

A small-scale farmer in her rice paddy. She is a member of the Saving for Change group.
Photo credit: Kimtong Meng / Oxfam Novib



LIVING INCOME

INFLUENCING PRIVATE SECTOR ACTORS

Expert Meeting – The Hague – November 6th, 2018

Thirty-seven experts from Oxfam Novib and 21 active organizations and companies gathered at Het Nutshuis in The Hague on November 6th, 2018 to discuss how best to support small scale food producers in their struggle to earn a living income. Oxfam Novib organized the meeting to share strategies and the latest thinking on living income with partners from other organizations and companies on how to drive change on this

topic. The meeting focused specifically on strategies for influencing private sector actors such as food brands and retailers to do more to make a living income a reality. This document presents a brief overview of the day's many engaging presentations and discussions about how to best drive positive change on living income for small scale food producers in developing countries.

WELCOME AND INTRODUCTION

Oxfam Novib's Director of Programs and Campaigns **Ton Meijers** opened the meeting by reminding participants to remember the farmers and their families struggling to earn enough money to meet their needs in our discussions about living income. He called living income an inspiring and useful concept and challenged participants to use the meeting to strengthen their own cooperation and become better advocates in the process.



Ton Meyers (Oxfam Novib) [Photo credit: Rey Dwi].

WHAT IS A LIVING INCOME? DEFINITIONS AND KEY PLAYERS

Living income is an emerging concept that is quickly becoming more prevalent, according to **Friederike Martin** of GIZ. Friederike provided an overview of the living income concept and some compelling examples of how to close the "living income gap" between what small scale food producers earn and what they actually need to earn to afford a decent standard of living for all members of their household. Noting that only 6,6% of the retail price of a chocolate bar goes to cocoa farmers, Friederike gave other examples of the yawning gap between what consumers pay for basic foods and other products and what farmers or producers actually earn. Friederike explained how GIZ and the Living Income Community of Practice use the Anker Methodology to calculate the actual cost of living for small scale food producers and their families in four domains: food, housing, other expenses (clothing, transportation, medical care, etc.) and a 5-15% "margin for unexpected events" such as illness, accidents and disasters. Based on these calculations, GIZ finds that 87% of cocoa-producing households in Côte d'Ivoire do not earn a living income. Friederike ended her remarks with a call for making existing data on these domains of household need more open and available and for advocates to use the same methods to calculate living income to increase the use and effectiveness of this concept.

Ioan Nemes shared how Oxfam Novib approaches securing a living income as part of its work on helping people achieve sustainable livelihoods. Both governments and the private sector have obligations to do their due diligence when it comes to living incomes of small scale producers in supply chains. For businesses this includes embedding living income for producers in policies, systems and operations; identifying and assessing impacts; enabling a living income through working directly and collaboratively with small scale producers (through farmers'

organizations, grievance mechanisms and fair trading deals); tracking implementation and being transparent about these due diligence steps taken. Due diligence responsibilities for government start with ensuring that regulations and fiscal policies enable a living income for small scale food producers. Governments are also responsible for laying the policy and physical groundwork to make a living income possible, for example through provision of adequate infrastructure, upholding the rule of law and ensuring minimum wage and income regulations. Like the private sector, Oxfam Novib also calls on governments to track implementation of their due diligence steps towards a living income and to report, communicate and advocate based on these results.



From left to right: Ioan Nemes (Oxfam Novib), Madeleine Brassier (Oxfam Novib), Friederike Martin (GIZ) and Susanne Boetekees (Max Havelaar) address questions from the audience [Photo credit: Rey Dwi].

Madeleine Brassier (Oxfam Novib) addressed the potential of multi-stakeholder initiatives (MSIs) to drive change towards living income among private sector actors. MSIs bring representatives of the private sector, government and civil society with a shared stake in a supply chain or commodity together to find joint solutions to the social and environmental challenges of the industry.

MSIs provide a market-based platform for these actors to exchange and collaborate, and can help close governance gaps in global supply chains left open by weak or uneven regulation across countries. Madeleine shared some observations from working with stakeholders in the Roundtable on Sustainable Palm Oil (RSPO) to press for a living income for small scale palm oil producers. Efforts to integrate living income into the new RSPO standards have so far been resisted by palm growers. However, the experience still points to some elements of best practice for influencing private sector actors through MSIs, including: the usefulness of commissioning independent research to help build the case for adopting a living income, showcasing best-practice from leaders in the field, promoting living income in relation to generally-accepted methodologies like living wage and starting with small pilots to prove the concept. Living income should also be promoted through adoption of fair pricing, smallholder strengthening and farmer income diversification.

