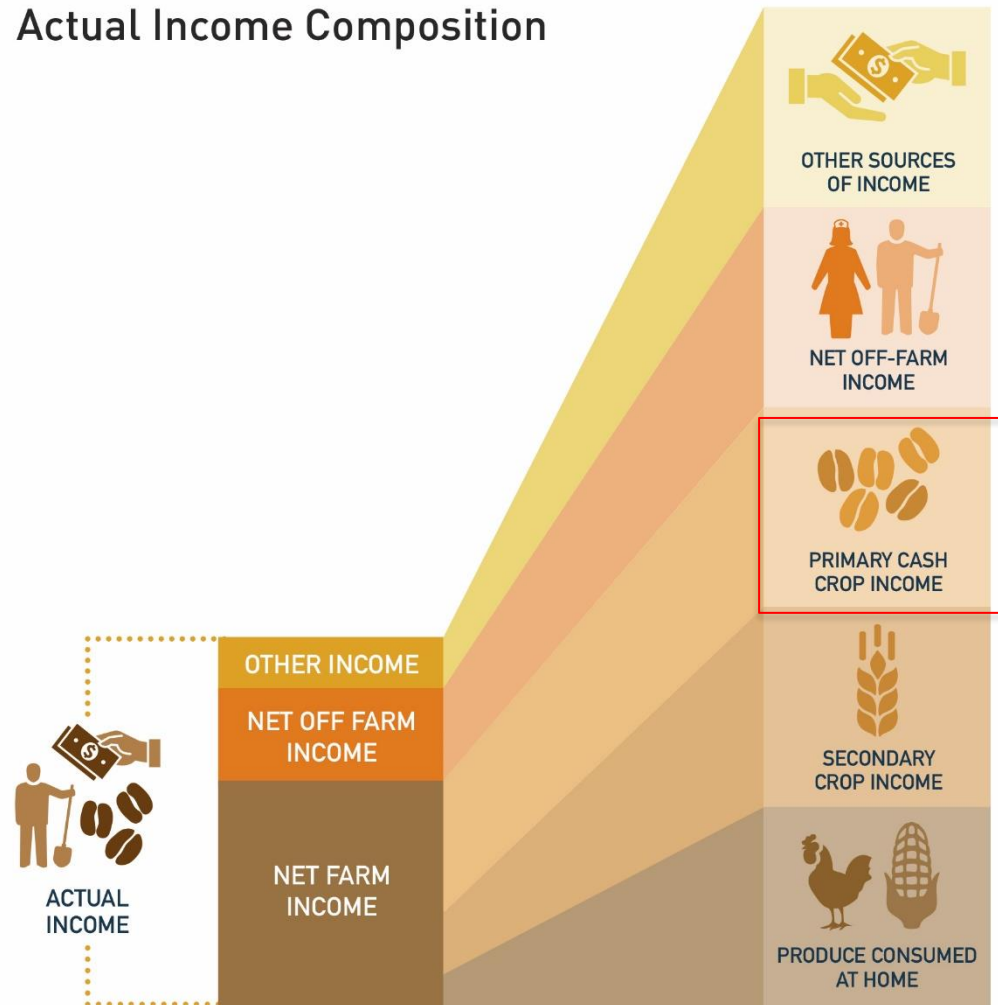
- › Systematic review including:
 - published between 1990-2019
 - Compared VSS-participating farmers with non-participants in low/middle income countries
 - Examined relevant outcomes (yields, price, input costs, price, crop income and household income)
 - Used a rigorous method (e.g., treatment-control comparison with matching)
- › VSS: 49 studies with 212 individual results
- › Other supply chain tools: 3 studies with 11 individual results

Number of Results for Each Outcome



What evidence is telling us...

