LICOP webinar Enabling Living Income through Responsible Purchasing Practices 23rd May 2024



Summary

Cards

Comments 16

Votes

Participants

Voted 6

Cards

Producer perspective- What guestions do you have on conditions needed for farmers and farmer cooperatives to gain more value and stabilise their incomes. Share any additional inputs.

@ Rikolto, what is your perspective on value-adding in producer countries, such as processing cocoa mass into chocolate? Is this a possibility to improve the returns to cocoa producers as well or will this only benefit a small portion of producers or only other industries?



Cocoa processing is at the heart of the agricultural policy of the Ivorian Government, which plans to process 100% of its cocoa production by 2030. But it is not the cooperatives that process. This already means that the benefits linked to processing do not go directly to farmers but rather to those who process namely the industries. Farmers can only benefit from this added value if the Government plans to levy taxes to improve farmers' income.

Of all the farmer needs presented, which do you consider the most important to address immediately?



Higher Price

How can we get more clarity on the synergies / interdependence of government led interventions to increase CIF / farm-gate prices and commitments of private sector to responsible purchasing practices?



As I have presented, the Government can't increase the CIF because it is fully dependent on the supply and demand of cocoa in the international market. On the other hand, the Government can increase the Farm Gate Price that buyers should agree to pay to producers. As for responsible purchasing practices by the private sector, for the moment the Government is using multi-actor dialogue platforms to encourage their application.

Need to differentiate about value chain actors ability to influence procurement practices. %FOB captured by farmers is as important as farmgate price. These are not in the hands of end buyers. Also important to differentiate between upstream investments such as literacy/school attendances and true procurement practices like long term contracts or we are muddling things.







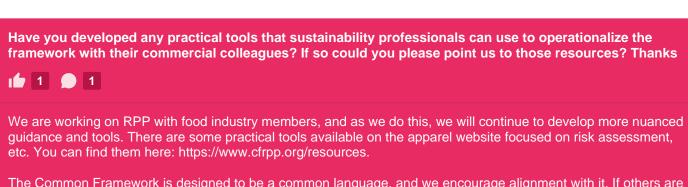
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are important, purchasing practices are also a crucial part of Human Rights Due Diligence (HRDD), and we are very

supportive of the legislation in this area.

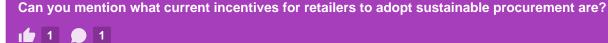
We are working on RPP with food industry members, and as we do this, we will continue to develop more nuanced guidance and tools. There are some practical tools available on the apparel website focused on risk assessment, etc. You can find them here: https://www.cfrpp.org/resources.
The Common Framework is designed to be a common language, and we encourage alignment with it. If others are developing guidance on particular commodities etc., we would encourage uptake of the framework. You can find guidance on this here: https://www.ethicaltrade.org/what-we-do/eti-initiatives/common-framework-responsible-purchasing-practices.
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@IDH: Did you base the principles of your work with MARS on the one from the CFRPP Framework of ETI?
@IDH: how can brands faciliate access to finance for small producers? do they tend to provide guarantees for instance?
There can be different options depending on circumstances. Acting as guarantor for a producer accessing loans can be a very effective way for a buyer to build/strengthen relationships with a supplier. There are risks for both parties, however a branded business will often have a much greater turnover than a small producer so the "sums assured" are likely to be comparatively low.
@IDH could you give examples of the type of KPIs that are being developed? How do they correspond to
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https://www.ethicaltrade.org/what-we-do/eti-initiatives/common-framework-responsible-purchasing-practices.

Experience in Practice- Share practical examples of your work in a specific sector, region or more generally?



Businesses have human rights due diligence responsibilities and purchasing practices are very important part of that, so in increase the understanding of what it is, the scrutiny on this, they have responsibility to the people in their supply chain and also good responsible purchasing practices can have a lot of mutual benefits, long term relationships can be really beneficial to everyone in the supply chain (ETI)

The work done between buyers, lenders like Root Capital and coffee cooperatives on price risk management is very promising to enable coops to have the same capacity to hedge as trading companies



Are there any examples of practices or guidelines for buyers to report on sustainable procurement commitments and enhance price transparency? i.e reporting on prices / premiums they pay?



Should we keep spending a lot of money on LIRPs, LI benchmarks etc.? Or should we first try to get some results and see where it leads us, before fixating on a specific number?

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Results should indeed be the focus! We find in LICOP that the pre competitive calculation of benchmarks in a standardized way is a much more cost effective and robust approach than each company calculating these on their own, and allows companies to focus on investment and impact.