

Components for creating living income policy initiatives

Insights from 3 policy case studies



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This research study was conducted in partnership with Living Income Community of Practice and ISEAL.

The Living Income Community of Practice

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. The goal of this community is to support activities focused on improving smallholder incomes towards living incomes, aiming to enable smallholder farmers to achieve a decent standard of living. This community is a result of a partnership between Sustainable Food Lab, GIZ and ISEAL.



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Authors

Joost Backer

Joost brings over seven years of experience in sustainable agricultural supply chains across 15+ sectors, working with national governments, multinational corporations, NGOs and foundations. His expertise spans policy design, multi-stakeholder coordination, and systems and trends analysis.

Anna Laven

Anna is a social scientist and senior cocoa value chain expert with 20+ years in the sector as a researcher and adviser. She has deep knowledge on major sustainability topics, including living income, gender equality, farming household segmentation, and price mechanisms.

Christopher Wunderlich

Christopher has over 30 years of experience in international development and sustainable commodity trade, with a particular focus on sustainable agriculture and the coffee sector.

Friedel Heutz-Adams

Friedel Heutz-Adams has been a researcher at Suedwind- institute since 1993. His research interests are in the cocoa, coffee, palm oil, automotive and technology value chains. He is a well-respected expert in the sustainable cocoa field, having co-authored several Cocoa Barometers and an active participant in the VOICE Network. In this report, he co-authored the LID case study with Anna Laven.

Commissioning team: Anny Stoikova, Carla Rodriguez, Laura Monikowska, Naomi Black, Stephanie Daniels

Reviewers: Alena Kahle, Ana Paula de la O Campos, Christina Archer, Friedel Heutz-Adams, Katia Covarrubias, Mette-Marie Hansen, Renske Aarnoudse, Sandra Pfulieb

Report design: Catherine Perry

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For comments and feedback, please write to evidensia@isealalliance.org

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List of abbreviations

ARS	The African Regional Standard (group); ARS-1000 refers specifically to the African Regional Standard for sustainable cocoa
CCC	Conseil du Café-Cacao (Côte d'Ivoire)
CPPTF	The International Coffee Organization's Coffee Public-Private Task Force
CFA	Central African Franc
CIGCI	Côte d'Ivoire Ghana Cocoa Initiative
COCOBOD	Ghana Cocoa Board
CMC	Ghana Cocoa Board's Cocoa Marketing Company
CSDDD/CS3D	the European Union's Corporate Sustainability Due Diligence Directive
CSRD	the European Union's Corporate Sustainability Reporting Directive
DRC	Democratic Republic of the Congo
ECCJ	European Coalition for Corporate Justice
ECG	Economy of the Common Good
EP	European Parliament
EUDR	European Union Deforestation Regulation
FOB	Freight on Board
FTAO	Fair Trade Advocacy Office
GBE	Green Bean Equivalent
GDR	German Democratic Republic
GHS	Ghanaian Cedi
ICCO	International Cocoa Organization
ICE	Intercontinental Exchange (i.e. the Futures market international exchange)
ICO	International Coffee Organization
IHCAFE	Honduran Institute for the Coffee Sector
ISCOs	Initiatives on Sustainable Cocoa (group)
LI	Living Income
LICOP	Living Income Community of Practice
LID	Living Income Differential
LIRP	Living Income Reference Price
ODA	Official Development Assistance
OECD	The Organisation for Economic Co-operation and Development
UN	United Nations
UNGPs	United Nations Guiding Principles on Business and Human Rights

Foreword

Improving the lives of smallholder farmers requires evidence, focus, and the willingness to act on what works. Across rural economies, farmers navigate volatile markets, declining soil health, climate shocks, and complex social obligations. These pressures are persistent, interconnected, and growing.

Over the past two decades, voluntary, market-based initiatives have expanded rapidly. They have delivered important gains and opened new opportunities for many farmers. But the evidence is clear: on their own, these approaches are not enough. For most smallholder households, the gap between current earnings and a [living income](#) – the minimum necessary for a family to live with dignity – remains substantial.

Recent research in the cocoa sector reinforces this reality. [The 2025 Cocoa household income study](#), conducted by Impact Institute, Fairtrade International, and EMC reports that even where targeted interventions have been introduced, many cocoa-growing households still face significant income shortfalls. This points to a broader conclusion: structural challenges require structural responses. Isolated efforts, however well designed, cannot close systemic gaps.

Achieving living incomes at scale demands coordinated action across the entire system. This includes how crops are produced, how markets function, how risks are managed, and how public policy supports rural development. Farmers must be at the centre, making decisions about their land and livelihoods. At the same time, businesses shape incentives through sourcing and pricing; standards systems provide access, tools, and accountability; civil society strengthens farmer organisations and advances equity; and financial institutions expand access to credit and risk management solutions.



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Above all, governments establish the environment within which all these efforts unfold – through infrastructure (e.g. roads, electricity, and agro processing), extension services, market regulations, and the authority to convene diverse stakeholders.

Encouragingly, momentum is building behind more comprehensive national and regional approaches, often led by governments. Yet practical evidence on how to align these efforts into coherent, effective strategies remains limited.

This report responds to that gap. Commissioned by Evidensia, the Living Income Community of Practice (LICOP), and ISEAL, it examines a selection of emerging national and regional policies to understand how they evolved, what motivated stakeholders to take positions and actions in response to them, and which power dynamics shaped this arena of interests. By looking in-depth into several case studies, the study provides lessons for policy-focused living income practitioners to leverage these dynamics and influence policies from different angles.

The authors provide an analytical lens showcasing the potential building blocks of shaping successful living income policy strategies – both in ‘importing’ and ‘exporting’ contexts. In doing so, they draw from both literature review and stakeholder consultations, as well as their own experience with some of the cases analyzed in this study. For example, co-authors Christopher Wunderlich and Joost Backer have worked with the ICO Coffee Public-Private Task Force, Anna Laven has studied the cocoa sector for years, authoring several cocoa household income studies, and Friedel Heutz-Adams has been involved in the discussions around the Living Income Differential (LID) in Côte d’Ivoire and Ghana, while Abdulahi Ayuli is global lead for coffee and cocoa at Rikolto International.

By crystallising this experience and the emerging lessons from the case studies and deep dives, the report aims to support faster progress toward sustainable, inclusive growth, and tangible improvements in the prosperity of farmers.



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Executive summary

Most smallholder households around the world do not earn a living income. Recent years have seen a surge of private and nonprofit efforts to change this. Public policy, too, is an essential enabler of the living income transition, but often little understood. This report aims to change this by delving into the question: what are necessary components for creating effective, harmonized and coherent policy initiatives that aim to promote a living income?

The report addresses this question by analyzing three case studies, in which ‘living income’ has been an explicit – and in the Vietnam case, an implicit – factor. Who was involved, and what were their incentives and motivations to act – or refrain from doing so? What can we learn from this? The case studies are:

- The Living Income Differential (LID) in the cocoa sector of Côte d’Ivoire and Ghana
- Integration of living income as a concept in the EU Corporate Sustainability Due Diligence Directive (CSDDD)
- Decades-long development of the coffee sector in Vietnam, becoming the second largest coffee exporter with smallholders that enjoy relatively high incomes

In addition, two deep dives are studied as additional illustrations of ongoing activities on multi-stakeholder facilitation and engagement:

- The Coffee Public-Private Task Force, hosted by the International Coffee Organization (ICO) – aiming to address living income at scale
- On-the-ground efforts of nonprofit organization Rikolto to advance living income in West and East Africa, Latin America, and Southeast Asia

In addition to the context-specific lessons of case studies and deep dives, five general recommendations are made:

1. Leverage the different roles that ‘government’ can play to advance living incomes.
2. Understand your specific role as a living income practitioner – and surround yourself with complementary roles.
3. Build a multidimensional strategy towards a living income of farming households – based on the motivations and incentives of the actors involved.
4. Grasp, accept, and leverage the macroeconomic and institutional playing field practitioners work in – required for sustained growth towards a living income.
5. Follow a solid, inclusive process that allows for an effective mix of actions in an appropriate timeline – at the same time, accept that the process is organic, iterative, and messy.

Ultimately, no blueprint exists to reach a living income. Practitioners can work with the right tools, but will need to consider the specific challenges, constraints, and opportunities which their unique context provides them with. This report is therefore not only a presentation of lessons learned – it is also an invitation for the reader to engage with this work, using the analytical framework as a way to offer comparable counterexamples and their own experiences. In so doing, we can jointly advance the transition towards a living income for farming households worldwide.

SECTION 1

Introduction

Introduction

Public policy is an indispensable factor towards reaching a living income for farming households globally. There are hundreds of government programs focused on improving factors that contribute to a living income, without necessarily operationalizing the living income concept.

These range from fiscal measures to infrastructure development, and from marketing reforms to cash transfers. At the same time, there are only a handful of initiatives that explicitly work on changing policy towards a living income for smallholder farmers – or use living income as a framework from which policy can be determined.

This report analyzes both types of policy initiatives. In doing so, it hopes to add unique value by:

- focusing on the role of public policies in achieving living income for farmers – in addition to actions taken in the private and nonprofit sphere;
- showcasing observations from real-life case studies and deep dives on living income in public policy – analyzing what happened, what the existing incentives and motivations were, how actors responded to them;

- extrapolating general recommendations for living income practitioners, to apply in shaping policies elsewhere in the world;
- offering a conceptual lens to interpret the wide variety of living income initiatives on public policy around the world – providing a springboard to further research on how to integrate living income into public policy (see [section 6](#)).

This study is primarily aimed at living income practitioners. In the absence of an official definition, this report defines the ‘living income practitioner’ as those professionals and volunteers from public, private, and nonprofit sectors that intentionally work towards reaching a living income – or its related benefits – for farming households around the world. In so doing, they can take a variety of functions (see [section 5](#) for an elaboration on these functions). Some will campaign for the need of reaching living incomes, others do research on how to get there, and yet others provide the financing needed to raise productivity, enhance prices, or reduce the cost of living. This report is principally focused on the subset of living income practitioners that is engaged in shaping public policy at local, national and international levels – but is valuable reading for all interested in advancing the cause by gaining a more thorough understanding of existing policies.

The report does not study which policies are more effective than others, and why. Rather, it focuses on the step that precedes this: how living income practitioners can help advocate for, shape, form, and effectively harmonize public policy that contribute to a living income.

Box 1: The living income concept

Of the 500 million smallholder households worldwide, the vast majority does not earn a living income. Living income is “the net annual income required for a household in a particular place to afford a decent standard of living for all members of that household.”¹ The concept has gained popularity in the past decade, going beyond conventional notions of poverty alleviation. It signifies the idea that farming households around the world have a right to earn sufficient income to afford a healthy, secure and decent livelihood, and should have access to critical services (i.e. health, education, transportation, etc.), and a percentage to address unexpected events or risks.²

The living income concept has also gained traction in the corporate world. Increasingly, companies acknowledge that the lack of a living income does not only violate basic human rights. It can result in legal, financial, regulatory, operational and reputational risk to companies, as well.³

As professionals seek solutions to poverty, human rights, and climate challenges, they have increasingly identified themselves with the concept of a living income. This study distinguishes four distinct ways in which the ‘living income’ concept can be used:

- **Human right:** Signifying a decent standard of living as a human right, going beyond a national or international poverty line. In so doing, it constitutes a human right, in line with Article 7 of the International Covenant on Economic, Social and Cultural Rights (ICESCR), and Article 23 (paragraph 3) of the Universal Declaration of Human Rights (UDHR). It also forms an enabler of a number of sustainable development objectives beyond SDG 1 (No poverty), such as the SDGs 2, 8, 10 and 17.⁴

- **Analytical tool:** Quantifying a concept like ‘decent livelihoods’ in a comparable, consistent manner through calculating costs such as nutrition, housing, healthcare, and unexpected events – manifested through a living income benchmark.
- **Unit:** Focusing on the income of an entire (farming) household – including (grand) parents and children – rather than an individual.
- **Solution approach:** Broadening the range of solutions to improve incomes through a range of drivers – such as yield, farm size, cost of production, income from non-farm activities – enabled by access to different services, and increasingly coupled with payment for environmental (and potentially social) service benefits.

Employing living income as a human right, analytical tool, unit, and solution approach, has also come with challenges. Living income is sometimes confused with other concepts, such as the current cost of living, the poverty line, or living wage – or is interpreted as an ‘end stage’ rather than a step towards prosperity. This misunderstanding has led to challenges in collaborating across contexts in the past. Furthermore, calculating living income benchmarks is not easily done, but requires a credible methodology and team endowed with not only technical skills, but also the ability to socialize the approach and results with relevant actors in order to generate support. The case studies and deep dives presented in this study will highlight some of these challenges and show how they can be mitigated.

1 The Living Income Community of Practice (LICOP), ‘The concept of living income’. Accessed February 2026. <https://www.living-income.com/the-concept/>

2 An elaboration on the living income concept, its application, benefits, and challenges, can be found on the website of the Living Income Community of Practice. <https://www.living-income.com/>

3 Shift, ‘Red flags in the value chain’, September 2025. https://shiftproject.org/wp-content/uploads/2025/09/RF-25-Shift_VRP_BMRf.pdf

4 International Covenant on Economic, Social and Cultural Rights, ‘Article 7’, adopted by United Nations General Assembly Resolution 2200A (XXI), 16 December 1966, entered into force 3 January 1976. <https://www.ohchr.org/en/instruments-mechanisms/instruments/international-covenant-economic-social-and-cultural-rights>; United Nations, ‘Universal Declaration of Human Rights’, 1948. <https://www.un.org/en/about-us/universal-declaration-of-human-rights>; The Living Income Community of Practice (LICOP), ‘The concept of living income’. Accessed February 2026. <https://www.living-income.com/the-concept/>.



SECTION 2

Methodology & analytical framework

2.1 Research question

The core research question of this study is:

What are necessary components for creating effective, harmonized and coherent policy initiatives that aim to promote a living income, in which:

- **'effective'** means they have (or potentially could have) reached a degree of success in mobilizing public and private actors around a common living income agenda (outcome-level). It does not only mean having effectively reduced or closed the living income gap (impact-level), as authors are not aware that such initiatives exist or have been mapped;
 - **'harmonized'** means a degree of coherence and interconnection is reached between interventions targeted at smallholders along different dimensions, including but not limited to, farming, market and supply chain, enabling environment, and cost of living (see [Section 2.2 Analytical Framework](#)). These interventions can be harmonized either within or between countries (e.g. in the case of the EU). Note that
 - **'policy initiatives that aim to promote a living income'** means those collaborative efforts that are at least partially driven by governmental actors (at a local, national, or regional level), have the explicit ambition to reach a decent standard of living, and the provision of and/or access to key services for smallholder households around the world – in line with the definition of the Living Income Community of Practice.⁵
- 'harmonization' does not necessarily entail a planned top-down approach based on collaboration, but can also emerge from several initiatives that may be in competition, whose incentives may diverge or even conflict, and which are created in isolation while being complementary in their results for farmer incomes;

⁵ The Living Income Community of Practice (LICOP), 'The concept of living income'. Accessed February 2026. <https://www.living-income.com/the-concept/>

Methodology and structure of the report

The study was conducted between February-March 2026. It is based on case study analysis, using a multi-method qualitative approach. It relies on a combination of literature review, interviews and own experience from the authors. Three case studies and two deep dives were selected to inform the analysis and recommendations of the report, and are embedded in the full report in the following way:

- **Section 3**

summarizes key findings and recommendations for living income professionals

- **Section 4**

describes the case studies and deep dives:



Case 1:

Living Income Differential in Côte d'Ivoire and Ghana



Case 2:

Integration of living income into the Corporate Sustainability Due Diligence Directive



Case 3:

Coffee sector policy environment in Vietnam



Deep dive 1:

ICO Coffee Public-Private Task Force



Deep dive 2:

Rikolto's approach to living income

- **Section 5**

sets out general recommendations to create effective policy as a living income practitioner

- **Section 6**

points out key issues for further research

For the literature review, a combination of academic, grey literature and news articles was accessed. For the full bibliography, see [Annex II](#). The literature review focused on the analysis of existing living income strategies, considering initiatives explicitly focused on living income (e.g. Living Income Differential in Côte d'Ivoire and Ghana) and initiatives implicitly contributing to a living income (e.g. cash transfer programs, rural development policies).

The literature review formed the initial, exploratory analysis that created the basis through which case studies were selected. The case studies were selected according to the following criteria:

- **Relevant** – in line with the definition of 'living income policy initiatives' and scope described above
- **Innovative** – specific new elements that deserve highlighting in the research (e.g. government-driven Living Income Differential)
- **Diverse** – a plurality of initiatives in terms of sector, geography, and strategy; e.g. one case describes an 'importing' context ([Case 2](#), on integrating living income in CSDDD in the EU) while the other two cases focus on an 'exporting' context ([Case 1](#) on the LID in Côte d'Ivoire and Ghana and [Case 3](#) on coffee sector development in Vietnam)
- **Replicable** – experiences that could potentially be replicated elsewhere
- **Expertise** – research team has sufficient expertise to adequately describe and analyze the case

A total of 17 people were interviewed to complement the desk research for the case studies (see [Annex III](#)). Interviewees were selected based on their practical expertise with the initiative at hand, and the feasibility to connect with them within the given timeframe. The authors have aimed to ensure a plurality of opinions, selecting interviewees from the corporate, public, and nonprofit sector. Interviews were conducted according to the Chatham House Rule – specific attributed quotations by interviewees or references of any other kind have been included with their explicit approval. The interview input was subsequently validated with existing theory and literature.

The deep dives provide an analysis of these two interesting examples from the perspective of the individual authors directly involved in them. Contrary to the case studies, no interviews or in-depth literature reviews were conducted for the deep dives.

This study does not conduct a causal analysis – we have not adopted the methodological tools to conclude how one factor led to another. Rather, this study should be read as a compilation that helps the living income practitioner consider the right elements to influence and develop strategies that contribute to a living income.

AI tools were used for literature review purposes – all sources have been verified by the authors. No AI tools have been used for writing the text.

Limitations

- **Process.** The time period to conduct this research was limited (February-March 2026). This has resulted in a relatively brief period of literature review and validation, inhibiting the team from accessing the full range of research available on the case studies and deep dives. Further research can complement the findings of this study by going more in-depth and accessing a wider variety of resources.
- **Consultation bias.** While this study relies on a combination of literature review and consultations, the process has not allowed for a comprehensive consultation process. In total, 17 people were consulted for the three case studies.
- **Hindsight bias.** "My life in hindsight is fantastic", is the phrase one of the authors has always remembered from his friend. The same principle applies to our case studies. In retrospect, policies may seem more directional or coherent than they actually were at the time. And emphasis is put on 'what has worked' compared to 'what has failed'. We are aware of this bias. The reader should therefore take the lessons and recommendations as advisory rather than definitive.