Actual Income Composition



research about the impacts of sustainability standards (or other commodity-based strategies)

Net income (revenue minus production costs and reinvestments)

Many other things will affect total household income and the income gap

A close-up photograph of a hand reaching towards a plant in a forest. The hand is positioned on the right side of the frame, with fingers slightly spread. The plant has large, green, serrated leaves and a central stem with a small, white, fuzzy object attached to it. The background is a blurred forest scene with various shades of green.

Strategies to Close Income Gap

Strategies to close the income gap

From the perspective of standard systems



Standards and assurance (some examples)

1. Monitor, keep records, and provide training on measures to prevent invasive species
2. Require training on good business management and practices
3. Creating and strengthening producer groups helps to secure market access for small-scale farmers
4. The enforcement of labor rights, wage requirements, and health and safety
5. Implement practices related to inclusivity, transparency democracy and governance
6. Obtain prior and informed consent

FAIRTRADE ADDS NEW CERTIFICATION REQUIREMENT FOR COCOA AND COFFEE TO BOOST FARMER INCOMES

In a move to deepen benefits for farmers, Fairtrade International has announced a new requirement for cooperatives and traders applying for cocoa or coffee certification.



News Events Contact

About Bonsucro Assurance Impact Membership Resources

Bonsucro Production Standard for Smallholder Farmers

Welcome to Global Coffee Data Standard's documentation!

This project displays the initial basic common indicators for farm-level coffee sustainability. The common indicators are a result of a collective multi-stakeholder approach on defining key metrics for sustainability performance, based on the Sustainability Progress Framework elaborated under the joint facilitation of the Sustainable Coffee Challenge (SCC) and the Global Coffee Platform (GCP). COSA - with feedback from the members of a carefully selected global expert committee - have developed and synthesized practical metrics to operationalize the indicators so they can be functional across origins and comparable over time. The approach builds on extensive global experience with sustainability metrics and the expertise of the committee members.

Partners of this project



RSPO INDEPENDENT SMALLHOLDER STANDARD



Photo: RSPO/Jonathan Perugia

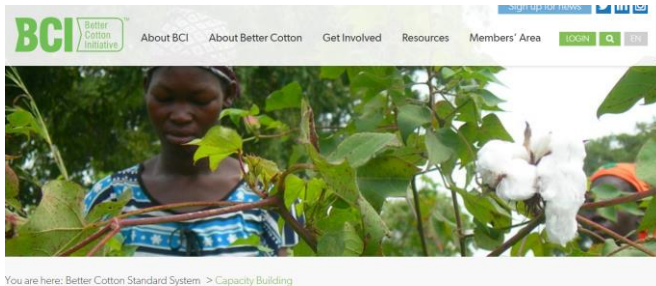
Capacity building and knowledge sharing



Who we are What we do What's at stake Who we work with For business Resources



Advisory and support service



You are here: Better Cotton Standard System > Capacity Building

Capacity Building



About Bonsucro Assurance Impact Membership Resources

Building the capacity of sugarcane smallholders in Thailand

Project partners: Fairagora and PepsiCo
Project length: 18 months Budget: \$157,245
Supporting the Sustainable Development Goals:



Closer to the field

Direct training of farmers

Partnerships

Tool development

- Training the trainers: auditors, assurance providers, implementing partners, producer networks supply chain actors, extension services.

- Development of national curricula

Sustainability standards as a "hook" for access to capacity building and services



Roundtable on Sustainable Palm Oil

Resources Smallholder Engagement Platform Sustainability College RSPO Cre

ABOUT MEMBERSHIP SMALLHOLDERS P&C 2018 IMPACT COVID-19 UPDATES

RSPO Smallholder Trainer Academy Sets to Improve Smallholder Farmers' Livelihoods and Sustainable Farming Practices

