



## Living Income Community of Practice – Workshop Notes

**2021 Living Income Workshop** – Empowering action towards improving living income

**19 May 2021**

### **Summary Session 4: Developing a Systems Approach to Living income: What does a LI approach mean for different people in the food and ag system?**

Moderator: Carla Veldhuyzen vanZanten ([Fairtrade International](#))

#### **Session narrative**

To have the ‘system’ in the room, we need different and varied voices and to be able to consider the topic of poverty and prosperity from different viewpoints, particularly those most affected by poverty and the high risk of agriculture. The living income concept intends to lift all farmers to at least a decent standard of living, but given that poverty is increasingly seen as a material risk for companies, how can we take a living income approach without excluding the most vulnerable and poorest farmers in the food system? What are key principles for standards, NGOs, financial actors and companies to follow to build both inclusive and fair value chains for living income?

The session started with a framing from Carla Veldhuyzen of Fairtrade International on the need for long term engagement with farming communities; followed by a pre-recorded interview with leaders of small farmer organizations and how they are working with their members to create pathways to living income.

#### **Breakout discussions**

In the second part of the session three breakout groups were offered, focusing on different viewpoints on how we can take a living income approach without excluding the most vulnerable farmers in the food system. Participants could choose between Financial Services viewpoint, Civil society viewpoint, Retailer viewpoint and an open O&A about the role of farmer organisation.

#### **Breakout 1: Financial Services viewpoint**

Moderator: Sheila Senathirajah ([ISEAL](#))

Discussants: Sophie Falsini ([CGAP](#))

What do you see as the role of financial services in creating an inclusive system, which allows farmers to advance towards living income?

#### **Main points raised**

- *Q What is the role of FS to create inclusive system?*
- Sophie: **Know your client and their needs:** Not all farmers the same! Women/men, literate/illiterate, subsistence/commercial etc – all have their own needs and not all FS are the same, so there needs to be a diversity of services that are tailored to needs. Support services and products: savings, credit, insurance, etc. All can contribute to stability, de-risk, and support investment back into farms – all of which will support income increases.
- As we know **women** face specific barriers, often related to social norms e.g. care, land title etc. Access to FS for women is key, e.g. can help them hire labour, provide labour, access time saving assets etc.

- Still need more **research and data** on impact of FS on household incomes, what are social norms which are barriers? Need more cooperation across different actors: PS, govt, communities to develop enabling env. More targeted investments and innovations: literacy skills, networks, distribution (esp infrastructure), and more customer centred products.

#### The following questions were discussed during the session:

- *Q: How can we attract FS providers to do what has been identified?*  
A: There are some 'business case' incentives and opportunities, e.g. bringing in women to FS networks. Also this will help wider community development. But some investments needed (e.g. infrastructure) are huge so that is why need other actors e.g. govt/donors
- *Q: Also e.g. IDH offer guarantees to financiers and help them understand farmer and coop needs. Understanding and communicating the different needs to FS. What is enabling and conducive environment needed to attract them?*  
A: Also need **trust** in the Financial institutions (from farmers/farmer orgs)  
Community level savings can help e.g. for women, or where it is hard to get individual accounts – can also help with trust building.

#### Outstanding questions that arose in discussion

- How deal with this when regulation is not supporting the provision of these services
- How to ensure the increased pay goes to the tier 3 or 4 farmers instead of the tier 1 suppliers?

### Breakout 2: Civil Society viewpoint

Moderator: Christina Archer ([Sustainable Food Lab](#))

Discussants: Sandra Sarwah (SEND) and Friedel Huetz Adams ([Suedwind](#))

What do you see as the role of civil society in creating an inclusive system, which allows farmers to advance towards living income? What are your recommendations to policy makers?

#### Main Points raised:

- *Q (Stephanie): What are responsibilities of governments and industry according to Civil Society?*
- **A Friedel Hütz-Adams (Südwind):** There are different kinds of layers.
  - Governments in producing countries: The most important point is the infrastructure, including transport, care and schooling. Rent systems also play an important role to make land available to young farmers.
  - Governments in consuming countries also face a lot of pressure. Human rights due-diligence principles = companies must know their farmers, and this requires more pressure from the side of the governments.
  - Industry should share data and collect data
- *Q (Stephanie): In West Africa there was an effort to have a unified civil society effort to pressure industry and government. What is the role of that platform?*  
**A (Sandra Serwah, SEND):** The platform is looking at how to engage governments as civil society in a combined effort in a dialogue form. They have an overall important role, because they raise awareness in the public, on what is missing from the side of the government.
- COCOBOD is a very powerful organization and civil society should balance that power. Also the industry has a lever and civil society can pressure here as well
- Living Income has a strong connection to other issues like child labour or deforestation
- *Q (Stephanie) What are the main issues in the cocoa sector?*  
**A (Sandra):** Beyond engagement at the national level. Producer organizations need to be brought together = building strong cooperatives. The civil society platform has not gained the attention it needs

- Problem stems from not wanting to duplicate efforts. Support from the government side is needed. There are high fluctuations of prices – Living Income Differential is critical.

### Breakout 3: Retailer viewpoint

Moderator: Nina Kuppetz ([GIZ](#))

Discussants: Laura Kent ([Tesco](#)) and Nina Kuppetz (GIZ - German Retailer group on Living income and Living wage)

What do you see as critical for retailers to be able to support inclusive supply chains, which allow farmers to advance towards living income? What do retailers need – from their suppliers, from consumers, from experts – to be able to do this?

#### Main Points Raised

##### Laura Kent (Tesco)

- Cocoa, coffee, tea, rice have been identified as commodities that Tesco will focus on providing a Living Income.
- Engaged in the Cocoa Retailer Group: Retailers engaging traders on their progress toward sustainability.
- Retailers have the ability to impact change through purchasing strategies. Unfortunately, most contracting is through manufacturers and the most change can be seen through direct interventions further down the supply chain.
- While retailers have the ability to speak to consumers, living income is also a difficult topic to communicate to consumers.

#### Outstanding Questions that Arose in Discussion

- How do retailers help to support strategies that close the income gap, especially around financing that might be needed. What resources can we use?
- Creating transparency and more direct relationship with suppliers.
- How to ensure the increased pay goes to the tier 3 or 4 farmers instead of the tier 1 suppliers?
- How can retailers be part of the circular economy, while providing a living income.

#### Areas Where LiCoP can Support Better?

- Continued engagement with governments in a meaningful way that includes help around financing ect. to make change on the ground.

#### Materials relevant to the session

- Collaboration on living income pricing with 2 clients of ASOPEP, CLAC and Heifer: <https://www.bellwethercoffee.com/wp-content/uploads/2021/05/Verified-Living-Income-White-Paper.pdf>
- <https://www.iied.org/cocoa-producer-agency-living-income-differential-lessons-civil-society-organisations>
- <https://www.voicenetwork.eu/cocoa-barometer/>