2.2 Analytical framework

An analytical framework was developed to provide a conceptual lens through which to analyze policy initiatives (see [figure 1](#)).

It covers constitutional and contextual elements of these policies on three dimensions:



Contextual factors:

At all times, the natural, political and economic context influences how policies are developed – and how successful they are



Living income strategies:

There are strategic pathways that can yield effective, harmonized and coherent policy initiatives to promote a living income



Incentives & motivations:

All actors are driven by motivations and incentives that can be recognized, identified, and leveraged

Contextual factors

Contextual factors play an enabling, long-term role in providing the environment for policy initiatives on living income. They include:

- **Natural conditions:** The economy is ultimately embedded within a natural environment and planetary boundaries. Any living income strategy should consider the limits and opportunities of these context-specific natural conditions: climate, soil, altitude, water, etc.
- **Political will & public opinion:** Overall support from politicians, ministers, civil society and other relevant political actors to work on living income. This also includes the degree to which there is international political will, which may exert influence via diplomatic means.

- **Economy & market conditions:** Design of the market and investment climate, and degree of demand for a certain product, service, or outcome.
- **Stability & effectiveness:** Degree to which the national and international policy environment is stable, transparent, consistent and effective.

Living income strategies

The LICOP distinguishes four different strategic pathways through which living incomes can be achieved. These include:

- **Production & quality,** focused on farming and investments
- **Price & trading practices,** focused on supply chain and market dynamics
- **Landscape & community development,** focused on social, environmental, and economic landscape-level interventions
- **Sector & government policy,** focused on institutional solutions at local, national and international level

This paper focuses on the **sector & government policy** pathway. Each case or deep dive highlights a different component within the policy area (see [figure 1](#)), although factors from other strategic pathways were also considered (e.g. in Vietnam, the high farm-gate capture of FOB price is an important price & trading practices factor in this context) – and elaborates on the LICOP's four strategic pathways.

Incentives & motivations

Improving smallholders' incomes requires identifying and responding to what motivates and incentivizes stakeholders to collaborate or not on policy change around living income. This analytical framework includes an overview of these incentives.

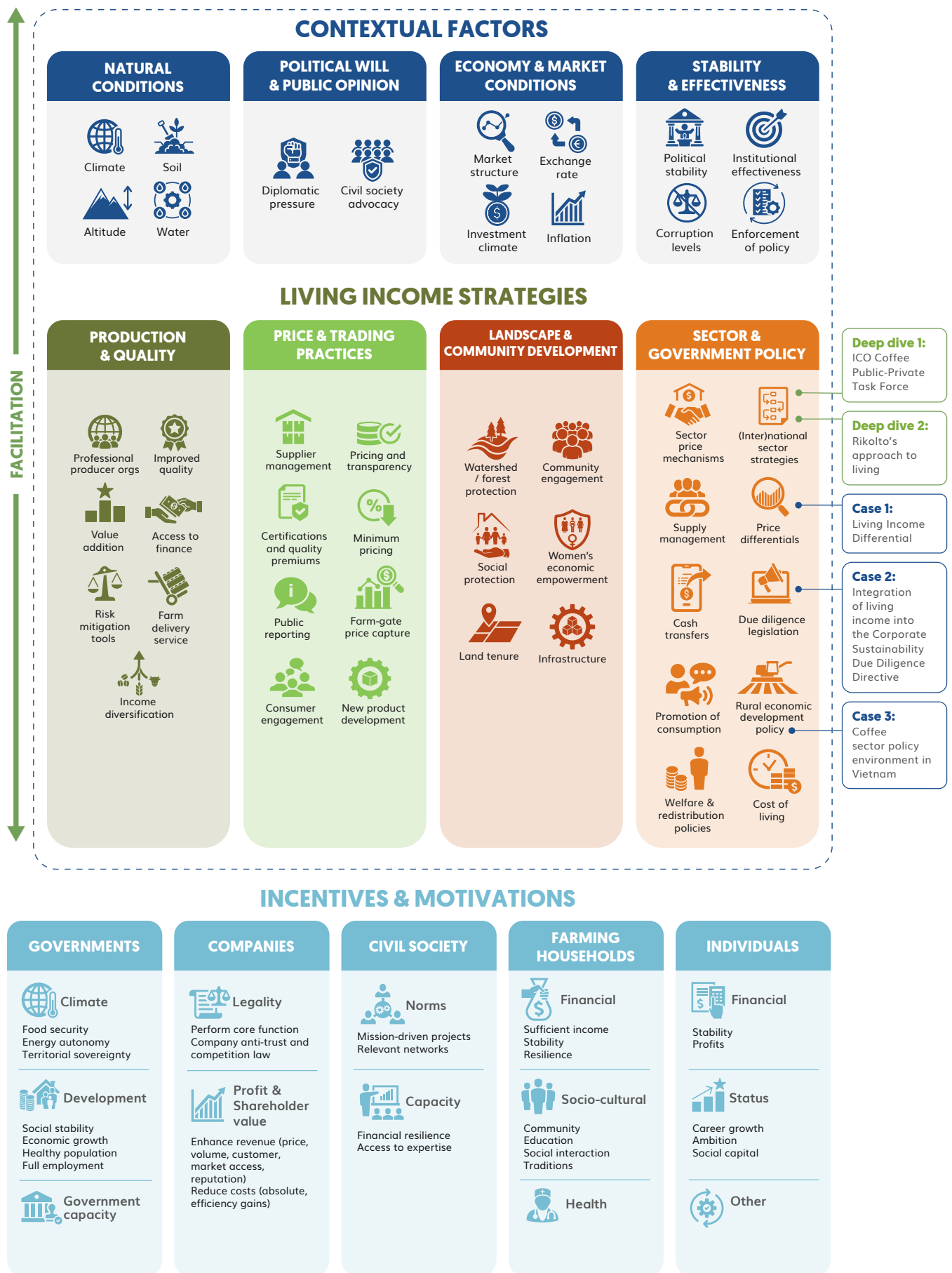
Stakeholders are driven by a wide range of motivations, concerns and interests – with regards to finance, security, capacity, status, and more. The issue is **to identify the actual motivation and develop or substitute, where necessary, the appropriate responsive incentive**. In doing so it is important to be non-judgmental and as much as possible realistic. Without the proper incentive structure, actors may have limited motivation to participate in the design of a strategy (or may only participate nominally) and will be even less motivated to support its implementation over time. Therefore, identifying and implementing a customized and achievable incentive framework is key to the success of any effort, in this case, improving smallholders' incomes to achieve and supersede a living income.

The case studies analyze the motivations and incentives as they were present in Côte d'Ivoire and Ghana (Living Income Differential), the European Union (CSDDD) and Vietnam (coffee sector) in detail; and present an overview in the two 'deep dive' analyzes, the ICO CPPTF and the NGO Rikolto's facilitation-based program. They focus first and foremost on government incentives. In turn, it can be anticipated how companies, producers, civil society and other actors will likely respond to these incentives. Practitioners can use the analytical framework as a core tool for structuring and analyzing their own actions aimed at policy change in a specific context. See the recommendations in [section 5](#) on how to integrate this into a process.



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Figure 1 Driving factors of policy initiatives and actions that can promote a living income



SECTION 3

Findings in brief

This section provides a summary of the analysis from the case studies and emerging lessons and recommendations towards the question:

What are necessary components for creating effective, harmonized and coherent policy initiatives that aim to promote a living income?



Case 1:
Living Income Differential (LID) in Côte d'Ivoire and Ghana



Case 2:
Integration of living income into the Corporate Sustainability Due Diligence Directive (CSDDD)



Case 3:
Coffee sector policy environment in Vietnam



Deep dive 1:
ICO Coffee Public-Private Task Force (CPPTF)



Deep dive 2:
Rikolto's approach to living income

Case Study 1 Summary:

Living income through price differential



Cocoa, Côte d'Ivoire & Ghana
2019-current

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Description

The Living Income Differential (LID) was the result of a joint initiative of the Ivorian and Ghanaian governments to address the sharp drop in world market cocoa prices, which reduced farmers' incomes and governments' revenues from cocoa. The LID is a \$400 per ton premium on cocoa exports, to be paid on top of the world market price. This case study describes the process of the LID development from a planned floor price, which was changed into a premium on the export price and which initiated public-private discussions about an Economic Pact.



Main Strategy

Collaborating to identify price-mechanisms and policies to improve farmers' living income.



Incentives & motivations

- **Governments in producing countries:** cocoa is of such national (and regional) interest that it is considered a 'political crop'. One of the consequences is that decisions are dominated by short-term interests.
- **Governments of producing (exporting) countries:** protection of their revenues from cocoa and to increase farmers' incomes. Cocoa production is a major source of income for Côte d'Ivoire and Ghana – primarily via taxes and foreign currency income.
- **Companies:** protection of their commercial interests. They firmly believe in liberal markets and resist measures that might disturb markets and associated costs and risks. Companies were used to hedge cocoa and by this to trade cocoa nearly without any price risks, a system they wanted to maintain.
- **Companies:** voluntary commitments to a more sustainable cocoa sector
- **Civil society:** be a watchdog for private sector

- **Governments (EU):** Relationship management and lobbying for buy-in to EU legislation

NB: Producers and producer organizations were not involved in the LID process, and hence are not stated here.



Recommendations

1. **Know how the future market functions and put pressure on market actors to develop trading systems which support living income-oriented measures.**
2. **Don't rely on premiums alone – they are not silver bullets.** The implementation of the LID was not combined with other market parameters, such as well-working stabilization funds and supply management mechanisms.
3. **Look at sector-specific living income interventions in a wider context.** Policies like that of the LID should be regarded as part of a longer-term process towards a living income, and embedded in broader rural development strategies.
4. **Involve more cocoa producing countries and other stakeholders.** The decisions in Côte d'Ivoire and Ghana were made by governments and their organizations. Other countries and other stakeholders should be involved, including civil society and farmer organizations.
5. **Allow company activities for parts of markets – provided there is full transparency.** Money flows coming from the additional payments must be transparent. This call for transparency is relevant for both private and public actors involved in price-setting and distribution.
6. **Consider regulations in consuming countries.** Legislation concerning human rights – which includes ensuring a living income – might push companies to adopt improved procurement practices that contribute to a living income for farming households.

Read the extended case [here](#)

Case Study 2 Summary:

Integration of living income in CSDDD



Various sectors, European Union
2020-current

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Description

The newly developed EU Corporate Sustainability Due Diligence Directive (CSDDD) requires companies to track and address human rights issues in their supply chains – including living income. The case describes the process of negotiation around the CSDDD and shares lessons on advocacy and policy development.

The CSDDD imposes a form of mandatory due diligence on companies in the EU, regarding the identification, assessment, prevention, mitigation and remediation of human rights violations, including living income (among others). This puts the burden of proof on companies, who will be expected to more actively engage with their supply chain – including with smallholders.



Main Strategy

Integrating living income into market policy



Incentives & motivations

- **Farming households:** Optimism around shared responsibility for living income. Worry on market loss and exclusion.
- **Governments of exporting countries:** Cautious optimism on sharing costs for human rights. Apprehension on market exclusion and lack of inclusivity.
- **Politicians:** Integrate values for universal human rights into concrete legislation.
- **Governments of the European Union, including the Commission and Member States:** Projection of European 'normative' power, leading the way on human rights in trade.
- **Companies:** Level playing field around legislative expectations, and legal stability.

- **Companies (both in 'exporting' and 'importing' contexts):** Fear of loss of competitiveness through enhanced cost burden.



Recommendations

1. **Recognize the interconnection between policy at the level of 'importing governments' and 'exporting governments'.** Policy designed in one region creates effects in the other – the interplay between both contexts should be recognized for effective policy.
2. **Trust the influence of step-by-step mobilization around a common theme, such as living income.** Rome wasn't built in a day. Intermediate steps provide the legitimacy and input which others can build on.
3. **Be consistent in language, solutions, and arguments around living income.** Efforts aimed at harmonizing concepts educate policymakers and politicians alike – who can in turn put it into policy.
4. **Continue building a structural, consolidated advocacy coalition around living income, reaching the right people.** A lobby that is aligned and coordinated, will be considerably more effective than a fragmented network with disjointed language.
5. **Integrate living income in a wider, multidimensional agenda of other social, environmental and economic issues.** Practitioners should not limit themselves to 'living income tunnel vision', but appreciate and consider the broader environmental, social and economic goals that affect and are affected by the living income agenda.

Read the extended case [here](#)

Case Study 3 Summary:

Coffee sector policy environment



Coffee, Vietnam
1970s-current

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Description

Vietnam is the world's second-largest coffee exporter, with smallholders earning relatively high incomes. This case describes how it came about and yields valuable lessons for living income practitioners in other contexts.

Decades of strong government-led development in combination with a willingness of farmers to employ coffee production as a path to prosperity developed a strong and globally dominant Vietnamese coffee sector. The focus on high-volume Robusta (not Arabica) instead of quality allowed the country to leverage its beneficial natural conditions for Robusta in the Central Highlands. Finally, reasonable levels of political stability and government effectiveness contributed to relatively high incomes for coffee farming households.



Main Strategy

Focus on production and internal processing and trading capacity building to improve incomes, while collaborating with international actors.



Incentives & motivations

- **Government:** Stabilization of social tension in Central Highlands through farming overall
- **Government, farming households:** Addressing poverty and food security
- **Government, farming households:** Path to prosperity for individual farming households
- **Government, Companies (domestic):** Economic opportunity and business development along national supply chain
- **Government:** Territorial affirmation and state control through constructed territories and planned migration
- **Government:** Foreign currency generation and trade balance improvement

- **Government (importing):** Cold War partnerships as a way of strengthened global presence and coffee supply
- **Coffee farming households (outside Vietnam):** Disapproval of enhanced coffee production in Vietnam, as global oversupply led to reduced prices



Recommendations

1. **Accept (living) income goals can be achieved without the concept of a living income – and find other 'hooks'.** Be open for concepts and agendas that may not directly align with the living income language – but can serve the living income agenda.
2. **Tailor the living income agenda to the long-term domestic objectives of the country at stake.** Leveraging national (government) interests is often a practitioner's best shot at ensuring long-term, sustained growth towards a living income.
3. **Leverage long-term, sustained government support for transformative change – in combination with public-private partnerships – at landscape or jurisdictional level.** Combine the strengths of the public, private and nonprofit sector for long-term sector development – rather than individual farming households alone.
4. **Avoid 'living income tunnel vision': take a multidimensional lens towards income improvements, environmental, and socioeconomic interests.** Consider the trade-offs between all dimensions.
5. **Do not only advocate for the creation of policies – proper execution is at least as critical.** Policy without effective execution is worthless. Ensure sufficient efforts are made to contribute to enhancing government effectiveness in country contexts where this is needed.

Read the extended case [here](#)

Deep dive 1 Summary:

ICO Coffee Public-Private Task Force



Coffee, Global
2019-current

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Description

The ICO's Coffee Public-Private Task Force (CPPTF) is a unique and informative example of working at scale to achieve economic resilience and prosperity in an entire sector, using living income as a guiding objective and an important tool. The structure of the CPPTF was designed to facilitate this scale and maintain engagement, participation and action from private, public and civil society stakeholders.

As it continues to grow, and responds to new challenges, it provides important lessons for practitioners working at scale to advance living income; including enhancing communication structures and collaborations to ensure producers are involved and their needs and capacities are a basis of strategic plans, and taking a comprehensive approach that responds to the variety of challenges facing smallholders' incomes and working at the national, regional and international level to create the enabling environment needed through supportive policy, investment and funding mechanisms.



Main Strategy

Working at sector level to promote living income at scale.



Incentives & motivations

- **Farming households:** Mitigate impact from and change volatile and systemically low prices.
 - **Governments/Global community:** Respond to climate change threats
- Companies (traders, roasters):** Maintain supply of coffee from diverse origins
- **Companies/National governments:** Address reality of aging farmers and aging trees.
 - **Companies/National governments:** Respond to lack of interest from youth and the lack of inclusion of women and other groups.

- **Farming households/Companies/Governments:** Respond to increasing cost of inputs and rising cost and scarcity of labor.



Recommendations

- 1. Establish clear governance with broad, two-way representation.** To work at scale practitioners must promote a clear and transparent governance structure and facilitate effective representation and a sense of ownership by the stakeholders throughout the sector. Develop links with other concepts of prosperity to ensure buy-in, for example linking to the [SDGs Coffee Plans approach](#)
- 2. Ensure a comprehensive, systemic approach.** The multi-faceted and complex challenge of improving incomes, building economic resilience and working at scale requires taking a comprehensive and holistic approach.
- 3. Consider independent facilitation.** To work at scale and convene the diverse, and often very busy, stakeholders that impact producers' incomes, independent facilitation can be an essential element. The facilitator (or 'convenor') needs to have the authority, trust, and neutrality to bring together and drive a multi-stakeholder partnership, and co-develop solutions in an environment that is often new and fragile.
- 4. Sustain resources through an effective funding mechanism.** Critical to success is ensuring access to the needed resources. A funding mechanism is therefore essential, and if it can be internalized into the sector, it can be more consistent and self-sustaining.
- 5. Maintain consistency and focus.** Consistency in general is required again due to the complexity and scale of the challenge. Focus needs to be maintained on the objectives and goals, and if new priorities arise, they should be framed within those objectives, so in the case of living income, ensuring that the actions are addressing farmers' income and economic resilience of the sector.

Read the extended deep dive [here](#)

Deep dive 2 Summary:

Rikolto's Living Income program and role of facilitation



Multiple commodities, Latin America, Africa, Asia
2010s-current

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Description

In this deep dive Rikolto, an international NGO, provides a practical example of how NGOs can help different actors work together to improve living incomes. Its experience in Latin America, Africa, and Asia shows how a coordinated, multi-stakeholder approach can be applied across a range of agricultural commodity sectors.

Rikolto works directly with producers and private and public actors from production, processing and value-addition improvements to policy development and implementation to create the needed enabling environment to support living income improvements.

With their local presence in important coffee and cocoa producing countries, they are particularly strong in bringing in the reality from the field and promoting contextually relevant frameworks and tools for local interventions to, among other key objectives, promote living incomes.

Main Strategy

Leveraging NGO facilitation of multi-stakeholder processes and policy engagement.

Incentives & motivations

- **Smallholder/NGO/Government:** Desire to address structural poverty and food security.
- **NGO/Government/Smallholder:** Goal of supporting producers to achieve efficiency and higher value from their production.
- **NGO/Government:** Objective of facilitating engagement and collaboration between actors and with policy makers to create needed enabling environment.
- **NGO/Companies:** Customize approaches to the reality of the production area and culture.
- **NGO/Government:** Realization that improving the standard of living of smallholders has been the result of institutional change where global frameworks, national policy, and local implementation are all relevant, and this process should be strengthened.