News • 31 October 2019

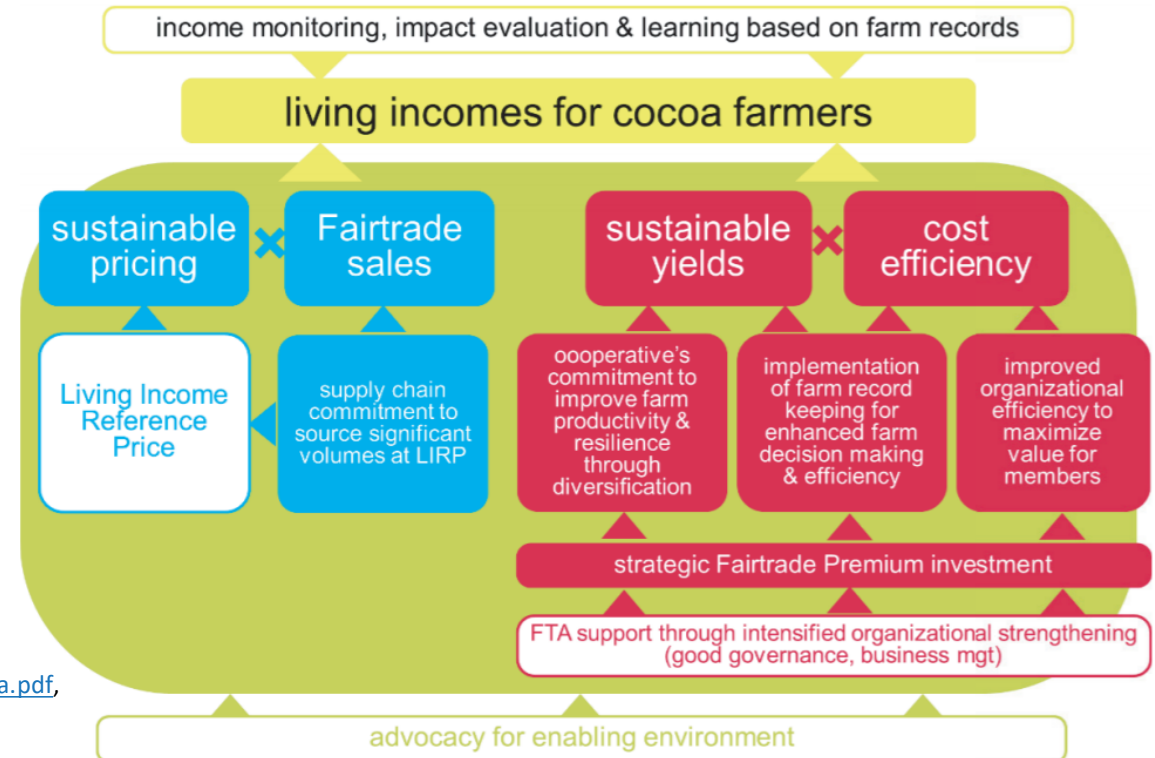


Premiums and prices

1. Fixed premium
2. Negotiated premium
3. Pricing mechanisms

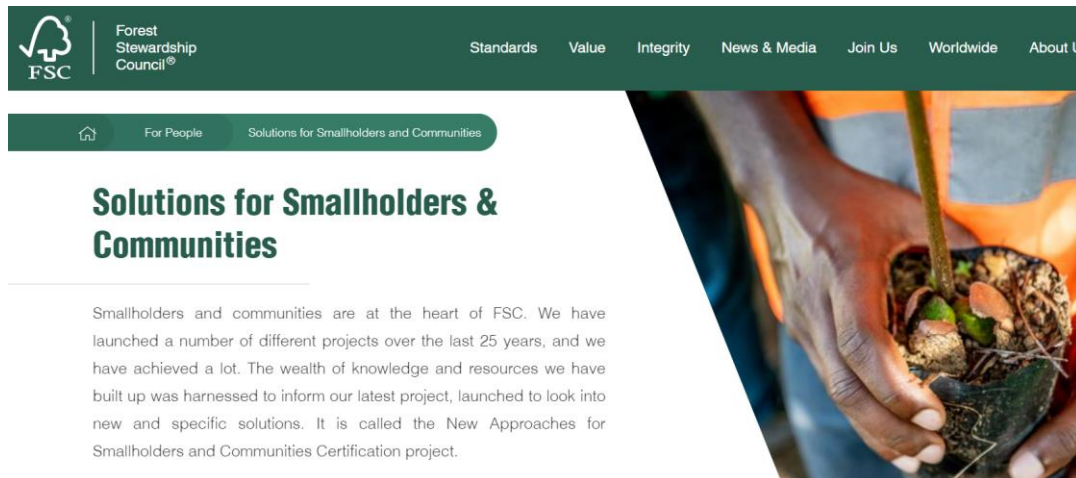


Source: <https://www.fairtrade.net/news/fairtrades-living-income-work-is-more-relevant-than-ever>,
https://files.fairtrade.net/2019_RevisedExplanatoryNote_FairtradeLivingIncomeReferencePriceCocoa.pdf,
https://files.fairtrade.net/publications/Living-Income-Progress-Report_en.pdf,
<https://www.fairtrade.net/issue/living-income>



Access to finance & link to the finance sector

- Pre-financing the payment of contracts
- Act as reference to lenders
- Supporting financial literacy
- Facilitating access to credit



Source: <https://fsc.org/en/for-people/solutions-for-smallholders-and-communities>, <https://bettercotton.org/get-involved/growth-and-innovation-fund/>, <https://rspo.org/smallholders/introduction-rssf>

BETTER COTTON GROWTH AND INNOVATION FUND

WHAT WE DO