Susanne Boetekees (Fairtrade Netherlands) shared the approach of Fairtrade to make a living income for cocoa farmers possible and presented a number of practical applications to gradually

bridge the pricing gap in cocoa. For cocoa growers in countries like Côte d'Ivoire, earning a living income is only possible if a decent price for cocoa is factored into a holistic approach that also includes elements of diversification, sustainable yields, supply chain commitment and cost efficiency. Fairtrade has established a Living Income Reference Price for cocoa growers in West Africa and is currently reviewing its own pricing model as a first step to help close the gap between actual and living incomes. Pilot projects are underway where Fairtrade works with commercial partners to test the different components of the living income approach and assess the most effective pathways to improve household incomes. Fairtrade further works on raising awareness among consumers and others in the supply chain about the urgency to include decent prices into living income approaches and to encourage companies, governments, platforms/MSIs, researchers and civil society to take up their share of responsibility for helping to effectively address the issue of living income. Fairtrade also works with small scale producers directly to help them diversify their crops, optimize yields, and organize cooperative access to needed inputs like organic fertilizers.

HOW TO ACHIEVE A LIVING INCOME IN PRACTICE?

What can advocates do to get private sector actors to commit to ensuring living income for small scale food producers in their supply chains? Johan Verburg (Oxfam Novib) took up this challenge with an expert panel including **Andrea Rusman** (TruePrice), **David Short** (Aidenvironment) and **Arjen Boekhold** (Tony's Chocolonely). Panelists offered the following ideas on how to overcome typical roadblocks to advancing the living income topic:



From left to right: Johan Verburg (Oxfam Novib) in conversation with Andrea Rusman (TruePrice), David Short (Aidenvironment) and Arjen Boekhold (Tony's Chocolonely), [Photo credit: Rey Dwi]

- help them create better practices and policies.
- Remind companies that when small scale food producers live in extreme poverty this leads to greater risk in the supply chain. Supporting living income is in their best business interest.
- Experiment more with innovations in supporting living income, and study, document and learn from both successes and failures.
- Use the Sustainable Development Goals (SDGs), especially the goal to eradicate poverty in all its forms everywhere as a rallying call for all actors to make sure that small scale food producers make a living income. Remind governments and the private sector that we all share responsibility for realizing the SDGs.
- Do more to support living income through building the resilience and income diversity of small scale food producers, for example through crop insurance, financial literacy and consulting with farmers directly about their needs. Make sure we see small scale food producers as key players and farmer entrepreneurs and not as beneficiaries or victims.
- As part of living income programmes in the South, also lobby Southern governments to support farmers, e.g. using taxes and subsidies.
- Living income can often seem complex and daunting for companies. Work with them by breaking it down and bringing in expertise to

WHAT WORKS FOR INFLUENCING THE PRIVATE SECTOR AND OTHER ACTORS?

Workshop participants took centre stage during afternoon breakout sessions to think together about common strategies for advancing a living income. Strategies suggested focused on the following actors and areas:

For influencing private sector actors:

- Living income provides a vital “dot on the horizon” for companies and all actors to work towards to achieve real change in the lives of small scale food producers.
- Develop a tool-kit for private sector actors that want to do more on living income to help them take the first step and notch up a quick win.
- Look further into the possibility of pre-competitive cooperation among private sector actors in the same value chain to work together towards a living income for small scale food producers.
- Further investigate the role of the financial sector, especially hedge and pension funds, in living income. Should more advocacy and influencing be directed at them?

For influencing governments:

- Support development of regulations and due diligence laws - such as those coming into force in France and the UK – that provide a strong push for companies to do more to support living incomes.
- Advocate for a revision of competition laws to make it easier for companies to work together

when it comes to allowing small scale food producers to earn a living income.

- Push for new and improved legislation on living income in Southern countries and guidance on living income at UN level.
- Recognize that Southern governments are important partners and often highly motivated to help achieve a living income for small scale food producers. Living income can seem to be a Northern concept to some but all governments and other stakeholders share responsibility for realizing the SDGs.

In general, as advocates:

- Make the business case for private sector actors to take up living income (shared responsibility, risk aversity, etc.).
- Know our audience and use the right language for the people we’re trying to influence.
- Collaborate more actively with others working on living income and make better use of the growing network of organizations and colleagues who have expertise in specific contexts and aspects of this work.
- Avoid being preachy and overly normative; don’t get into complicated methodologies unless this is really appropriate.
- Don’t neglect the gender dimension of the price and income gap; more research is needed on living incomes for female-headed smallholder households.
- Always remember the people – small scale food producers and their families – behind the numbers!

INTERESTED TO LEARN MORE?

For more information please contact Anouk Franck (Anouk.Franck@oxfamnovib.nl) or Ioan Nemes (Ioan.Nemes@oxfamnovib.nl).

Learn more about the Living Income Community of Practice, <https://www.living-income.com> and their upcoming conference on January 30th and 31st 2019 in Bonn, Germany.



Anouk Franck [Photo credit: Rey Dwi]