Recommendations

- 1. Employ independent facilitators to align national policy spaces.** Many living income initiatives are still limited to specific projects or commodities, and there is often no national platform to coordinate policies on pricing, social protection, and agricultural subsidies. Independent facilitators are needed to connect different ministries, such as agriculture, finance, trade, and environment. Governments around the world often struggle to coordinate across ministries and policy areas beyond the issue of living income. Key questions then include who should support these independent facilitators, how they should be mandated, and how living income initiatives can be used to link existing social, environmental, and economic objectives rather than creating a new agenda.
- 2. Focus on domestic market transformation, beyond export chains.** Living income work is heavily concentrated on export commodities (e.g. cocoa, coffee). There is limited facilitation in domestic food markets, which play an important role in markets for diversification and, local food safety and availability, and other areas. Neutral actors are needed to convene local buyers, processors, and municipalities.
- 3. Engage the financial sector.** A major bottleneck is access to affordable finance aligned with living income pathways. Independent facilitation is needed to connect banks, impact investors and insurers on the one hand, and farmer organizations and cooperatives on the other. This is especially relevant in Africa and Southeast Asia where financial ecosystems are fragmented.
- 4. Elevate work towards landscape and jurisdictional approaches.** While pilots exist, there is limited facilitation at landscape level. Alignment is needed in land use planning, climate policies, and commodity production. This is critical in deforestation-risk areas (e.g. cocoa landscapes in West Africa).
- 5. Address power imbalances in global value chains.** There is still insufficient neutral facilitation to address price setting, risk distribution, and transparency in supply chains. Independent actors are needed to facilitate more equitable negotiations between farmers, traders, and brands, whilst recognizing that they can only partially address the deeper sources of these imbalances.
- 6. Improve the data field around living income:** Living income measurement remains fragmented. There is a need for facilitation around: shared metrics, data governance and accountability frameworks across actors.
- 7. Serve marginalized geographies.** Gaps between the need and existence of meaningful facilitation still exist in many areas. Special attention is needed in the Sahel region for example, focusing on fragility and climate stress; secondary cities in Africa and Asia; and emerging frontiers across coffee, cocoa, and other commodities.

Read the extended deep dive [here](#)

SECTION 4

4.1 Case studies in depth



Case 1:
Living Income Differential (LID) in Côte d'Ivoire and Ghana



Case 2:
Integration of living income into the Corporate Sustainability Due Diligence Directive (CSDDD)



Case 3:
Coffee sector policy environment in Vietnam

Case Study 1

Living Income Differential



Cocoa, Côte d'Ivoire & Ghana
2019-current

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Co-author Friedel Hütz-Adams, Senior Researcher at Südwind Institute.

The Living Income Differential (LID) was the result of a joint initiative of the Ivorian and Ghanaian governments to address the sharp drop in world market cocoa prices which reduced farmers' income and governments' revenues from cocoa. The LID is a \$400 per ton premium on cocoa exports, to be paid on top of the world market price. This case study describes the process of the LID development from a planned price floor, which was changed into a premium on the export price and which initiated public-private discussions about an Economic Pact.



Introduction

In 2019, the cocoa authorities of Côte d'Ivoire and Ghana — the Conseil du Café-Cacao (CCC) and the Ghana Cocoa Board (COCOBOD) — introduced the Living Income Differential (LID), a \$400 per ton premium on cocoa exports intended to improve farmers' incomes to come into effect with the 2020/2021 harvest season. The policy followed an earlier proposal to set a cocoa price floor of \$2,600 per ton.⁶

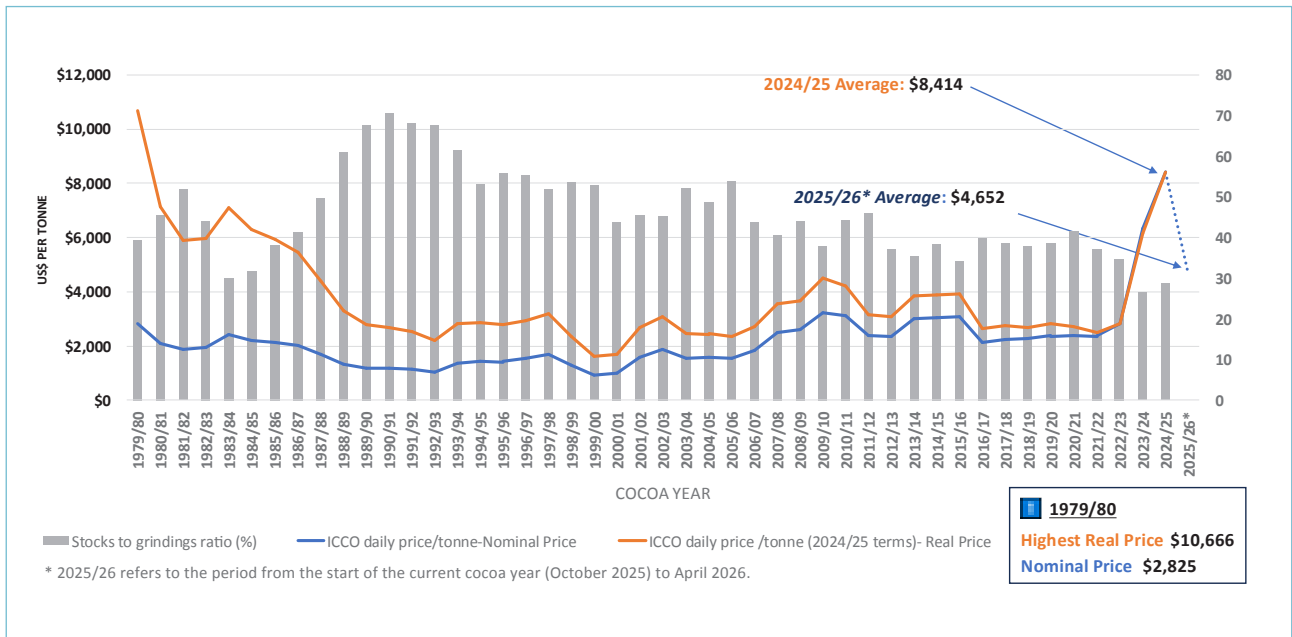


Impact of the LID on farmgate prices

Statistics of the International Cocoa Organization (ICCO) show that the average annual cocoa price climbed after the record low of US\$919 per ton in the season 1999/2000. In the next two decades the price fluctuated between 2006 and 2023 around US\$2500 per ton. Reasons for price spikes were for example the civil war in Côte d'Ivoire, the world's largest cocoa producer. This increase in prices encouraged many farmers to start to grow cocoa. After a record harvest in 2016/17 average annual price crashed within weeks by nearly US\$1000 per ton to US\$2142 as an annual average compared to the season before (Figure 2). Table 1 in annex 1.2 shows the fluctuations in farm-gate price for both Ghana and Côte d'Ivoire.

⁶ Boysen, O., E. Ferrari, N. Nechifor, and P. Tillie. "Earn a Living? What the Côte d'Ivoire–Ghana Cocoa Living Income Differential Might Deliver on Its Promise." *Food Policy*, no. 114 (2023). <https://www.sciencedirect.com/science/article/pii/S0306919222001580>

Figure 2 Evolution of Annual Prices (Real vs Nominal) and Stocks-to-Grindings Ratio.⁷



Côte d'Ivoire and Ghana have a vital interest in stable and sufficient cocoa prices. Roughly 60% of the global cocoa harvest comes from these two countries (Côte d'Ivoire produces 40% of world's cocoa production and Ghana 20%). In Côte d'Ivoire, at least 1 million families depend on cocoa, in Ghana the estimated number is 800,000 families. Millions of people in both countries depend on selling cocoa for most of their income.⁸ Additionally, taxes on cocoa exports and foreign currency earnings are very important for the governments of Côte d'Ivoire and Ghana.

To support more stability in the market, both countries have regulated the cocoa market. The government of Côte d'Ivoire established the CCC and in Ghana the COCOBOD controls the cocoa market. The CCC supervises pre-selling of cocoa via auction. The COCOBOD intervenes much more strongly into the

market and one of its bodies, the Cocoa Marketing Company, has the monopoly to sell cocoa to the world market. Both institutions aim to sell at least 70% of the expected harvest long before the harvest starts on 1st October. The pre-selling is based on the futures prices noted at the futures markets in London and New York.

At the futures markets, market participants can buy and sell cocoa up to two years in advance. Based on the price achieved in the pre-selling, both governments set a minimum price at the beginning of the cocoa season. The calculation of this minimum price is not fully transparent and this lack of transparency has often been criticized.⁹ Both governments claim that roughly 70% of the Freight on Board (FOB) price reaches the farmer.

7 Arrion, Michel. "Introduction and Setup: We All Want Systemic Change, Right?" PowerPoint presentation at Chocoa Conference, Panel 1, Amsterdam, February 19, 2026. International Cocoa Organization (ICCO).

8 Laven, A., and M. Ataa-Asantewaa. "Behind Bars: Invisible Farmers and Workers in the Cocoa Supply Chain." Scoping Study. Include Knowledge Platform on Inclusive Development Policies, 2024. <https://includeplatform.net/publications/report-behind-bars-invisible-farmers-and-workers-in-the-cocoa-supply-chain/>

9 For example: Oo Oomes, N., B. Tieben, A. Laven, T. Ammerlaan, R. Appelman, C. Biesenbeek, and E. Buunk. Market Concentration and Price Formation in the Global Cocoa Value Chain. The Hague: Ministry of Foreign Affairs / SEO Economisch Onderzoek, 2016. <https://www.seo.nl/publicaties/market-concentration-and-price-formation-in-the-global-cocoa-value-chain/>; VOICE Network. "Good Governance for Living Income in Cocoa: A Cocoa Barometer Consultation Paper." 2025. <https://voicenetwerk.eu/en-good-governance-for-living-income-in-cocoa-2025-v3-1>

The LID: a brief history

A critical factor that (ultimately) led to the LID was the sharp price drop in cocoa in 2016, which resulted in nearly \$3 billion in lost export revenue for Côte d'Ivoire and Ghana from one season to the next.¹⁰ This put pressure on the regulated marketing systems in both countries. In Côte d'Ivoire, the CCC lowered farmgate prices in spring 2017 by 36% and the reduced tax income resulted in significant budget cuts.¹¹ In Ghana, the COCOBOD stabilized the price by carrying losses, however farmers' real income still dropped due to high inflation rates.

In 2017, the presidents of Côte d'Ivoire and Ghana — Alassane Ouattara and Nana Akufo-Addo — began coordinating a joint cocoa policy.¹² This led to the Abidjan Declaration in March 2018, which included the proclamation of the intention to raise farmers' incomes by increasing export prices.

This came as a surprise for the industry. The surprise was twofold: 1) It was historic that these competitive economies decided to join forces; 2) Fixing prices was seen as incompatible with the functioning of the cocoa market, as despite the high producer countries' concentration, governments do not control cocoa production.¹³

The CCC and COCOBOD held several technical meetings with international buyers around the implementation of a price floor for cocoa of \$2,600 per ton. Cocoa and chocolate companies resisted the policy of a minimum export price delinked from prices at the futures market. Cocoa and chocolate companies can, if cleverly managed, reduce the price risk for cocoa at the futures market to zero. They therefore did not want to give up a system that gives them security in the operations.¹⁴



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¹⁰ A period of higher cocoa prices occurred between 2013 and August 2016. Afterward, prices fell sharply from an annual average of \$3,093 per metric ton (2015/16 to \$2,142 per MT in 2016/17 (ICCO).

¹¹ The CCC was forced to reduce the farmgate price from 1,100 CFA to 700 CFA per kilogram in spring 2017. In addition, the Ivorian government had to reduce budgets of ministries by nearly 10% as tax income was much lower than expected. (Fountain and Hütz-Adams, 2018). See also Reuters. "Hit by Falling Cocoa Prices, Ivory Coast Slashes Budget." Accessed March 2026. <https://www.reuters.com/article/ivorycoast-economy/update-2-hit-by-falling-cocoa-prices-ivory-coast-slashes-budget-idUSL8N1HS29L/>

¹² A new momentum of cooperation started after the change in governments in Ghana. When end of 2016 the presidential elections were won by Nana Akufo-Addo (New Patriotic Party), this paved the way to restart conversations between Ghana and Côte d'Ivoire, which were terminated in 2012. The strong personal relationship between both presidents facilitated the Abidjan Declaration and later the LID (Personal interview representative of European Commission, March 2026).

¹³ Gilbert (2023) refers to the OPEC, being a false analogy for cocoa. Gilbert, C. "Cocoa: Origin Differentials and the Living Income Differential." *The European Journal of Development Research* (2023). <https://doi.org/10.1057/s41287-023-00612-x>

¹⁴ Details on the functioning of the futures market see Oxfam België/Belgique. "The Living Income Differential for Cocoa: Futures Markets and Price Setting in an Unequal Value Chain." 2024. <https://oxfambelgie.be/publicaties/living-income-differential-cocoa-futures-markets-and-price-setting-unequal-value-chain>

In addition, companies argued that a fixed price floor could disrupt markets by encouraging overproduction, which would as a result put pressure on prices. Therefore, according to sources involved in the discussions, companies demanded a flexible system.¹⁵

As a compromise, in 2019 Côte d'Ivoire and Ghana introduced such a flexible system: the LID. The LID included a \$400 per ton premium on cocoa exports intended to improve farmers' incomes. The premium had to be paid starting in July 2019 on top of the world market price for the presales of the 2020/21 season. The LID premium was complemented by a price stabilization fund intended to sustain the target farmgate price in case of slumps of the international cocoa price.¹⁶

The two countries hoped to achieve a FOB price of at least US\$2600 per ton, which would allow farmers to receive about \$1,820 per ton (assuming 70% of the export price goes to producers) with a combination world market price, country differentials on top of the world market price as a reward for above standard cocoa quality and the new LID.¹⁷ The LID was not calculated based on a real living income calculation but served as a starting point to achieve higher farmgate prices. The premium of \$400 was at the time twice the premium of Fairtrade and four times the average premium of Rainforest Alliance certified cocoa - and much higher than the voluntary premiums paid by companies in their programs.

There is anecdotal evidence that governments put severe pressure on industry to sign the LID mechanism, while traders expressed it was "doomed to fail".¹⁸

Although, according to a representative of COCOBOD Cocoa Marketing Company (CMC), traders indeed warned for the failure of the LID, the LID is still in place, and therefore can be considered as "super effective":



Back in 2021, a \$400 as a share of the trading prices then was quite significant. It is in today's term that we see it a bit insignificant. But at that time, prices were around \$2000 USD. That means you're looking at almost about 20% of it." [...] "In each invoice that since it started till date, you have the LID still captured there as a \$400 because that is priced into the contract."¹⁹



LID under pressure

Originally, CCC and COCOBOD hoped that the LID could guarantee at least an indirect minimum price of US\$2600 per ton. During the 2020/21 season, supply for cocoa was higher than demand. In such a situation, the fund, which was part of the LID system, should have buffered the price. But the money in the fund was not yet available in the first year of the new system.

The CCC did not manage to sell 15% of the main crop by end of 2020. Additionally, at least 90% of the mid-crops were not pre-sold.²⁰

15 Staritz, Cornelia, Bernhard Tröster, Jan Grumiller, and Felix Maile. "Price-Setting Power in Global Value Chains: The Cases of Price Stabilisation in the Cocoa Sectors in Côte d'Ivoire and Ghana." *The European Journal of Development Research* (2022): 1–29. <https://doi.org/10.1057/s41287-022-00543-z>; Oxfam België/Belgique, 2024.

16 For understanding the exact mechanisms of the LID see the founding document Federation of Cocoa Commerce (FCC). "Implementation of Living Income Differential by Côte d'Ivoire and Ghana." London: FCC, 2019. <https://prod-upp-image-read.ft.com/c2157a14-a964-11e9-984c-fac8325aaa04>. Other sources: Boysen et al, 2021; Oxfam België/Belgique, 2024.

17 According to the Executive Secretary of CIGCI, Alex Assarvo, the main difficulty was that the market saw LID as an element that disturbs margins. Source: Insight: In Africa's fields, a plan to pay fair wages for chocolate withers: <https://www.reuters.com/world/africa/africas-fields-plan-pay-fair-wages-chocolate-withers-2023-04-04/>

18 Personal Interviews with representatives of civil society and independent experts, 9 and 11th of March 2026.

19 Personal Interview, 23rd of March 2026

20 This performance has been the worst in decades for the world's top cocoa producer and comes amid an escalating standoff with industry buyers over a premium aimed at combating farmer poverty. Côte d'Ivoire normally sells export contracts for all of its main crop and 30-40% of its mid-crop before the season begins in October. The last time the country did not sell all of its harvest was the 1988/89 season. Source: Aboa, Ange. 2020. "Ivory Coast struggles to sell cocoa amid dispute over farmer premium." December 1. Accessed 04.07.23. <https://www.reuters.com/article/cocoa-ivorycoastidUSL8N2IH2HJ>

The COCOBOD had also significant volumes of unsold cocoa. In this situation, traders and grinders were not buying as a world market price, plus the LID might be significantly higher than prices for cocoa from other regions or at the futures market. Both CCC and COCOBOD were under massive pressure as they didn't know if they would be able to sell hundreds of thousands of tons of cocoa of the ongoing harvest. Despite the agreement with COCOBOD, the CCC reduced the country differential from roughly US\$200 to US\$53,²¹ and this was only the beginning of a series of reductions.²² This undermined the collaborative agreement with Ghana. Ghana was also under considerable pressure, which even rose in spring 2021 as the COCOBOD had to sell forward the next harvest quickly in addition to unsold volumes of the season 2020/21 to get access to a syndicated loan.