The Better Cotton Growth and Innovation Fund (Better Cotton GIF) identifies, supports and invests in field-level programmes and innovations while fostering adoption of the Better Cotton Standard System by governments, trade associations and other entities.

WHO WE ARE

The Better Cotton GIF is governed by the BCI Council in partnership with BCI Retailer and Brand Members, BCI Civil Society Members, and Government Bodies. IDH, the Sustainable Trade Initiative, is the official Fund Manager along with being an important funder.

HOW WE'RE FUNDED

The Fund mobilises contributions through BCI Retailer and Brand Members, the support of public and private donors, and the commitment of BCI's Implementing Partners to co-fund their work.

OUR MISSION

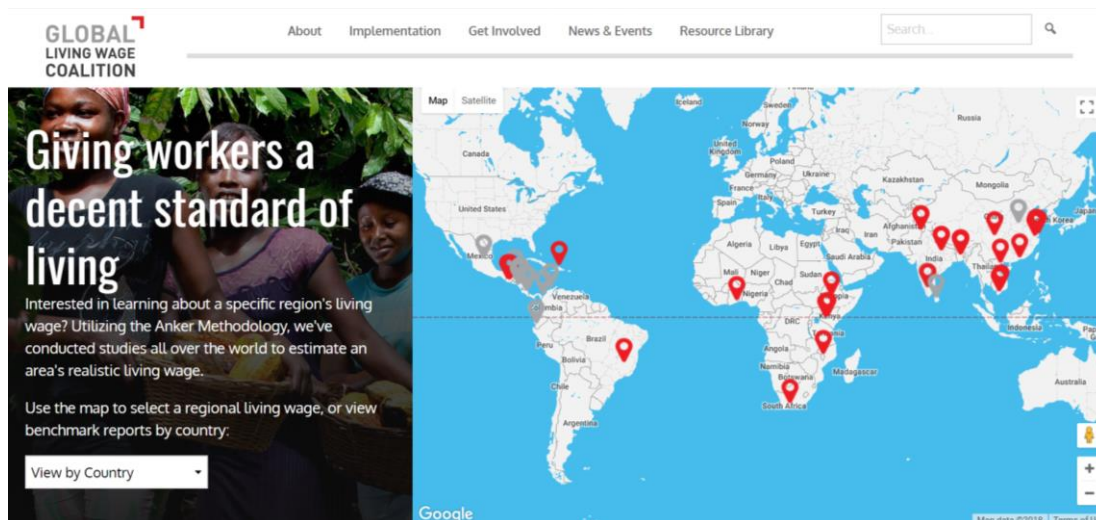
To support BCI in its aim to make global cotton production better for the people who produce it, better for the environment it grows in and better for the sector's future.



