

# Living Income Workshop 4/5/6 October 2021

## The Living Income Community of Practice



**giz** Deutsche Gesellschaft  
für Internationale  
Zusammenarbeit (GIZ) GmbH



Ensuring a decent standard of living for all

6 October 2021  
14:00-16:00 BST (GMT +1)



# Panel discussion: HRDD - What are risks and opportunities (for smallholder farmers)? How does this relate to LI as a concept?

## SPEAKERS



**Elena Lunder**  
Project Advisor, FTAO



**Reena Eddiks**  
Senior Sustainability Manager –  
Coffee, Tchibo



**Santiago Jose  
Argüello Campos**  
Director General for Agriculture  
Development en Secretaría de  
Agricultura y Desarrollo Rural  
(SADER), Mexico)

# Human Rights Due Diligence - What are risks and opportunities (for smallholder farmers)? How does this relate to LI as a concept?

Legislation has **important potential** to have a positive impact, amongst others, can increase awareness

Addressing **purchasing practices and prices** is important

It would be very helpful if LI/LW would be recognized as human right

Bigger buyers avoid having risks in their own supply chains

Risk of selective approach to human rights

We need **baseline studies and studies on productivity costs** to support the process

LI must be **achieved in alliance with private sector and should always be synchronized with the legislative** in the supplying countries

Alleviating living income gaps would help with many other challenges

The **process of implementation** still needs to be resolved

We must **invite and include the producing countries** in the process





# **Breakout discussion:**

## **What are the roles of different actors to work towards living income for smallholder farmers in the scope of due diligence obligations?**

**1. Private Sector**

**2. Sustainability  
Standard-Setting  
organisations and  
Multi-stakeholder  
Initiatives**

**3. Government**

**4. Producers**



# What are the roles of different actors to work towards living income for smallholder farmers in the scope of due diligence obligations?

What are the levers to work towards living income? Who else is needed to bring these levers into action? What are the risks for smallholder farmers, if due-diligence legislation comes into action? How can those be overcome? What is your burning question to one of the other groups/ panel?

## Government

- Government has an important role, as **LI should be considered a human right**. Local governments, need to enforce national regulations to protect human rights
- They can support by:
  - designing and executing **public policies to increase productivity**
  - Define **LI benchmark and adjust it to different regions**
  - Facilitate all steps, **monitoring to achieve closing the gaps**
  - **Identify root causes** why LI is not achieved yet
- Government levers:
  - which policies are in place that hamper companies to work on it together?
  - One **shared vision and strategy**
  - Incentive framework for investments from public and private sector
  - Due diligence as positive pressure towards a level playing field
- Important to synchronize between importing and exporting governments, private, social and public sector
- **Cooperation between consuming countries and producing countries**, but also involving other big consumer markets such as India, China.

## Sustainability Standard-Setting organisations and Multi-stakeholder Initiatives

- Provide a tool to organisations to **help structure their efforts in working towards living income**
- Help companies to **deal with their risks**
- **Reduce burden on smallholders** and create the conditions to support their business
- Act as **bridge in producing country with offtake country**
- **Help companies get started with HRDD** and guide the process
- **Initiate sector-wide programs for working towards living income** in the supply chain of a certain commodity
- **Specific levers:**
  - Capacity building (diversification, productivity,...)
  - Shared responsibility
  - Advocacy
  - Market access
  - Education
  - Access to finance and assets
  - Pricing
- **Needs for better action:**
  - Supply management
  - Traceability
  - Consumer awareness

## Private sector

- **Private sector and national governments in producer countries should take a proactive role in securing human rights**. Private sector companies in their role as buyers must comply with these national regulations while they also need to proactively assess and address human rights risk in their supply chains
- Levers to promote living income are varied and need to reach beyond supply chain measures.
- While transparent costing and pricing strategies are one piece of a holistic approach, **sector coordination is essential to create a level playing field** as well as the strengthening of local infrastructure to create an enabling environment.
- **Bridges between consuming countries and buyers with stakeholders at origin must be strengthened** to put producers and national governments in the center of strategy development and implementation.
- **Changing the narrative of "price"** - going beyond traditional business development, and rather acknowledging that eradicating poverty is part of the true cost of raw materials and products, and building it in rather than making it a "premium".
- **Understanding responsibility not as a burden but as an actual transformation process.**
- **Need more traceability and better understanding of the cost distributions and true cost of ownership.**
- Need tools that offer transparency in transactions to better trace positive and negative impact over time.

## Producers

- On one hand, there is the risk of exclusion and companies moving to large plantation companies, more formal set ups or low risk areas. On the other hand, DD helps to start the process to addressing LI root causes.
- There is a need to understand how **producer representation is brought into the DD setting process**. As well as how it is **supported by national country legislations**
- The **role of small producers** in this is clear- able to provide insights in real/not perceived challenges/ provide real & practical solutions
  - **Focus on dialogue not solutions** What can be put in place to support producers to own the agenda/ Move away from coming up with solutions. Design projects and interventions based on dialogue with producers.
  - **Capacity building**. Farmers have their own challenges (like reduction in land size)- how to address this when focussing on improving production practices. We also need to support capacity building so they can effectively contribute to the design of interventions
  - **Collective bargaining**. Need to address challenge of representation. Have a good structure in place- move away from single farmer voice to collective voice.
  - Need for **producer centric approaches**