Politicians interpreted this as a direct consequence of bad behavior of companies.²³ Meanwhile, companies denied these allegations.²⁴ Companies saw the negative country differentials as a logical consequence of the market. Moreover, they argued that they were not willing to support a pricing system which was not fully transparent.²⁵

To break the deadlock, the governments of Côte d'Ivoire and Ghana decided to rally under the auspices of the Côte d'Ivoire-Ghana Cocoa Initiative (CIGCI). They planned to set up four technical multi-stakeholder working

groups (of which only one has actually started: The Working Group on Price and Markets) to develop a more sustainable price mechanism in the long term, and eventually a more equitable income for farmers. They pulled in senior industry members and one representative of civil society to collectively develop a joint framework of action, the "Economic Pact for Sustainable Cocoa". The three other Working Groups should have been focusing on respectively: Traceability; Standards, Accountability and Monitoring; and The Cost of Sustainable Cocoa.²⁶

The Working Group on Price and Markets led to intensive discussions between industry, civil society and CCC and COCOBOD. The meetings at the end of 2022 and in spring 2023 created space to discuss how the terminal market was functioning, and how income from selling cocoa could increase within the current market set-up. The outcomes of the Working Group were laid down in a strategy paper (which was not shared in the public domain). With the boost in market prices in 2023 the momentum got lost and the document was shelved. The dramatic increase in prices was also a reason why the other working groups never started (see [Box 2](#)). Although the price developments drifted the interest away from the Price and Market discussion, the need to build the capacity of CCC and COCOBOD technical teams on this topic was identified. In early 2024, CIGCI undertook an intensive 3-day workshop for a delegation of CCC and COCOBOD to learn about how future markets work.²⁷

21 Abou. 2020

22 Note that this is not the LID but the country differential. Before the implementation of the LID, the price paid for cocoa from Côte d'Ivoire (Ghana) was the price at the futures market plus the country differential because Côte d'Ivoire (and even more Ghana) delivered cocoa which was slightly above standard quality (different from Nigeria or Cameroon or badly fermented CCN 51 from Ecuador). Therefore, let's say with a futures market price of US\$2000, the CCC expected to get the US\$2000 plus country differential of US\$200 plus US\$400 LID = US\$2600. Then the country differential went down. Quality was the same, but the companies were not prepared to pay the US\$2600, so the country differential was lowered not based on quality but on market power of companies. In the end, it became roughly US\$200 negative. So, the price before the implementation of the LID would have been US\$2000 plus country differential of US\$200 = US\$2200 With LID, it was US\$2000 plus US\$400 LID minus US\$200 for the negative country differential = US\$2200 (See Oxfam België/Belgique, 2024, page 56)

23 E.g. Business and Human Rights Centre, 1-December 2020: Mars and Hershey's accused of avoiding fair pay for cocoa farmers: <https://www.business-humanrights.org/en/latest-news/mars-and-hersheys-accused-of-avoiding-fair-pay-for-cocoa-farmers/>

24 Source: Confectionary News 1-December 2020: Ghana and Côte d'Ivoire cancel Hershey's sustainability programmes as row over 'cheap cocoa beans' intensifies: <https://www.confectionarynews.com/Article/2020/12/01/Ghana-and-Cote-d-Ivoire-cancel-Hershey-s-sustainability-programmes-as-row-over-cheap-cocoa-beans-intensifies/>

25 Oxfam België/Belgique, 2024

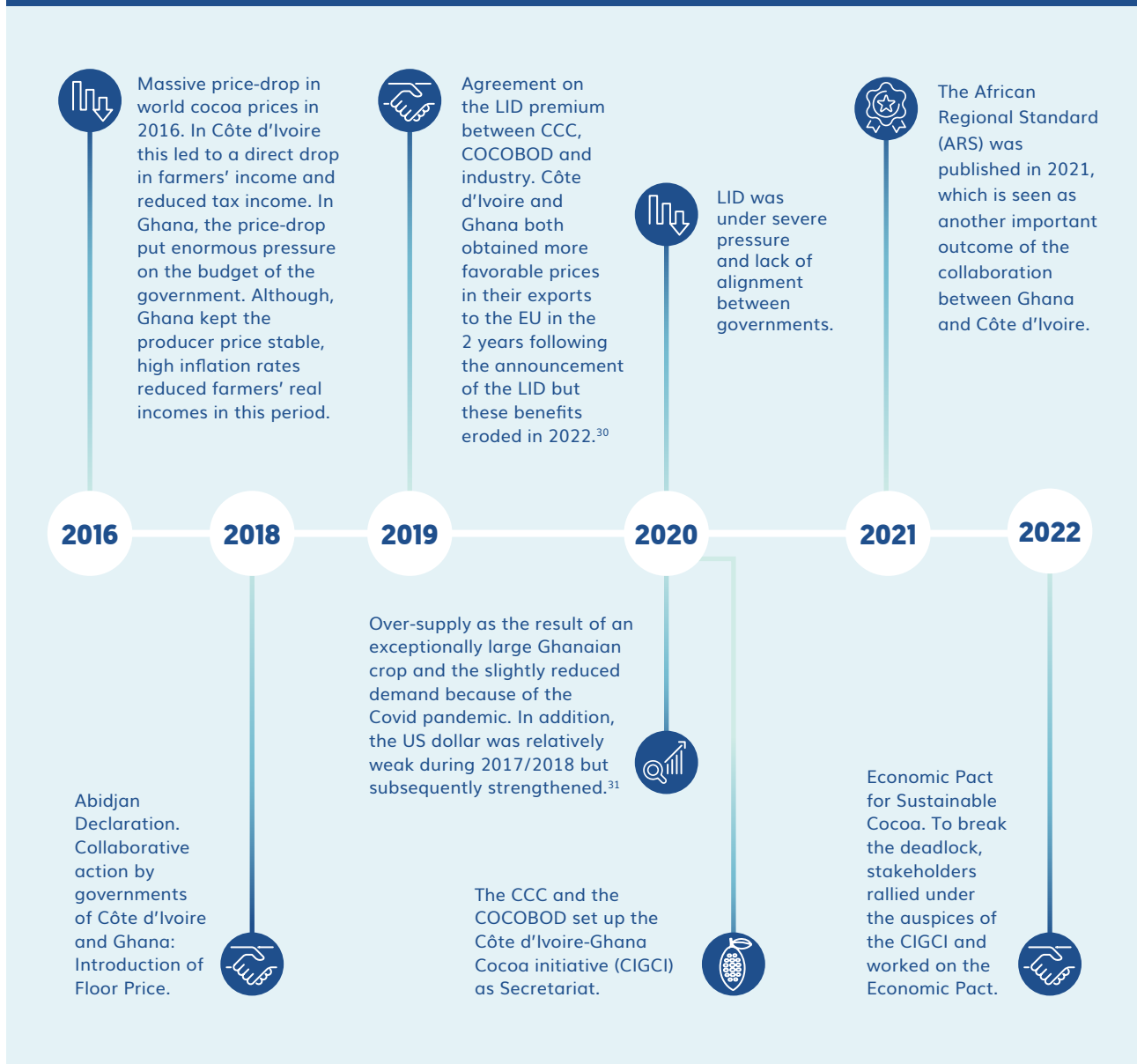
26 Source: Cote d'Ivoire-Ghana Cocoa Initiative (CIGCI) Working Group on Cocoa Price and Markets to Provide Recommendations Towards Lasting Solution to Decent Farmer pay: <https://www.cighci.org/cigci-working-group-on-cocoa-price-and-markets-to-provide-recommendations-towards-lasting-solution-to-decent-farmer-pay/>

27 This included independent trading experts such as Pam Thornton. See https://www.linkedin.com/posts/pam-thornton-995946b_few-days-ago-in-london-c%3%B4te-divoire-ghana-activity-7264213316359655424-txwC?utm_source=share&utm_medium=member_desktop&rcm=ACoAAAjmgp8BFAzAR_KbnBoWahVDjn_Cd-FnHPE

According to an independent expert who participated in the Working Group, the outcomes of the Working Group on Price and Markets are still relevant and the strategy paper is worthwhile revisiting: “there is no need to reinvent the wheel”.²⁸ A recent interview with a representative of the CMC agreed that the Economic Pact could be revisited but he emphasized that more (African) countries should join the conversation, and it should be

accompanied by a longer-term vision.⁹ (see [Box 3](#)). Also, other evident stakeholders were missing, including producer organizations and local civil society. Another critique was that the final document only captured part of the discussions that took place in the Working Group, with a quite narrow focus on securing a trading system which allows them to hedge the full costs of cocoa and by this to protect them against any price risks.

Box 2: Timeline of steps preceding the LID and consequential steps



28 Personal interview, independent expert.
 29 Personal interview, CMC, 23rd March 2026
 30 Gilbert, C., 2023
 31 Ibid.



Incentives & motivations

The introduction of the LID illustrates a power game between producing country governments and multinational cocoa traders. Although there is wider acceptance by public, private and civil actors that cocoa smallholders' income needs to increase, interests and pathways differ. While some industry players initially welcomed the LID, others resisted strongly. This section summarizes the motivations and incentives of different stakeholders involved in the development of the LID.

Governments in producing countries: protection of their revenues from cocoa and farmers' incomes.

Cocoa production is a major source of income for Côte d'Ivoire and Ghana – primarily via taxes and foreign currency income.

Governments in producing countries: cocoa is of such national (and regional) interest that is considered to be a 'political crop'. One of the consequences is that decisions are dominated by short-term interests .

Governments in producing countries have been criticized for lacking sufficient understanding of how the terminal market works, but this has been contested by others.

In general, there was skepticism about the ability of both exporting governments to influence cocoa prices as they had no measures in place to control their supply.³² Moreover, traders and processors could find substitutes (other origins and stocks), particularly in a period of over-supply.³³

Industry: resistance to measures that affect their commercial interests, disturb markets and might create additional costs and risks.

Some industry (global cocoa trading companies and chocolate manufacturers) resisted the floor price and later the LID. Industry

representatives, mainly those familiar with the cocoa trade and the crucial function of hedging at the futures market, alerted that the LID mechanism was doomed to fail.

Industry: management of relationships with producing governments to safeguard access to supply and roll out their sustainability activities.

Despite resistance of (at least some) industry, anecdotal evidence suggests that industry felt forced to sign the LID. Failing to do so could have led to a prohibition to the continuation of their sustainability activities, which involve investments.³⁴

Industry: voluntary commitment to a more sustainable cocoa sector. Studies also suggest that some industry initially welcomed LID and promised to support it.³⁵

Civil society: mission to be watchdog primarily for the private sector. Civil society hardly played a role in the development of the LID. According to the Director of the VOICE Network, civil society was simply not welcome. This was the case even though the LID policy was introduced at a time when civil society and other stakeholders, such as the Living Income Community of Practice, were calling to improve value chains and achieve living incomes.³⁶ The Director of the VOICE Network explains that



At that time, the mandate we as civil society had was almost exclusively to put pressure on the private sector".³⁷

32 E.g. Boysen et al. 2023.

33 Ibid

34 See also: The war on cocoa: Hershey Co. accused of not upholding sustainability efforts in West Africa: <https://www.nbcnews.com/business/business-news/war-cocoa-hershey-co-accused-not-upholding-sustainability-efforts-west-n1250798>

35 Boysen et al. 2023

36 Adams, Marshall Alhassan, and Sophia Carodenuto. "Stakeholder Perspectives on Cocoa's Living Income Differential and Sustainability Trade-Offs in Ghana." *World Development* 165 (2023): 106201. <https://doi.org/10.1016/j.worlddev.2023.106201>

37 Personal interview, 9th of March, 2026.

In a position paper of the VOICE Network published in 2020, they welcomed the “historic initiative” by the governments of Côte d’Ivoire and Ghana to improve the income situation but also expressed concerns. Their recommendations included the demand for more transparency on money flows within the CCC and the COCOBOD, and a warning that supply management would be necessary.³⁸

Governments (EU): Relationship management and buy-in for EU legislation. The EU supported the implementation of the LID, not least to restart a policy dialogue with Côte d’Ivoire and Ghana.³⁹

Producers and producer organizations were not involved in the LID process, neither were civil society. Also, the ICCO, an international organization with the aim to serve as a platform for discussion of cocoa producing and cocoa consuming countries, was not involved in the LID discussions. According to the Executive Director of the ICCO, there is no consensus among ICCO members about the feasibility of a system of cocoa supply management at global level.⁴⁰

Lessons

The aim of the LID was to achieve higher income for farmers and by this set up a pathway towards living income for millions of people in the countries – beside securing tax income and access to foreign currency for the governments of Côte d’Ivoire and Ghana. Practitioners who want to find a way towards living income in different sectors can learn from the example of cocoa.

1. Know how the market functions. The price for cocoa is set at the futures market. The price setting is based on demand and supply and the expectations of companies on how the market will develop in the next two years:

- Presently, the futures markets are set up to serve companies to protect them against price volatility, not to serve the implementation of the living income for farming households.
- For products traded at the futures market, the implementation of premiums as a tool to achieve a living income in the present system will not work as long as these premiums cannot be included into the hedging.
- The futures market needs to develop trading systems which support measures aiming for a living income, for example by establishing a premium on the international exchange (ICE) for Ghana and Côte d’Ivoire, as is also suggested as next step in CIGCI’s Economic Pact.

2. Don’t rely on premiums alone – they are no silver bullets. The implementation of the LID was not combined with other market parameters:

- Premiums like the LID are not a silver bullet but have to be implemented in an environment in which the introducing governments have means to cope with oversupply (and are willing to do so).
- This includes well-working stabilization funds, supply management, the existence of sufficient storage facilities, sufficient funds to buy and store cocoa or other products, and strategies to get rid of surplus volumes (new markets by creating new products or even destruction of products).

3. Look at sector-specific living income interventions in a wider context and develop a long-term vision⁴¹

- The introduction of the LID (or other equivalent policies) should be understood as part of a larger process. Although the LID itself might have become meaningless, it did create space for expert dialogues, capacity building and the development of a think piece on next steps for sustainable pricing.

³⁸ Concerns and recommendations included the need for agricultural reform, supply management and forest protection, the need to ensure that the LID premium goes to the farmers, the need for financial transparency of CCC and COCOBOD and the need for more countries to join the LID. VOICE also argues that the LID was misleading as the height of the differential was not sufficient to close the living income gap. Source: VOICE Network. “VOICE Position on West African Cocoa Floor Price.” 2019. <https://voicenetwork.cc/app/uploads/2025/06/190905-VOICE-Position-on-West-African-Cocoa-Floor-Price.pdf>

³⁹ One of the outcomes were the Cocoa Talks, which created space for a dialogue between different stakeholders. A result of the Cocoa Talks was the recognition that “sustainability and prices are the two sides of the same coin”, which requires transparency (Interview ED of ICCO).

⁴⁰ Personal Interview ED ICCO, March 17 2026.

⁴¹ Personal interview representative of CMC, 23rd March 2026.

- Sector specific interventions should be embedded in longer-term rural development strategies and not seen in isolation.
- Due to the political character of cocoa (and the prevailing long-term interests) it is important to develop a longer-term vision for the sector and how living incomes can be achieved. This process should involve both private and public actors, including producer organizations and (local) civil society.

4. Involve all cocoa producing countries and other stakeholders. The decisions in Côte d'Ivoire and Ghana were made by governments and their organizations. For the LID to remain effective more parties need to join the conversation.

- To create a solution for a sector, a transparent and open discussion about potential measures including the opportunity to come up with own solutions is crucial.
- The knowledge of companies on the functioning of the market should be included in such discussions from the beginning.
- All industry, including chocolate makers and retailers, should join the discussion and take responsibility.
- Producer countries who want to introduce a premium should discuss that with other important producing countries. To speed up these conversations, it was proposed that Africa could lead this process (being well-positioned and to avoid inertia).⁴²
- Farmers and farmer organizations should be involved in the design of solutions that affect them.

5. Allow for company activities for parts of markets – provided there is full transparency. An alternative could have been that companies trade their cocoa outside the terminal market and by this would be able to pay the LID:

- Companies can support the implementation of additional premiums for their own value chain. This is already happening by companies that have adopted the Living Income Reference Price (LIRP) and companies that source cocoa via direct trade.
- Money flows coming from the additional payments must be transparent. This call for transparency is relevant for both private and public actors involved in price-setting and distribution.

6. Consider regulations in consuming countries. The LID was implemented in a time when due diligence rules (UN Guiding Principles for Businesses and Human Rights and OECD guidelines) were discussed and was based on these legislations in the EU (CSDDD, EUDR) or on national level (e.g. the German and the French due diligence legislation):

- The UN Guiding Principles for Businesses and Human Rights should serve as a benchmark for the governments in all cocoa consuming countries.
- Legislation concerning human rights including paying a living income will stimulate companies to adopt their marketing practices to systems which allow paying a price necessary for a living income.

⁴² Personal interview representative of CMC, 23rd March 20269

Annex 1.1: Marketing systems in Côte d'Ivoire and Ghana

Box 3: Marketing systems in Côte d'Ivoire and Ghana



A key element of the marketing systems in Côte d'Ivoire and Ghana is the forward sale of 70 to 80% of an expected harvest. The export price is based on the average price expectations indicated by exporters. This price consists of two components: the cocoa price quoted for the date of delivery on the ICE Futures Europe exchange in London, and an "origin differential," a premium reflecting the expected quality of cocoa and the reliability of delivery. Pricing for the next two years based on market expectation is transparent as the futures market in London and their counterpart in New York constantly publish prices and traded volumes.⁴³ Despite some similarities, the cocoa market regulations in Côte d'Ivoire and Ghana have significant differences.

Marketing system in Côte d'Ivoire

After about 20 years of full liberalization in the cocoa sector, the Conseil du Café-Cacao (CCC) was established in Côte d'Ivoire in 2012 as the national cocoa authority. The CCC does not buy or own cocoa; its role is limited to market regulation. The CCC organizes auctions in which exporters acquire permits to source specific quantities of cocoa beans from the domestic market for delivery later.

Based on the achieved prices, the CCC calculates the average cocoa price for cocoa season. 61% of the CIF export price is intended for farmers, while the remaining 39% cover taxes, transport, storage, and margins for cooperatives, costs intermediaries, and exporters etc. A small portion of revenue is also used to build a security fund to protect against future price declines.

Marketing system in Ghana

In Ghana, the cocoa sector is regulated by the COCOBOD, a state-controlled institution with a more than 80-year history. COCOBOD oversees the entire cocoa value chain through several subdivisions. Companies that buy cocoa from farmers must obtain a license from COCOBOD, operate a network of buying stations, and deliver all their cocoa to the CMC. In return, they receive a fixed share of the export price to cover the costs of collecting, paying for, and transporting cocoa.

The COCOBOD sells around 70% of the expected cocoa harvest before the harvest season begins. This allows the institution to estimate export revenues and set a minimum farmgate price that all buyers must pay to farmers. Until 2024, forward sales contracts were also used as collateral for syndicated loans on international financial markets, which creates pressure to sell large volumes of cocoa early.

The COCOBOD aims to pay farmers 72% of the so-called net-FOB price (FOB price minus costs of the COCOBOD), while the remaining share covers internal operational costs such as quality control, transport, storage, research, advisory services, and subsidies for farm inputs like fertilizer and seedlings. Part of the revenue is also allocated to a stabilization fund to protect against falling prices.

Reflection

Both systems protect farmers from short-term price fluctuations within a harvest season but do not protect them beyond the current season. The calculation of the percentages of the export price which are used to finance internal costs and to cover the cost along the value chain within the country is often criticized as insufficient and partly as not transparent.