Convening and partnering - Advocacy and influence

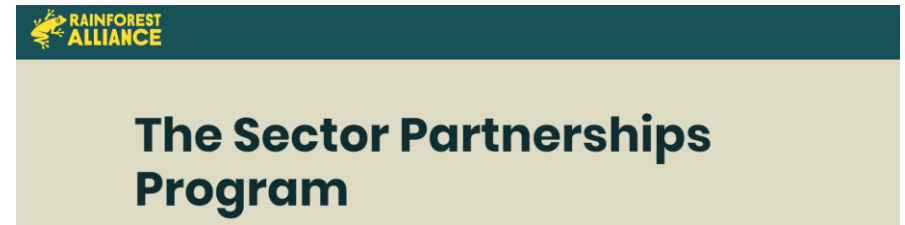


Beyond Chocolate is the Partnership for a sustainable Belgian chocolate industry. Partners in the initiative are working to end deforestation, stimulate education for future generations and provide a living income for cocoa growers.



Source: <https://www.idhsustainabletrade.com/initiative/beyondchocolate/>, <https://www.malawitea2020.com/>, <https://www.rainforest-alliance.org/publication/sector-partnerships-factsheet>, <https://www.globallivingwage.org/>, <https://www.idhsustainabletrade.com/publication/strategy-handbook-full-report/>, <https://www.living-income.com/>.

The Living Income Community of Practice




Improving Standards System Towards Increasing SH Livelihood



Pre – RISS

RSPO P&C 2013 and Group Certification

- Full Certification approach where ISH group have access to incentives after being fully certified.
- Continuous support from organisation bodies is crucial to ensure ISH group maintain quality up to standards.
- Principle 3 (viable economy) and Principle 8 (continuous improvement) indirectly contribute towards the need to ensure farmers' income is considered by FFB buyers and internal SOP at Group level is available

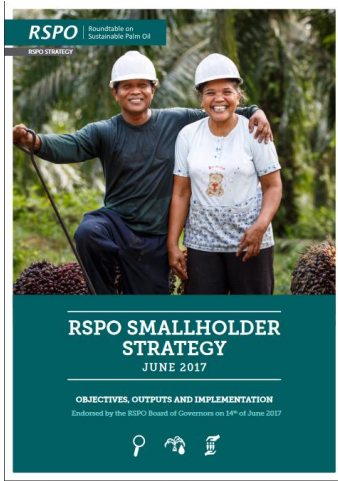
- 
- **2017 - Endorsement** by BoG on the **RSPO Smallholder Strategy whereby increasing SH Livelihood is one of the objectives of the Strategy**
 - **2017 - Smallholder Interim Group (SHIG)**, a subgroup under the P&C Review Taskforce was established to develop the **RSPO Independent Smallholder (ISH) Standard**

Post – RISS

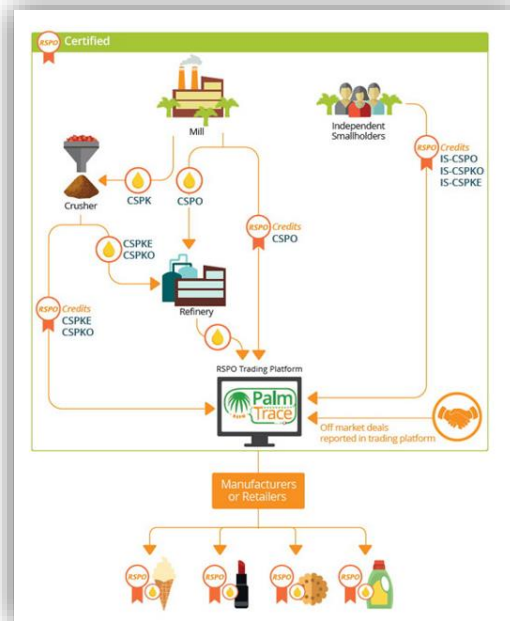
RSPO P&C 2018 and phased approach in RISS

- Certification based on phased-approach where ISH group have access to incentives right from the beginning they are in RSPO system.
 - 40% claim-able certified volume at Eligibility (RSPO Credits)*
 - 70% claim-able certified volume at Milestone A (RSPO credits)*
 - 100% claim-able certified volume at Milestone B (RSPO credits & physical)*
- Principle 1 (Prosperity) and Principle 4 (Planet) of RISS, and Principle 5 of P&C 2018 (Smallholder Inclusion) ensures evidences on fair pricing negotiation, availability of internal and internal grievance mechanism against FFB buyers, training needs and evidences on BMP and financial literacy for ISH. All these contributed towards improving farm yield and access to benefits.

Improving Standards System Towards Increasing SH Livelihood



RSPO Smallholder Strategy
<https://rspo.org/smallholders/rspo-smallholder-strategy>



RSPO Palmtrace
<https://rspo.org/palmtrace>



RSPO Smallholder Support Fund (RSSF)
<https://rspo.org/smallholders/introduction-rssf>



RSPO Smallholder Standard documents
<https://rspo.org/smallholders/smallholder-key-documents>



RSPO Smallholder Engagement Platform (RSEP)
<https://www.rsep.rspo.org/>



Standards requirements and Living Income

Fair Trade USA

May, 2020

BY: Victoria & Ermann





Standard Requirements

In Agricultural Production Standard that support Living Income

Capacity building and empowerment

- Form and train a democratically elected Fair Trade Committee
- Training to improve farm management and business practices
- Empowerment in trade relationships through clear trade agreements

Premiums and price

- Defined Fair Trade Minimum Price: difference between FTMP and government (market) price must go directly to individual farmers
- Fair Trade Premium, set amount per product paid to producers towards a community development fund

Access to finance

- Buyers must provide if requested
- Coops and individual farmers who get pre-finance must have fair and transparent terms





Standards Implementation – Training and Tools

In Agricultural Production Standard that support Living Income

Capacity Building and empowerment

- Adjustment chart designed to ensure payments' security and transparency
- Development Plan designed to assess coops' investments
- Communication tools to be addressed to cooperatives' members
- Support in the creation of women groups for the development of income diversification activities
- Increase women implication in the decision-making process
- Support to resolve the NC's and improve administrative organization

Premiums and Price

- Project Monitoring and Evaluation for an efficient project management
- Support members to identify local projects that they can implement
- Share inspiring international initiatives to improve coops' perspectives and views

Access to Finance

- Coops with traders
- Coops with farmers

Your turn

- › Would you like to share examples of your work in any of those areas?
- › What is your sector doing? Are there significant differences between commodities under your system?
- › What are the main barriers/challenges you face to work in this area? (e.g lack of technical expertise, smallholder reaching, access to finance).



- › What are the areas where you need more support? What topics are particularly suitable for a deep dive? (e.g monitoring, showing impacts, resource allocation).