43 See: Barchart. "Cocoa Futures Prices (CA*0)." Accessed March 2026. https://www.barchart.com/futures/quotes/CA*0/futures-prices

Annex 1.2: Development of farm-gate prices in Côte d'Ivoire and Ghana

Table 1 Development of farm-gate prices in Côte d'Ivoire and Ghana

YEAR	CÔTE D'IVOIRE	GHANA
	in CFA (\$) per Kg / Main Season	in GHS (\$) per kg
2013/14 Main Season	750 CFA (\$1,54)	3,392 Cedis (\$1,55)
2014/15 Main Season	850 CFA (\$1,45)	5,520 Cedis (\$1,71)
2015/16 Main Season	1,000 CFA (\$1,70)	6,800 Cedis (\$1,79)
2016/17 Main Season	1,100 CFA (\$1,84)	7,600 Cedis (\$1,91)
2017/18 Main Season	700 CFA (\$1,22)	7,600 Cedis (\$1,74)
2018/19 Main Season	750 CFA (\$1,34)	7,600 Cedis (\$1,56)
2019/20 Main Season	825 CFA (\$1,40)	8,240 Cedis (\$1,52)
2020/21 Main Season	1,000 CFA (\$1,80)	10,560 Cedis (\$1,80)
2021/22 Main Season	825 CFA (\$1,45)	10,560 Cedis (\$1,83)
2022/23 Main Season	900 CFA (\$1,33)	12,800 Cedis (\$1,25)
October 23 / April 24	1,000 CFA (\$1,61)	20,943 Cedis (\$1,82)
April 2024 – September 2024	1,500 CFA (\$2.47)	33,120 Cedis (\$2.4)
October 2024 –March 2025	1800 CFA (\$3,05)	49,600 Cedis (\$3,2)
April 2025 – August (7th) 2025	2200 CFA (\$3,77)	49,600 Cedis (\$3,1)
August (7th) – October 2025	2200 CFA (\$3,77)	51,660 Cedis (\$4,8)
October 2025 – March 2026	2800 CFA (5\$)	58,000 Cedis (\$5)
March 2026 – today	1200 CFA (2,12\$)	41,393 Cedis (3,80\$)

Source: Brudney and Taylor 2023⁴⁴ for 2023/24 and 2024/25 websites of COCOBOD and CCC⁴⁵

44 Brudney, Allie, and Reynolds Taylor. 2023. "There will be no more cocoa here": How Companies Are Extracting the West African Cocoa Sector to Death: Corporate Accountability Lab (September 2023).

45 Respectively: <https://cocobod.gh/> and <https://www.conseilcafecacao.ci/> (sign in credentials needed to access)

Case Study 2

Integration of living income in CSDDD



Various sectors, European Union
2020-current

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The newly developed EU Corporate Sustainability Due Diligence Directive requires companies to track and address human rights issues in their supply chains – including living income. This case describes the process of negotiation around the CSDDD – and shares lessons on advocacy and policy development.



Introduction

In 2024, the EU Council formally adopted a landmark piece of legislation: the Corporate Sustainability Due Diligence Directive (CSDDD).⁴⁶ Although the CSDDD is not solely focused on improving smallholder incomes, it is an example of governments in an importing setting leveraging their market power to promote norms and values to companies placing products on their markets, and to their trade partners outside of Europe – while aiming to promote overall economic development. The directive forms an example of the opportunities generated by mobilizing progressive forces in civil society, the corporate sector, the European Parliament (EP, which was relatively progressive in its 2019-2024 tenure) – and the power of counterforces as the EP took a swing to the right in 2025.



CSDDD as a vehicle for living income

Companies that fall within the scope of the CSDDD are expected to identify, and where needed, address adverse human rights impacts in their supply chain.⁴⁷ The CSDDD refers to living income five times – most importantly, recognizing living income as a firmly protected human right.⁴⁸

For the first time in history, this has tangibly put living income on the regulatory map.⁴⁹ Despite the lack of clarity that remains around the specific application of due diligence, the liability of companies, and the absence of an institutionalized definition of a 'living income', the formation of the CSDDD yields important lessons for living income practitioners.

⁴⁶ A year later, the CSDDD was simplified under the Sustainability Omnibus I package.

⁴⁷ As the FTAO Guidelines for a Living Income in the CSDDD explain, "A company which falls within the scope of the CSDDD is expected to identify, and where necessary, prioritize, prevent, mitigate, bring to an end, minimise and remediate actual or potential adverse human rights impacts connected with its own operations, subsidiaries and their business partners. An 'adverse human rights impact' refers to an impact on a person resulting from an abuse of one of the human rights listed in the Annex to the CSDDD, which includes the right to an adequate living income." See Fair Trade Advocacy Office. "Guidelines for a Living Income in the Corporate Sustainability Due Diligence Directive." Accessed March 2026. <https://fairtrade-advocacy.org/storage/documents/Urbxibw6yXa4XdLV6cu1L6qOazgLa2gW6kS7AsNZ.pdf>

⁴⁸ European Union. "Corporate Sustainability Due Diligence Directive (CSDDD), Directive (EU) 2024/1760." Official Journal of the European Union L 2024/1760. https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=OJ:L_202401760 Annex, Part I, Art 1.6.

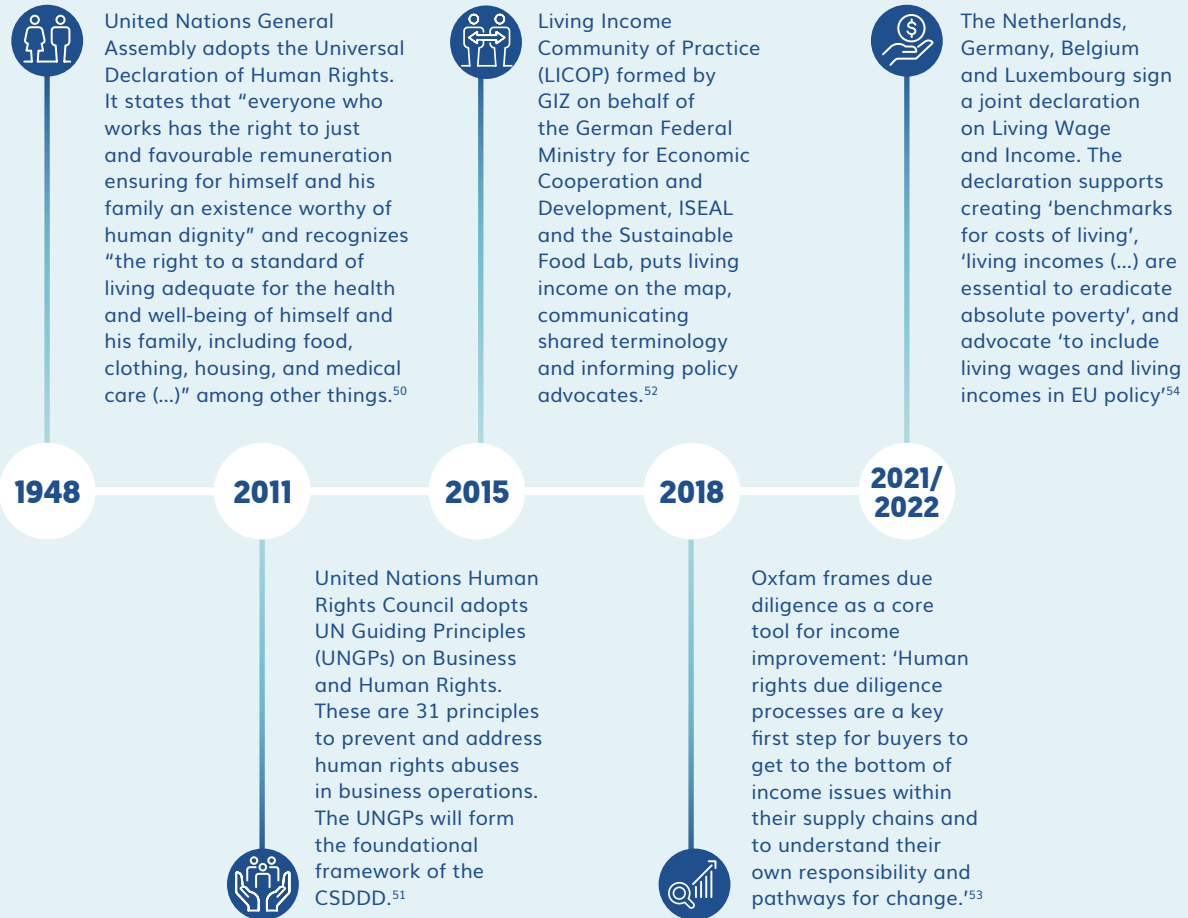
⁴⁹ The EU Deforestation Regulation also mentions 'living income' explicitly in article 50 of its Regulation. Source: European Union. "EU Deforestation Regulation (EUDR), Regulation (EU) 2023/1115, Consolidated Version." Official Journal of the European Union. <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:02023R1115-20251226>

CSDDD: a brief history

The CSDDD was not born in isolation – it was only possible because of decades of prior work towards human rights and living income.

Box 4 shows a selection of this chain of events that formed the springboard to the CSDDD.

Box 4: Timeline of steps preceding CSDDD and its integration of living income (selection)



50 United Nations. “Universal Declaration of Human Rights.” 1948. <https://www.un.org/sites/un2.un.org/files/2021/03/udhr.pdf>

51 United Nations Human Rights Office of the High Commissioner. “Guiding Principles on Business and Human Rights.” 2011. https://www.ohchr.org/sites/default/files/documents/publications/guidingprinciplesbusinesshr_en.pdf ;

52 Living Income Community of Practice. n.d. Living Income. Accessed April 2, 2026. <https://www.living-income.com/>

53 Gneiting, Uwe, and Joanne Sonenshine. 2018. A Living Income for Small-Scale Farmers: Tackling Unequal Risks and Market Power. Oxford: Oxfam. <https://oxfamlibrary.openrepository.com/bitstream/handle/10546/620596/dp-living-income-smallscale-farmers-151118-en.pdf>

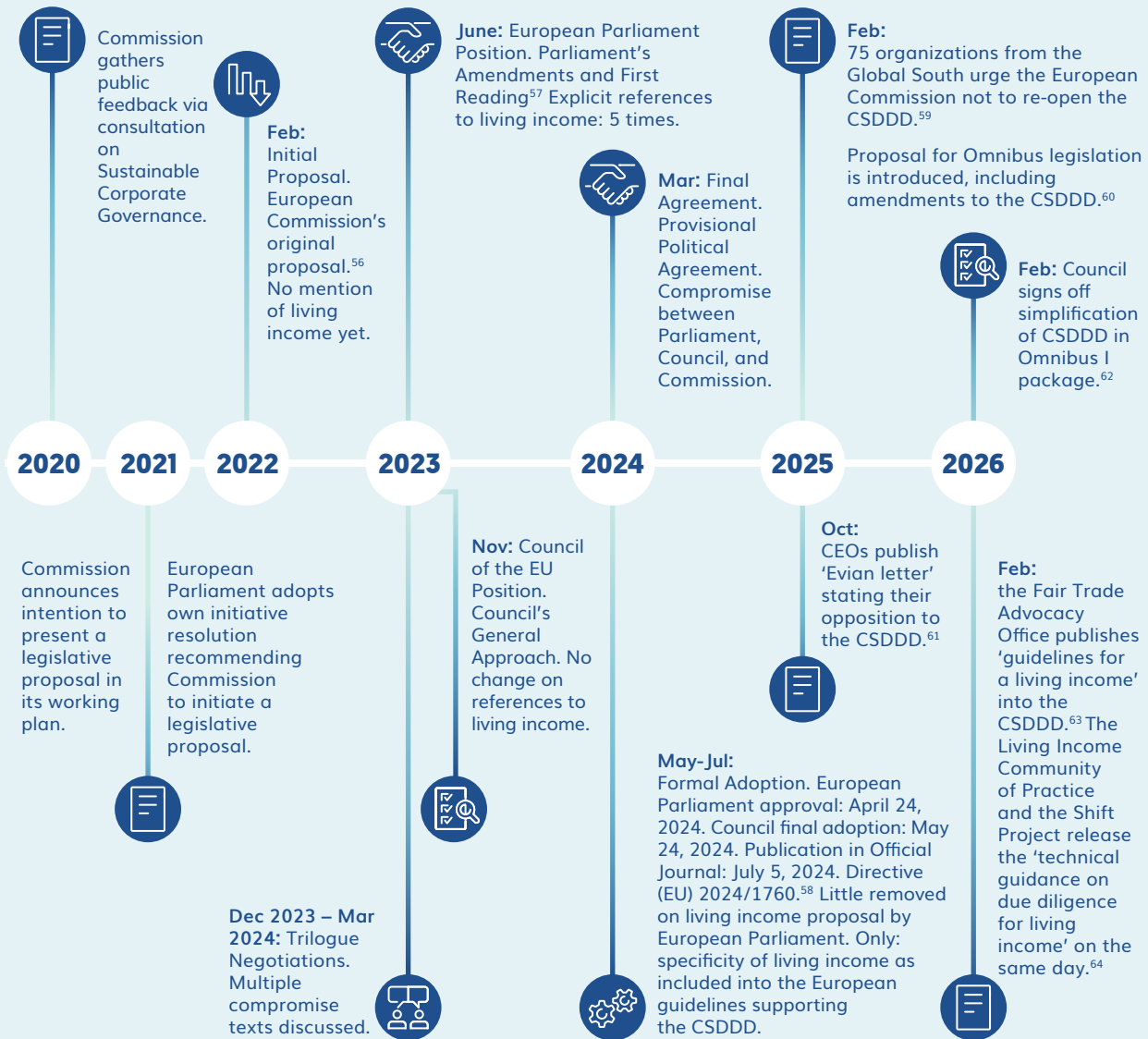
54 IDH, the Sustainable Trade Initiative. “Joint Declaration on Living Wage and Living Income (Netherlands, Germany).” 2021. https://www.idhsustainabletrade.com/uploaded/2021/02/Joint_Declaration_NLD_DEU_270121.pdf

After years of setting the scene, the time was right to follow through with legislation. Within the framework of policies called the EU Green Deal, the CSDDD was proposed by the European Commission in 2022. It was to complement the

Corporate Sustainability Reporting Directive (CSRD) and built on various pieces of preceding legislation. What followed was four years of advocacy and negotiation; see Box 5 for an overview of these events.⁵⁵

55 For a full overview of statements in favor of the CSDDD, please refer to <https://www.we-support-the-csddd.eu/>

Box 5: Timeline of development: CSDDD and integration living income (selection of events)



56 European Commission. "Proposal for a Directive on Corporate Sustainability Due Diligence (COM/2022/71)." 2022. https://eur-lex.europa.eu/resource.html?uri=cellar:bc4dcea4-9584-11ec-b4e4-01aa75ed71a1.0001.02/DOC_1&format=PDF

57 European Parliament. "Text Adopted: Corporate Sustainability Due Diligence (TA-9-2023-0209)." June 1, 2023. https://www.europarl.europa.eu/doceo/document/TA-9-2023-0209_EN.html

58 European Union. "Corporate Sustainability Due Diligence Directive (CSDDD), Directive (EU) 2024/1760." Official Journal of the European Union L 2024/1760. https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=OJ:L_202401760

59 Business & Human Rights Resource Centre. "EU: 75 Organisations from the Global South Urge EU Commission to Discard Any Re-Opening of CSDDD." Accessed March 2026. <https://www.business-humanrights.org/en/latest-news/eu-75-organisations-from-the-global-south-urge-eu-commission-to-discard-any-re-opening-of-csddd-commit-to-timely-implementation/>

60 European Parliament. "Legislative Train: First Omnibus Package on Sustainability (Amending CSRD and CSDDD)." Accessed March 2026. <https://www.europarl.europa.eu/legislative-train/package-simplification-business/file-first-omnibus-package-on-sustainability-proposal-amending-csrd-and-csddd?sid=9001>

61 Politico. "Open Letter to European Leaders on Sustainability." 2025. <https://www.politico.eu/wp-content/uploads/2025/10/15/e2c4c71c-bb72-4331-907d-7faf640f28ac-CLEANEvian-2025-Letter-to-President-Macron-and-Bundeskanzler-Merz.pdf>

62 Council of the European Union. 2026. Council Signs Off Simplification of Sustainability Reporting and Due Diligence Requirements to Boost EU Competitiveness, Press Release 116/26, February 24, 2026. <https://www.consilium.europa.eu/en/press/press-releases/2026/02/24/council-signs-off-simplification-of-sustainability-reporting-and-due-diligence-requirements-to-boost-eu-competitiveness/>

63 Fair Trade Advocacy Office. "Guidelines for a Living Income in the Corporate Sustainability Due Diligence Directive." Accessed March 2026. <https://fairtrade-advocacy.org/storage/documents/Urbxibw6yXa4XdLV6cu1L6qOazgLa2gW6kS7AsNZ.pdf>

64 The Living Income Community of Practice, Shift. "Technical guidance on due diligence for living income." 2026. <https://www.living-income.com/news-events/news/technical-guidance-on-due-diligence-for-living-income/>



Incentives & motivations

The formation of the CSDDD – and the integration of living income herein specifically – has been an arena of force and counterforce, and sometimes diverging interests. Below is a selection hereof. Understanding these interests will help living income practitioners become more effective in their own advocacy.

Farming households: Optimism and worry. While the CSDDD does not directly focus on farming households worldwide, it does so indirectly. Motivations around living income and its integration into the CSDDD are inevitably varied. But the bottom line is that many producers have welcomed the greater degree of responsibility for human rights the CSDDD instilled upon companies – including for shaping conditions that enable decent livelihoods for producers and their households.⁶⁵ The CSDDD aims to prevent the risk of disengagement by emphasizing the expectation for companies to ‘lean into’ high-risk supply chain risks as a measure of compliance; the option of ‘suspending the business relationship’ is a measure of last resort, ‘after attempting to prevent and mitigate adverse potential impacts without success.’^{66,67} In this way, the CSDDD has been designed fundamentally differently than, for example, the EU Deforestation Regulation: where the latter focuses on products (‘deforestation-free’), the former emphasizes company policies and actions.

However, there are concerns that due to a lack of resources, not least caused by low income, ultimately, the burden falls upon the producers. “If there is child labour, farmers are blamed. If there is forced labour, the farmers did it. Deforestation? It’s the farmers”, says Daniel Amponsah, a farmer from Ghana.⁵⁸ The ‘burden’ here refers to the paradox for farmers of being expected to prevent human rights violations, while lacking the resources to do so. This connects to the other concern of producers: that high-risk or noncompliance with regulations

will lead to a loss of clients and loss of access to the European market – which may yield the (unintended) effect of reducing their incomes rather than improving them.⁶⁹ This includes the risk of ‘cut and run’ in which companies shift purchasing to wealthier or more organized farmers that may present a lower risk to their supply chain.

Arguably, effective policy therefore requires inclusion of all relevant voices in the process. But inclusion alone is often not sufficient: existing power imbalances (e.g. between the EU and exporting countries, corporations and smallholders) should always be acknowledged and mitigated. The CSDDD is an attempt at doing so.

Governments ‘Exporting countries’: Cautious optimism and apprehension. Responses from ‘exporting countries’ to the CSDDD vary per government and reflect the responses perceived towards the concept of a living income more generally. The notion of the EU sharing in the responsibility towards the well-being of its people is generally welcomed by many. On the other hand, doubts towards the CSDDD reflect the concerns associated with the space of human rights and ‘development’ more broadly.

The first doubt is a critique of the CSDDD human rights as new forms of neocolonialism through passing legislation with extraterritorial reach. The standards will apply to sovereign states that have not been part of its development. Just like other mandatory human rights due diligence approaches such as the French Duty of Vigilance Law (2017) and the German Supply Chain Due Diligence Act (2023), it ‘has so far come from countries in the Global North and predominantly aim to address problems occurring in the Global South.’ The directive’s supporters counter this by arguing that it is the neoliberal status quo itself, with its focus on efficiency and liberal price setting dynamics that is maintaining neo-colonial exploitation – this is exactly the type of dynamic which the CSDDD aims to change.⁷⁰

65 Fairtrade International, Fair Trade Advocacy Office, Rainforest Alliance and Solidaridad. “Supporting the Implementation of the EU Corporate Sustainability Due Diligence Directive in Global Supply Chains Involving Smallholders and Their Communities: Accompanying Measures.” April 2024. https://www.fairtrade.net/content/dam/fairtrade/fairtrade-international/library/2024/supporting-the-implementation-of-the-eu-corporate-sustainability-due-diligence-directive-in-global-supply-chains-involving-smallholders-and-their-communities/Accompanying-Measures-paper-April-24-final-1_compressed.pdf

66 European Union. “Corporate Sustainability Due Diligence Directive (CSDDD), Directive (EU) 2024/1760.” Official Journal of the European Union L 2024/1760. https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=OJ:L_202401760, article 50.

67 The Living Income Community of Practice, Shift. “Technical guidance on due diligence for living income.” 2026. <https://www.living-income.com/news-events/news/technical-guidance-on-due-diligence-for-living-income/>.

68 Euractiv. “Smallholders from Global South Take the Stage for Inclusive CSDDD.” Accessed March 2026. <https://www.euractiv.com/opinion/smallholders-from-global-south-take-the-stage-for-inclusive-csddd/>

69 Euractiv, Ibid.

70 Wageningen University & Research. “Green Trade and Value Chains Study.” Accessed March 2026. <https://edepot.wur.nl/660901> Business & Human Rights Resource Centre. “EU Business Statement on Mandatory Due Diligence.” 2020. https://media.business-humanrights.org/media/documents/EU_Business_Statement_Mandatory_Due_Diligence_02092020.pdf

Secondly, there is a fear of exporting governments to lose access to the European market in case of non-compliance – similar to that of smallholders individually⁷¹. Although the CSDDD has been designed differently than other product-focused legislation like the EUDR – namely shifting the responsibility to companies – the perceived risk persists for some actors. Some governments take action to mitigate this risk, by preparing themselves. For example, the African Regional Standard 1000 (ARS-1000) for sustainable cocoa grown in African countries was developed in part to ‘demonstrate that African cocoa (...) are compliant with EU regulations’, says Mawuli Coffie, Ghana country director for the World Cocoa Foundation.⁷²

Politicians: Norms and ideals through level playing field. The CSDDD was part of the European Green Deal, which was presented by the first Von der Leyen Commission in 2019 in a context of high salience on climate – with pro-EU centrist, liberal and environmentalist parties making substantial gains in European Parliament.⁷³ This created momentum for a series of policies in which values of (international) solidarity, human rights and climate could be converted into concrete policy, pressuring companies and creating a level playing field.

The emergence of CSDDD came alongside year-long concerns around tropical deforestation, which culminated in the creation of the European Deforestation Regulation in 2023. Living income practitioners can piggyback on these established norms with their agenda of living income. As noted by a Ghanaian advocate for fair trade in relation to the EUDR:



If we are challenging businesses on deforestation, we must also challenge them on how they are supporting producers to move out of poverty and achieve a living income – which is a human right.⁷⁴

Governments European Union: Project European ‘normative’ power. At a geopolitical level, the EU has historically positioned itself as a ‘soft’ power. It likes to see itself as a trading partner that leverages human rights, democracy and the rule of law as a way to project global influence without using coercion (‘hard power’).⁷⁵ The inclusion of living income and other human rights into the CSDDD can be seen as another legislative step towards projecting this normative power. And not without a potential multiplying effect: countries like Australia, Japan, South Korea, Thailand and Indonesia are currently considering implementing similar due diligence requirements.⁷⁶

Companies: Level playing field and stability. Business has often shared that it benefits from operating according to the same ‘rules of the game’. In the words of companies such as Aldi, Inditex and Nestle at the time, ‘mandatory legislation can contribute to a competitive level-playing field, increase legal certainty about the standards expected from companies to respect human rights and the environment, [and] clarify legal consequences for when responsibilities are not met’, among others.⁷⁷

71 European Commission, Commission Staff Working Document: Impact Assessment Report Accompanying the Proposal for a Directive on Corporate Sustainability Due Diligence (Brussels: European Commission, 2022), <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52022SC0042>

72 World Cocoa Foundation. “Africa’s Sustainable Cocoa Standard: Three Things to Know about ARS-1000.” Accessed March 2026. <https://worldcocoafoundation.org/news-and-resources/article/africa-s-sustainable-cocoa-standard-3-things-to-know-about-ars-1000>

73 NBC News. “European Parliament Elections: 5 Takeaways from the Results.” May 2019. <https://www.nbcnews.com/news/world/european-parliament-elections-5-takeaways-results-n1010491>

74 Personal interview, 18 March 2026

75 Democracy Endowment. “Europe Can’t Defend Itself Properly without Projecting Soft Power.” Accessed March 2026. <https://democracyendowment.eu/news/europe-cant-defend-itself-properly-without-projecting-soft-power>

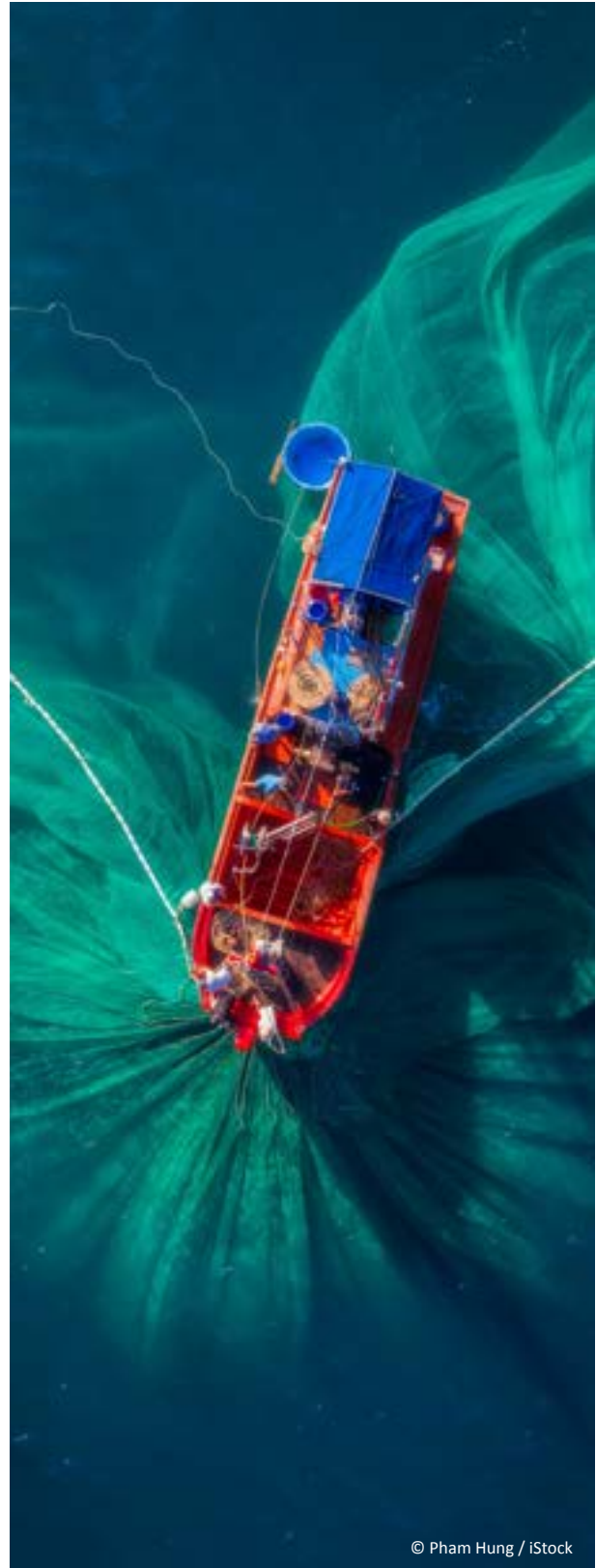
76 Shift Project. “What CSDDD and CSRD Mean for Business.” Accessed March 2026. <https://shiftproject.org/what-csddd-and-csrd-mean-for-business/>

77 Business & Human Rights Resource Centre. “EU Business Statement on Mandatory Due Diligence.” 2020. https://media.business-humanrights.org/media/documents/EU_Business_Statement_Mandatory_Due_Diligence_02092020.pdf

In the case of CSDDD, especially businesses that had recognized the benefits of contributing to living incomes in their supply chains but were still limited in acting on it due to high competition, welcomed the inclusion of living income into the Directive. What is true for a living income, is true for many other sustainability issues within markets: companies are often willing to move, as long as their competition also does so. Only legislative powers are in the position to truly level the rules of the game.

Companies: loss of competitiveness. The lobby against the CSDDD – and in favor of radical simplification through the Omnibus legislative package – has been strong yet not necessarily representative of the total business support for the CSDDD, which was passed with a majority in the European Parliament in April 2024. The key argument has been that increased regulation would enhance the cost burden for companies, whilst reducing competitiveness relative to the rest of the world. High standards would mean weak business. An open letter by the CEOs of TotalEnergies and Siemens called for the ‘full abolishment of CS3D (...) to restore competitiveness in Europe’ – however, the letter lost credibility when it turned out many CEOs that were supposedly supporting the letter, in fact had not signed it.⁷⁸ It should be noted that the ‘competitiveness’ argument has been equally employed by companies supporting the CSDDD. European Commissioner for a Clean, Just and Competitive Transition, Teresa Ribera, argued in November 2025 that ‘reliable information [and] (...) clear standards are indispensable to building competitive value chains, strengthening resilience and ensuring Europe remains an attractive destination for investment.’⁷⁹ Living income practitioners should therefore be careful in how to best use the ‘competitiveness’ narrative in the context of living income, and human rights overall.

It should be noted that many relevant actors and their motivations have been excluded from this overview. This does not mean they are not important. The motivations above have been selected for their potential of yielding unique lessons for living income practitioners.



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⁷⁸ The letter was presented as if it was supported by 46 other CEOs. However, several CEOs afterwards distanced themselves from the letter, stating for example they ‘neither participated nor signed a letter’. Original quote is by Amundi CEO Valérie Baudson, stating in German: ‘Wir hatten keinen Vertreter vor Ort, sodass wir weder teilgenommen noch einen Brief unterzeichnet haben.’ Source: Tagesspiegel Background. “Finanzriesen widersprechen Siemens- und Total-Chefs.” Accessed March 2026. <https://background.tagesspiegel.de/finance/briefing/finanzriesen-widersprechen-siemens-und-total-chefs>

⁷⁹ Financial Times, “Europe Must Be a Rulemaker, Not a Rule-Taker,” December 2025, <https://www.ft.com/content/a7ef36e6-7288-4e12-b80a-085acd6a722f>



Lessons

- 1. Recognize the interconnection between policy at the level of 'importing governments' and 'exporting governments'.** Legislation for companies in markets is a lever of change for businesses operating in that jurisdiction. Living income practitioners shaping policy should therefore keep in mind that it is a matter of changing policy in both exporting and importing settings. The dialogue and interaction between both settings is key to effective implementation of policy on living income – reaching the intended effects.
- 2. Trust the influence of step-for-step mobilization around a common theme, such as living income.** The CSDDD would have less likely referred to living income explicitly without preceding steps such as the increased awareness of companies on the topic; the decades of human rights conventions and declarations; and, importantly, the Joint Declaration regarding Living Wage and Living Income by the Ministries of the Netherlands, Germany, Belgium, and Luxembourg. As stated by Alena Kahle from the Fair Trade Advocacy Office, who has been involved in advocating for living incomes at the European Union:

“

As we were in the room with the civil servants from the European Commission, I remember they asked what definition they should use for living income – after all, it was not officially defined in a way 'living wage' was defined by the ILO. We were able to point to the authoritative definition of how 'living income' was referred to by the governments of the Netherlands, Germany, Belgium and Luxembourg in their official Declaration of 2021, which gave legitimacy to our cause.⁸⁰

Intermediate events, letters or documents that do not yield immediate, tangible success should therefore be seen as a step in shifting a paradigm.

- 3. Be consistent in language, solutions, and arguments.** The effectiveness of including living income into the CSDDD is partially derived from the consistency of organizations in the definition of 'living income', the connections to other human rights and due diligence as a way for business to identify, mitigate, and/or remediate this – through for example the OECD Guidance and UN Guiding Principles. One insider to the European Parliament states how despite the fact that the corporate lobby still far outsizes civil society in Brussels, the civil society advocacy around CSDDD has been effective. It was particularly the speaking with a single voice – through for example the Coalition of Corporate Justice – that contributed to this capability.⁸¹

Organizations like LICOP, the VOICE Network, the IDH Roadmap, academia, companies, and other actors have played a key role in harmonizing definitions and argumentation in favor of a living income at various levels. Practitioners should therefore take responsibility for adhering to shared languages and argumentations, as it provides more clarity but also shows a greater unity of the collective support for the intended policy.⁸² This becomes most relevant once a proposed policy reaches the stage of legal checks and scrutiny.

- 4. Continue building a structural, consolidated advocacy coalition around living income, reaching the right people.** It will be beneficial for the living income cause to spend more resources on coordinating a shared advocacy space around living income – strengthening and complementing the concerted and organized advocacy efforts of consortia like the European Coalition for Corporate Justice (ECCJ), and groups like the FTAO, LICOP, and the EU Cocoa Coalition (now the EU Sustainable Supply Chain Coalition).

⁸⁰ Personal interview, Alena Kahle, 9 March 2026

⁸¹ Personal interview, 19 March 2026

⁸² Consistency in language should however not go too far: especially in this era of automatically (AI-) generated content, a slight variability of language that reflects the real human understanding of a concept or political view is essential to retain the authenticity of a message.

In doing so, it is key to reach the 'right' people given the legislative process at the right time. As stated by one interviewee:

“

*Once a topic has reached the stage of public consultations, you are too late. It is therefore better to rely on the 'rumour machine' and act fast.*⁸³

In the development of the CSDDD, this included European Parliamentarians from S&D and Greens/EFA and their supporting teams or in the European case, 'accredited assistants'.

In building coalitions, practitioners should recognize they are not only advocating in favour of something 'new'; it automatically means they are facing opposition from those favouring 'the old'. This means practitioners should not only focus on building coalitions of likeminded people; but also keep a close watch on – and engage with – the opposing forces. Note that 'engaging with' may either mean providing a (public) response, or ignoring it as a way to avoid legitimizing the

opposition. In doing so, practitioners should not shy away from reaching the centre-right factions – adapting the argumentation around the 'why' of a living income to their respective agendas.

5. Integrate living income in a wider, multidimensional agenda of other social, environmental and economic issues. Just as incomes are a function of fair markets, farmers are not only producers, but also land stewards, playing (or having the potential to play) a significant role in managing soil, water, biodiversity, and emissions. Living income practitioners should therefore not limit themselves to a 'living income tunnel vision' but think holistically about the embeddedness of the economy into society, which in turn is nested in the natural environment.

As for the theme of 'competitiveness' specifically, practitioners need to continue cultivating language around the business case to advance their living income targets. 'Loss of competitiveness' has always been – and will always be – used as an argument in contra of stronger human rights or environmental standards. Showcasing the business case behind increased standards, including on living income, should therefore always be part of the toolkit of living income practitioners.⁸⁴



© Dibakar Roy / Pexels

⁸³ Personal interview, 9 March 2026

⁸⁴ The Living Income Community of Practice (LICOP) has developed toolkits to showcase this business case for a living income, see <https://www.living-income.com/tools-resources/company-toolkit/>.