Contact us – let's keep the engagement

- › Particular areas you want to explore?
- › Examples you want to share? Send us a link to your site that explains the work you do on living income
- › What is particularly relevant for SS?
- › What to have sector/topic focused discussions?
- › Contact us: livingincome@isealalliance.org

Workshop 1 (7 April): Introduction to living income. *Sector Updates in coffee, tea and cocoa, Strategies to Close the Income Gap, Modelling and Monitoring for a Living Income strategy.* <https://www.living-income.com/living-income-april-event-2020>

Workshop 2 (27 May): Deep dive in measurement. *Sector Updates in Rubber and Palm Oil, Actual Income Measurement, Integrated Approach to Living Income: benchmarks, actual incomes, modelling and implementation to close income gaps.* <https://www.living-income.com/living-income-may-event-2020>

Workshop 3 (23 June): Deep dive in strategies to close the income gap

Useful references for Standard Systems

Webinars- Standard systems related

(Fairtrade) Income and pricing approaches <https://vimeo.com/159377531>

(Rainforest Alliance) Household economy approach <https://vimeo.com/193393633>

(Sustainable Food lab): Stakeholder levers for addressing income gaps
<https://vimeo.com/242544743#at=597>

(ISEAL): Role of sustainability standard systems in living income strategies
<https://vimeo.com/276002596>

(Textile exchange): A guide for organic cotton trading models <https://vimeo.com/301811774>

(Fairtrade and UTZ): Coffee and Living Income <https://vimeo.com/349908773>

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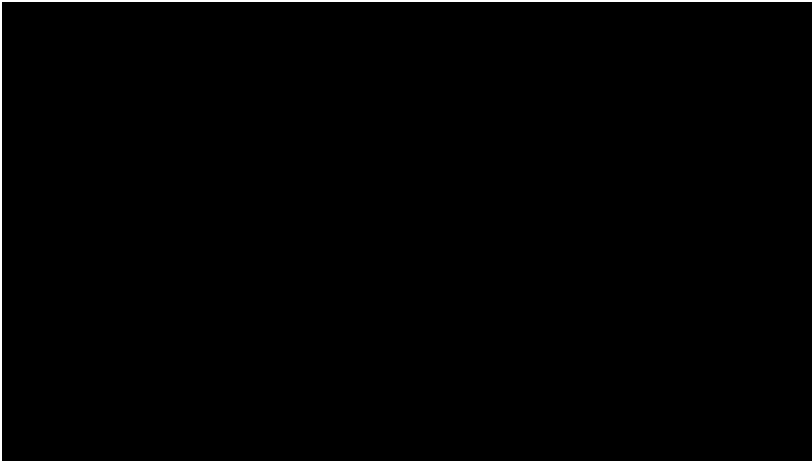
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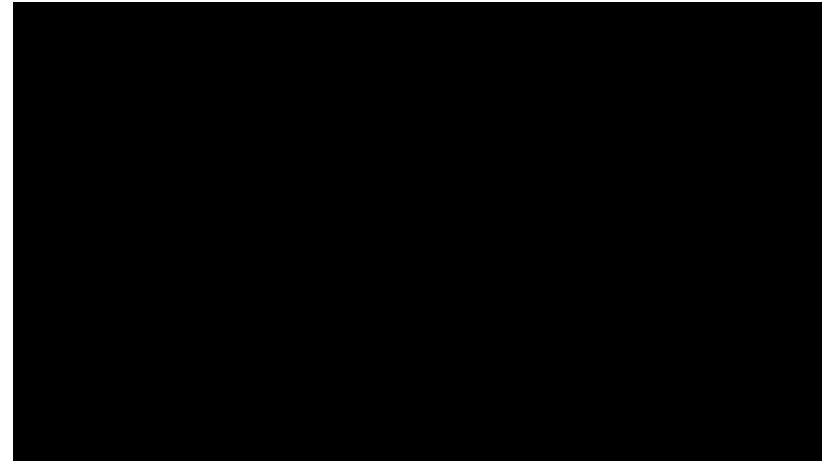
To share or feature your work on living income,
contact us at www.living-income.com

Other resources

The Concept of Living income



Applications of a living income benchmark



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Stay informed!

Living income

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

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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Tobago hillside © Jerry Rabinowitz, 2002, Rainforest Alliance

Thank you!