Annex 2.1: References to living income in CSDDD

The Corporate Sustainability Due Diligence Directive (CSDDD) refers to 'living income' in the following ways in the recitals:⁸⁵

- "Companies should also be responsible for using their influence to contribute to an adequate standard of living in chains of activities. This is understood to include a living wage for employees and a **living income** for self-employed workers and smallholders, which they earn in return for their work and production." [Italics and bold added by author, JB]
- "The right to enjoy just and favourable conditions of work, including a fair wage and an adequate living wage for employed workers and an adequate **living income** for self-employed workers and smallholders, which they earn in return from their work and production, a decent living, safe and healthy working conditions and reasonable limitation of working hours, interpreted in line with Articles 7 and 11 of the International Covenant on Economic, Social and Cultural Rights." [Italics and bold added by author, JB]
- "Where relevant, companies should adapt business plans, overall strategies and

operations, including purchasing practices, and develop and use purchasing policies that contribute to **living wages and incomes** for their suppliers, and that do not encourage potential adverse impacts on human rights or the environment." [Italics and bold added by author, JB]

- "In order to address the power imbalances in the agricultural sector and ensure fair prices at all links in the food supply chain and strengthen the position of farmers, large food processors and retailers should adapt their purchasing practices, and develop and use purchasing policies that contribute to **living wages and incomes** for their suppliers." [Italics and bold added by author, JB]

In the Annex, living income is recognized as a human right:

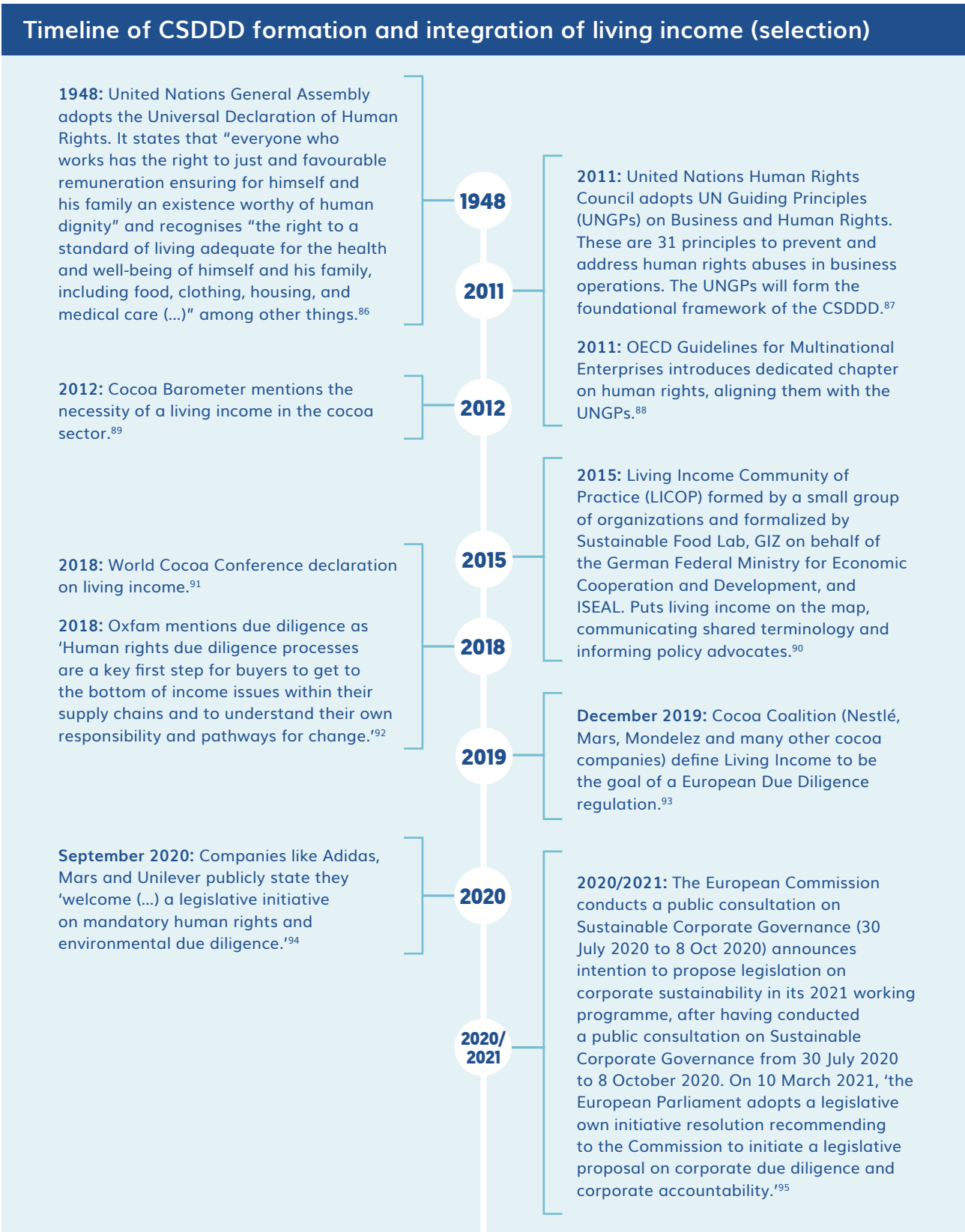
- "The right to enjoy just and favourable conditions of work, including a fair wage and an adequate living wage for employed workers and an adequate **living income** for self-employed workers and smallholders." [Italics and bold added by author, JB]



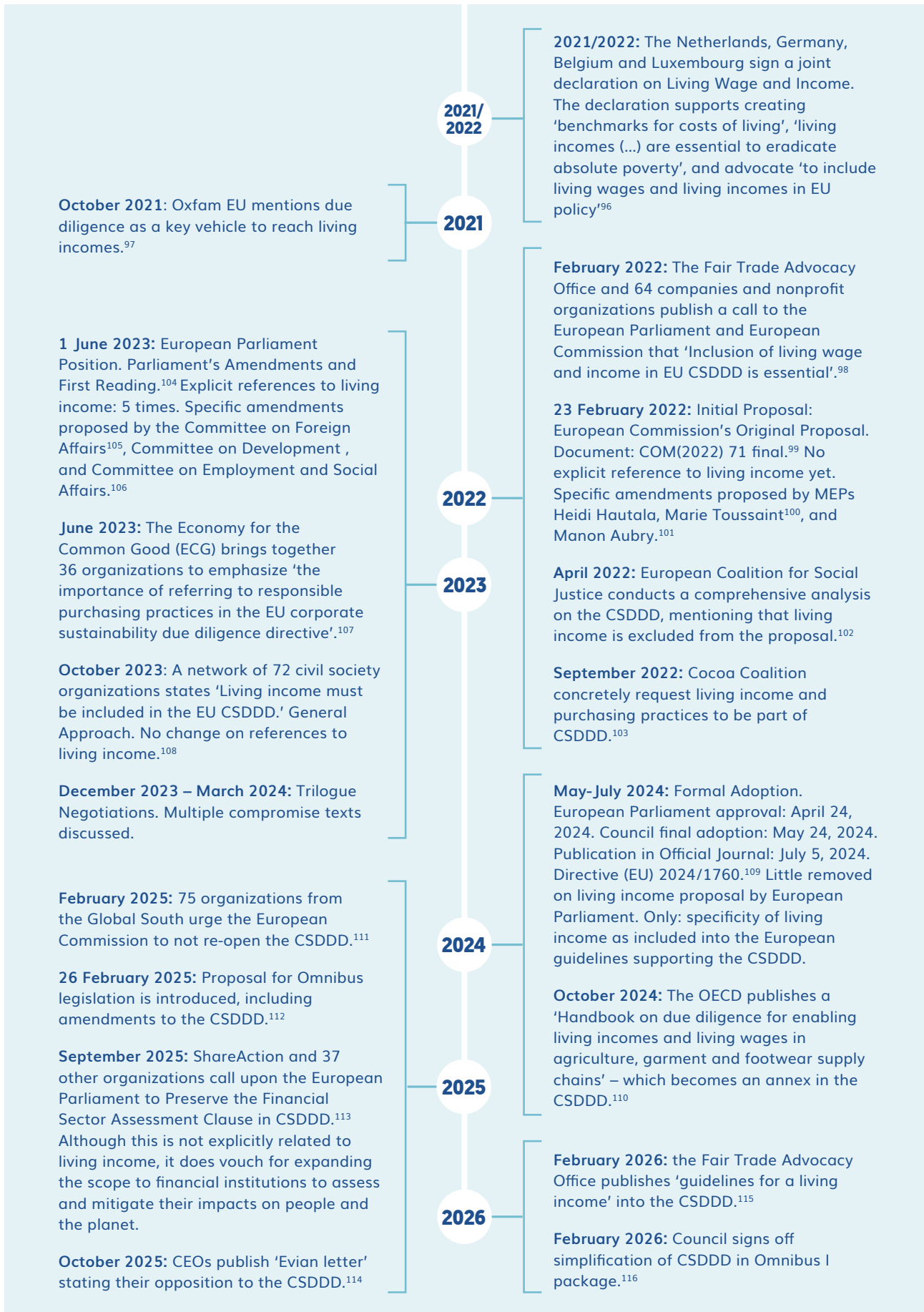
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⁸⁵ European Union. "Corporate Sustainability Due Diligence Directive (CSDDD), Directive (EU) 2024/1760." Official Journal of the European Union L 2024/1760. https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=OJ:L_202401760

Annex 2.2: Timeline of CSDDD formation and integration of living income (selection of events)



Continued over the page



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- 87 Organisation for Economic Co-operation and Development (OECD). 2011. OECD Guidelines for Multinational Enterprises: 2011 Edition. Paris: OECD Publishing. <https://doi.org/10.1787/9789264115415-en>
- 88 Hütz-Adams, Friedel, and Antonie C. Fountain. 2012. Cocoa Barometer 2012. VOICE Network. <https://voicenetwerk.cc/app/uploads/2025/06/Cocoa-Barometer-Full-2012.pdf>
- 89 Living Income Community of Practice. n.d. Living Income. Accessed April 2, 2026. <https://www.living-income.com/>
- 90 International Cocoa Organization (ICCO). 2018. Berlin Declaration of the Fourth World Cocoa Conference. April 25, 2018. <https://www.icco.org/berlin-declaration-of-the-fourth-world-cocoa-conference/>
- 91 Gneiting, Uwe, and Joanne Sonenshine. 2018. A Living Income for Small-Scale Farmers: Tackling Unequal Risks and Market Power. Oxford: Oxfam. <https://oxfamilibrary.openrepository.com/bitstream/handle/10546/620596/dp-living-income-smallscale-farmers-151118-en.pdf>
- 92 Cocoa Coalition. 2019. "Joint position paper on the EU's policy and regulatory approach to cocoa". <https://voicenetwerk.cc/app/uploads/2025/04/2019-paper-updated.pdf>
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- 96 Oxfam, 2018.
- 97 Fair Trade Advocacy Office. "Fair Recommendations for Living Income Guidance in the CSDDD." Accessed March 2026. <https://fairtrade-advocacy.org/storage/documents/XRH5cWw1NCjKeTY6NoK65EcmxIEyMkGHw2w8ivSj.pdf>
- 98 Council of the European Union. 2022. Proposal for a Directive of the European Parliament and of the Council on Corporate Sustainability Due Diligence and Amending Directive (EU) 2019/1937 (ST-6533-2022 INIT). Brussels, February 24, 2022. <https://data.consilium.europa.eu/doc/document/ST-6533-2022-INIT/en/pdf>
- 99 European Parliament, Committee on Legal Affairs. "Amendments 739677: Draft Report on the CSDDD." https://www.europarl.europa.eu/doceo/document/JURI-AM-739677_EN.pdf
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- 102 Cocoa Coalition. 2022. "Joint position paper - The proposed EU Corporate Sustainability Due Diligence Directive." <https://voicenetwerk.cc/wp-content/uploads/2022/09/Cocoa-Coalition-CSDD-response.pdf>
- 103 European Parliament. "Text Adopted: Corporate Sustainability Due Diligence (TA-9-2023-0209)." June 1, 2023. https://www.europarl.europa.eu/doceo/document/TA-9-2023-0209_EN.html
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Case Study 3

Coffee sector policy environment



Coffee, Vietnam 1970s-current

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Vietnam is the world's 2nd largest coffee exporter, with smallholders earning relatively high incomes. This is the result of a steady development of the coffee sector over several decades. This case describes how it came about, and yields valuable lessons for living income practitioners in other contexts.

Coffee smallholder reality and income drivers

"In Vietnam, [coffee] has helped us write our own history", says Chairman Vũ, founder of the Trung Nguyen Legend Group, a large coffee enterprise in Vietnam.¹¹⁷ Many consider the rapid development of the country's coffee industry an exemplary part of the wider 'economic miracle' of Vietnam since the 1980s. The 600,000 coffee farmers (of which 90-97% are smallholders with <1.5 hectares) in Vietnam on average earn higher incomes than the 11+ million coffee smallholders elsewhere in the world (see [Box 6](#)). At an income driver level, the following (non-exhaustive) elements contribute to these high-income levels:

- **High productivity levels**, at 2,500-3,000 kg green bean equivalent (GBE) per hectare, significantly higher than average coffee farmers elsewhere.¹¹⁸
- **High farm-gate to FOB** (Freight on Board) price capture, at 95% in recent years, compared to e.g. 53% in Ethiopia, 75% in Honduras, and 87% in Guatemala.¹¹⁹
- **Limited costs and high efficiency**, inputs such as fertilizer are obtained at relatively low prices due to local production and the absence of duties (when imported); and efficiently applied by farming households.¹²⁰

117 GCR Magazine. "Vietnam's Modern Coffee Industry." Accessed March 2026. <https://www.gcrmag.com/vietnams-modern-coffee-industry/>

118 Columbia Center on Sustainable Investment, "Climate Action Needs Investment Governance, Not Investment Protection and Arbitration" (New York: Columbia Law School, 2022), https://scholarship.law.columbia.edu/cgi/viewcontent.cgi?article=1198&context=sustainable_investment_staffpubs; personal communication, March 2026

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120 Personal interviews, 9 and 10 March 2026; Lerner, et al. "When Unfair Trade Is Also at Home: The Economic Sustainability of Coffee Farms. Sustainability 13, no. (2021): 1072. <https://www.mdpi.com/2071-1050/13/3/1072>

Box 6: Vietnamese coffee sector in a nutshell



600,000

smallholders



1857

was the year of introducing coffee to Vietnam, by French missionaries



97%

of variety is Robusta



45%

of Vietnamese coffee farmers earn a living income*



600,000 ha

total area covered by coffee production: main coffee provinces situated in Central Highlands



2nd

largest exporter of coffee in the world, at 25 million 60-kg bags, valued at USD 3 billion per year on average

*e.g. compared to 9% of Kenyan coffee farmers, according to one source with a non-representative sample in the Central Highlands. In reality, sources state numbers up to 90% of Robusta farmers earning a living income.

Sources: <https://vicofa.org.vn/country-coffee-profile-vietnam-bid385.html>; Waarts et al. (2024), Return on household labour: a means to accelerate the path to a living income for smallholder coffee farming households, <https://edepot.wur.nl/675187>; Columbia Center on Sustainable Investment, Climate Action Needs Investment Governance, Not Investment Protection and Arbitration (New York: Columbia Law School, 2022), https://scholarship.law.columbia.edu/cgi/viewcontent.cgi?article=1198&context=sustainable_investment_staffpubs; Personal communication, March 2026.

What policy environment and market conditions have led to this strong performance – and what can living income practitioners learn from this?

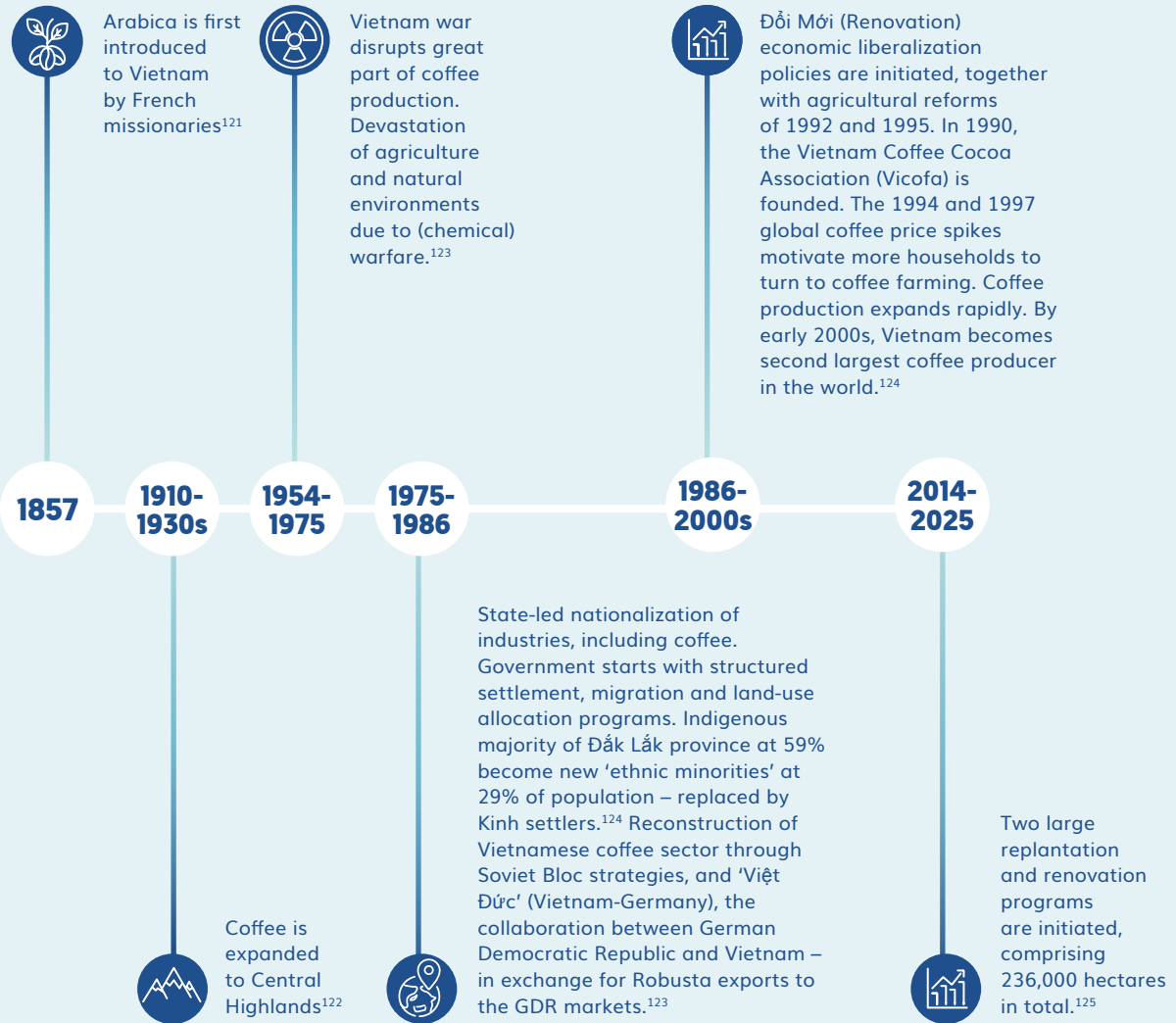


Vietnamese coffee: a brief history

The box below provides an overview of key events in the development of the Vietnamese coffee

sector – leading up to the creation of the policy environment as discussed in the next section.

Box 7: Timeline of coffee development in Vietnam



121 Schwenkel, Christina. "Development through Dispossession: Coffee as Mutual Aid between Vietnam and East Germany." *Journal of Southeast Asian Studies* (2025). <https://doi.org/10.1080/14682745.2022.2100356> (2025)

122 Ibid.

123 Ibid.

124 Personal interviews; Hai, et al. "Developments in Vietnamese Coffee Production and Market from 2010–2025 and Some Recommendations." 2024. <https://pubs.sciepub.com/jfe/13/1/1/index.html>

125 Idem



Policies in Vietnam

The following policies are associated with a strong performance in the Vietnamese coffee sector. While these are not exhaustive and by no means establish a causal relationship, they yield valuable lessons for living income practitioners elsewhere in the world.

State-led farmer support has been comprehensive, reliable, and sustained over a long period of time – complemented by broad bottom-up support. In Vietnam, there has been long-term policy and political will to develop coffee. In combination with a one-party rule and the absence of serious conflict since 1991, this has ensured sustained development of the coffee sector – and the economy overall. Coffee-related policies have been comprehensive and relatively harmonized, focusing on yield improvements, renovation and rehabilitation, supply chain efficiency, marketing, and infrastructure development (e.g. which contributed to reducing transportation costs). But this top-down approach would not have been effective without strong bottom-up support based on the willingness and knowledge of farmers to develop their farms. For example, it was the ‘dreams of coffee wealth’ that drew 100,000 voluntary farmer-migrants to the coffee regions between 1986-1996 – giving a boost to the industry.¹²⁶

This stability and predictability make it attractive for international corporations and development institutions to invest in Vietnam:



As a development institute, we know our risks in Vietnam – their policies won't change every few years. This builds trust with international actors like us to allow for long-term investments.¹²⁷

Policies also focused on timely intensification and renovation. Take the following example: As coffee trees started to age, coffee and cocoa association Vicofa initiated replantation policies in 2012, financed by the fees coming from coffee exports. The 2014-2020 Ministry of Agriculture program supported the replanting and grafting of over 120,000 hectares of coffee land, immediately followed up by the 2021-2025 Coffee Replanting Project aimed at replanting and grafting 107,000 hectares. It is estimated that income from 1 hectare of coffee after replanting and grafting has increased 1.5-2 times compared to before.¹²⁸

The program was not limited to provision of seedlings alone. Instructions on technical measures (replanting, hole-digging, seed standards) have been complemented by access to credit up to 150 million VND/ha.¹²⁹ Without these measures, many smallholders would not have been able to access loans due to lack of collateral, among other constraints. In doing so, international actors have been important in supporting these policies, such as the replanting scheme, including Nestle, JDE, ECOM, the GCP National Platform, the World Bank, and the Asian Development Bank.¹³⁰

A strong national identity, domestic control and organization of the coffee sector have shielded farmers from foreign influences and ensured autonomy. A few exporters control a significant portion of the total export volume in Vietnam.¹³¹ They have scale, are organized, and considered consistent and reliable trading partners. This enables them to provide a strong negotiation position towards international buyers and work efficiently – allowing farmers to not lose on farm-gate prices.

126 Schwenkel, 2025.

127 Personal interview, 11 March 2026.

128 Hai et al, 2024.

129 The State Bank of Vietnam provides a coffee loan policy with total credits up to 12 trillion VND (560 million USD), providing coffee farmers with loans for replanting (up to 150 million VND/ha) and grafting (up to 80 million VND/ha) with a grace period of 4 years and a loan interest capped at 7% per year, which is significantly lower than regular interest rates for agricultural loans). From: Hai et al, 2024.

130 Personal interview, Vietnamese representative, March 2026

131 As of 2022/2023, the three largest raw coffee exporters were Intimex Group JSC, Vinh Hiep Co. LTD, and Simexco Daklak. Source: Vietnam Briefing. "Vietnam Coffee Market: A Deep Dive into Its Consumers, Challenges, and Prospects." Accessed March 2026. <https://www.vietnam-briefing.com/news/vietnam-coffee-market-a-deep-dive-into-its-consumers-challenges-and-prospects.html>

Since 2013, international buyers are prohibited from trading directly with farmers by law – leaving a strong role for domestic intermediaries that capture value within the country.¹³²

Over 95% of farmers sell to intermediaries or ‘middlemen’ (often women), who provide inputs (e.g. fertilizer) to up to 75% of farmers.¹³³ Foreign influence is closely managed by relevant associations and authorities. As stated by a Vietnamese coffee representative:



I remember when coffee prices surged back in 2024, a handful of international coffee buyers found a way to circumvent our domestic exporters by purchasing coffee directly from smallholders or small intermediaries – for reasons I am still not fully sure of. To the frustration of our domestic exporters. It did not take long for Vicofa to intervene by calling a roundtable meeting between the international buyers and exporters and settle the issue.¹³⁴

The strong design of supply chain structures does not necessarily mean it is formal and institutionalized: informal structures based on relationship-based networks and trust are still widespread, and highly efficient. As an agronomic advisor active in Vietnam notes:



If the farmers in Đắk Lắk province that I work with are out of fertilizer, they will simply call up their local collector, who are often women. In exchange for the future coffee yields, these collectors deliver the fertilizer within a day, on credit. Informal, trust-based financing structures are incredibly efficient – with margins no official institution could ever match.¹³⁵

Roasters, traders and investors invest in Vietnam through public-private partnerships – rather than moving independently and in isolation.

This ensures a greater level of coordination and complementarity of resources, compared to other countries. A case in point is the rapid expansion of sustainability certification (UTZ, 4C, Rainforest Alliance, Fairtrade and later private sustainability systems) in Vietnam, through coordinated public-private partnerships.¹³⁶ Currently, almost 30% of Vietnam's total coffee area is certified under sustainability standards.¹³⁷ Some NGOs are also active, with for example, organizations like IDH, the Sustainable Trade Initiative working in Vietnam since 2011.

Furthermore, the Vietnamese response to the European Deforestation Regulation (EUDR) is telling: as one of the first countries to introduce a forest and coffee growing database system in 2024, which showed the benefits of effective public-private partnerships towards sustainable outcomes.¹³⁸

132 VietnamNet. “Foreign Firms Disallowed to Buy Coffee from Farmers.” Accessed March 2026. <https://vietnamnet.vn/en/foreign-firms-disallowed-to-buy-coffee-from-farmers-E73410.html>. This law is based on Decree No. 09/2018/ND-CP https://vntr.moit.gov.vn/storage/doc/file/1641352028%20%2009_2018_ND-CP.pdf, and Circular 08/2013/TT-BCT, <https://www.vietnamtradeportal.gov.vn/kcfinder/upload/files/08.2013.TT-BCT.pdf>

133 Basic-Solidaridad, 2024.

134 Personal interview, Vietnamese representative, March 2026

135 Personal interview, 16 March 2026

136 Personal interviews (x3), 18 March 2026; 11 March 2026

137 Basic-Solidaridad, 2024.

138 Comunicaffè. “Vietnam’s Coffee Sector Marks a Landmark with Launch of the EUDR Database System.” Accessed March 16, 2026. <https://www.comunicaffe.com/vietnams-coffee-sector-marks-a-landmark-with-launch-of-the-eudr-database-system/>

International efforts have been made to operationalize the living income concept in Vietnam.

The ICO's Coffee Public-Private Taskforce, under the Technical Workstream on Living and Prosperous Income, commissioned a living income benchmarking study in administrative region 4 in Vietnam in 2022.¹³⁹ While the private sector had been engaged in living income work in Vietnam for some time, this step reflected a public-private effort to identify living income gaps, and develop national plans to close that gap. The benchmarking study would become an addition to the existing study for administrative regions 1, 2 and 3. The key lesson is one that is not unique to Vietnam: introducing a foreign concept like 'living income' requires continuous engagement and translation to local contexts and incentives – and alignment among national actors and government agencies. In this particular case, some actors confused the benchmarking process with doing a net income measurement (i.e. current incomes, not the desired income for a decent standard of living) – notwithstanding the in-person trainings that were done by national researchers to create understanding of the concept. The result is that the living income benchmark has not yet been formally accepted by Vietnamese government officials as applicable to the coffee sector.

The example points to a deeper challenge for living income practitioners. How can you know who needs to be engaged, and when there has been enough engagement? How do you measure the extent to which stakeholders grasp and agree with a new concept? Practitioners would benefit from a tool to make measurement of engagement more tangible – and showcase this towards their donors and other stakeholders. See [Section 5. General Recommendations](#) for a first outline of such a tool.



Incentives & motivations

Why did the Vietnamese government develop policies on coffee development – and how can living income practitioners leverage these incentives elsewhere? Below is a selection of incentives and motivations.¹⁴⁰

Government: Stabilization of social tension in Central Highlands through farming overall.

This is one of the key motivations for the Vietnamese government to have made coffee a strategic priority. There are still tensions and instability among the 1-2 million people living in the Central Highlands, which include ethnic minority groups and Kinh (ethnic Vietnamese) migrants – not in the least augmented by the state-led, settler colonial migration policies between 1976-1996.¹⁴¹ As stated by a Vietnamese expert:



*The Central Highlands still are a very sensitive area in our country. For example, when we fly to the area, government permission is still needed. Coffee as a means to bring social stability has therefore been always the primary reason for our government to prioritize the sector.*¹⁴²

Economic prosperity brings stability. As long as coffee is a profitable activity, it will therefore be a tool to mitigate any tensions.^{143, 144}

139 Personal communication. March 2026. Full overview of benchmarks here: Anker Research Institute. "Vietnam." Accessed April 13, 2026. <https://www.ankerresearchinstitute.org/vietnam-home>

140 Many relevant actors and their motivations have been excluded from this overview. This does not mean they are not important. The motivations above have been selected for their potential of yielding unique lessons for living income practitioners.

141 Schwenkel, 2025

142 Personal interview, 9 March 2026

143 Personal interview, anonymous coffee representative Vietnam, 9 March 2026;

144 Chien, et al. "Coffee Sector in Vietnam: Current State and Key Policy Aspects." 2025. https://mkresourcesgovernance.org/wp-content/uploads/2025/08/Coffee-sector-in-Vietnam_current-state-and-key-policy-aspects-1.pdf

Government, Farming households: Path to prosperity. Fortunel writes that ‘Coffee lies at the centre of a social game in the highlands: local inhabitants plant it in the hope of becoming rich, thus making coffee a lever of acculturation for minorities. (...) [L]ocal authorities help boost these dynamics.¹⁴⁵ This view is firmly embedded into local culture and will continue to incentivize communities to invest in coffee production. As noted by Jan von Enden, who was working as coffee advisor to a GIZ Public-Private Partnership project with coffee roaster Douwe Egberts in Tan Lam, Quang Tri Province at the time:

“

During my years in the region, there always was a strong drive among farmers and employees to learn new things in farming and coffee processing. I recall that when I was there giving trainings in the early 2000s, they would stand at 7 AM in front of my door ready to get started. They were 100% invested, every single day.¹⁴⁶

One does not reach the result of ‘prosperity’ right away: it is a pathway. This means that many government officials work from the idea of a ‘ladder approach to development’: the first priority is improving yields and lifting immediate poverty; then come other priorities such as quality, environmental sustainability, and reaching a living income. As observed by Trung Pham, Country Representative for the Global Coffee Platform in Vietnam:



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“

“In the past, the focus in Vietnam was on increasing production to ensure food security, particularly for rice. Today, as production has stabilized, there is a stronger shift toward quality, value, and sustainability. We are also seeing a similar transition emerging in the coffee sector, although it is still uneven and ongoing.¹⁴⁷

145 Fortunel, Frédéric. The Construction of Coffee Qualities: Geo-economics Crossroads between China and Vietnam. Cambridge: Cambridge University Press, 2023. <https://doi.org/10.1017/trn.2022.14>

146 Personal interview, 10 March 2026

147 Personal interview, 18 March 2026

This focus on immediate economic and social benefit has left environmental or other human rights concerns deprioritized. Deforestation levels have been high,¹⁴⁸ and it is reported that in some areas, over-usage of fertilizers has caused soil acidification and soil biodiversity loss,¹⁴⁹ not to speak of the forced migration policies mentioned earlier.¹⁵⁰

Despite the strong coffee culture, for most, prosperity is more important than coffee. Living income practitioners should keep this in mind when devising strategies for income improvements – especially around the component of diversifying incomes through other crops. As noted by Trung Pham:

“

*When the relative prices of other crops increase, farmers tend to adjust accordingly. For example, I've seen that the recent rise in durian prices, largely driven by increasing demand from China, has led some farmers to shift away from coffee. This reflects rational short-term decision-making, but also highlights the risks of volatility and the need for longer-term, more stable production strategies.*¹⁵¹

It is pivotal to find the other actors in the position where they are at that very moment.

If that means a priority on improving yields, the living income concept should be employed as a means to get there. If productivity comes at the expense of natural ecosystem functions, living income can be tied to approaches around regenerative agriculture. At all times, this line of argumentation should be supported by evidence and proof of concept.

Government: Territorial affirmation and state control through constructed territories and planned migration. The newly formed Vietnamese government in the 1980s and 1990s perceived coffee as a domestic strategic asset: “they conceived and constructed territories around the idea that agricultural production in the mountains should primarily constitute a political act of control to impose a new political order” and “territorial affirmation” against Cambodia and Laos.¹⁵² Populating the Central Highlands with people and farms through the establishment of ‘New Economic Zones’, helped assert state control over these areas, both over its own population and neighboring countries.¹⁵³ While this line of reasoning is bound with complexities and risks of other human rights violations, showing the national importance of well-functioning agricultural systems can be a useful way for living income practitioners to hold the living income discussion, while not ignoring the challenges inherent in such policies.

Government: Foreign currency generation and trade balance improvement. Coffee became Vietnam’s second-largest export product after oil in the 1990s, currently earning over USD 7 billion annually.¹⁵⁴

148 Meyfroidt, Patrick, Tan Phuong Vu, and Viet Anh Hoang. 2013. “Trajectories of Deforestation, Coffee Expansion and Displacement of Shifting Cultivation in the Central Highlands of Vietnam.” *Global Environmental Change* 23 (5): 1187–1198. <https://doi.org/10.1016/j.gloenvcha.2013.04.005>

149 Long Nguyen Van, Duy Nguyen Quang, Laetitia Herrmann, Aydin Enez, Lambert Brau, et al.. Restoring soil health from long-term intensive Robusta coffee cultivation in Vietnam: “a review”. *Agronomy for Sustainable Development*, 2025, 45 (3), pp.31. [ff10.1007/s13593-025-01023-4](https://doi.org/10.1007/s13593-025-01023-4). [ffhal-05113471f](https://doi.org/10.1007/s13593-025-01023-4)

150 Chien, et al. *Ibid.*

151 Personal interview, 18 March 2026

152 Fortunel, 2023

153 Schwenkel, 2025

154 Vietnam Investment Review (VIR). “Vietnam’s Coffee Exports Shift towards Higher-Value Products.” Accessed March 1, 2026. <https://vir.com.vn/vietnams-coffee-exports-shift-towards-higher-value-products-142143.html>

Exports bring in currencies stronger than the Vietnamese dong (e.g. 1 EUR equals 30,751 VND¹⁵⁵), which help finance state debt and investments. Consequently, coffee exports help to improve the balance of trade for Vietnam, which have grown from USD 3 billion in 1990 to USD 340 billion in 2023.¹⁵⁶

Foreign currency generation and trade balance improvement will likely be a major incentive for governments focused on export-oriented cash crops – and provides a potential window for the living income concept to be framed in.

Governments (importing): Cold War partnerships as a way of strengthened global presence and coffee supply. During the 1970s and 1980s, (North) Vietnam received long-term, sustained support from friendly socialist states such as the German Democratic Republic (GDR) and Soviet Union. The GDR and Vietnam established treaties in 1980 and 1986, enabling the GDR to supply equipment, materials, finance, and training to build the necessary infrastructure and expand coffee plantations from 600 to 8,600 hectares – where the GDR would obtain half the yield for its coffee consumers back home. Assistance gradually dwindled with a rising ‘solidarity fatigue’ by the GDR’s population, who were facing their own economic challenges at home.¹⁵⁷ This support was driven by a combination of altruistic objectives of ‘fraternal’ solidarity between socialist states, a necessity to supply the German population with better quality coffee than the blend of ‘ground coffee, grain and chicory’, and ‘larger geopolitical interests to

optimise the trade of raw materials and flow of commodities from South to North.’¹⁵⁸

This example illustrates the potential of sustained, strategic bilateral partnerships in building an effective agricultural sector. Not every country needs to be equally invested – living income practitioners can in some cases leverage the long-term, bilateral ties and comprehensive, strategic interest that exists between two countries to enhance investments in agricultural prosperity, and link these investments to advancing the objectives of living income.

Coffee farming households (outside Vietnam): The rapid expansion of coffee production in Vietnam and other countries (most notably Brazil) resulted in an oversupply of coffee in the late 1990s, which in turn was an important factor in triggering the coffee crisis of 2002. A 2003 Oxfam report stated: ‘Coffee production is at its highest level ever. Between 1997-98 and 2001-02, the volume of coffee exports increased by 13 per cent (from 78m to 89m bags), but their total value fell by more than half, from US\$12bn to \$5.6bn.’¹⁵⁹ Global coffee prices dropped to 0.50 USD per pound, at the time the lowest in real terms in a century.¹⁶⁰ Although prices recovered, the example shows how seemingly ‘desirable’ developments in one country (Vietnam) can have major damaging consequences elsewhere in the world, if not managed. One person’s loss is another person’s gain. Living income practitioners should keep in mind they don’t operate in a single country, but in an interconnected world where their actions ‘here’ can have major (market) repercussions ‘there’.

155 OANDA. “EUR to VND Currency Converter.” Accessed March 1, 2026. <https://www.oanda.com/currency-converter/en/?from=EUR&to=VND&amount=1>

156 Macrotrends. “Vietnam Imports Data.” Accessed March 1, 2026. <https://www.macrotrends.net/global-metrics/countries/vnm/vietnam/imports>

157 Schwenkel, 2025

158 Ibid.

159 Lines, Thomas and Sophia Tickell, *Walk the Talk: A Call to Action to Restore Coffee Farmers’ Livelihoods* (Oxford: Oxfam International, 2003), <https://oxfamlibrary.openrepository.com/bitstream/handle/10546/115062/bp44-walk-talk-coffee-farmers-010503-en.pdf>

160 International Coffee Organization, *The Global Coffee Crisis: A Threat to Sustainable Development* (London: International Coffee Organization, 2002), <https://www.ico.org/documents/globalcrisis.pdf>



Lessons

Practitioners can take the following lessons from the Vietnamese case, to apply in other contexts:

1. **Accept (living) income goals can be achieved without the concept of a living income – and find other 'hooks'.** In Vietnam, the concept of 'living income' has never been at the heart of Vietnamese coffee development objectives¹⁶¹. Yet the very outcome of income improvement was attained through a combination of economic, security, geopolitical, and social interests.
2. **Tailor the living income agenda to long-term domestic objectives.** Strong domestic governmental institutions and political will are at least as important as private and civil society interventions for long-term change – provided those institutions are effective. Living income practitioners should therefore not only drive their own agenda, filling the traditional 'governance gap' – but seek alignment with national objectives at all times. In institutional contexts where this effectiveness is significantly weaker or absent, cooperation will be more difficult, and other solutions need to be sought.
3. **Leverage long-term, sustained government support for transformative change** – in combination with public-private partnerships – at landscape or jurisdictional level¹⁶². While bilateral, supply chain-oriented programs yield benefits, the Vietnam case shows how long-term, comprehensive policy can build up an entire sector – rather than individual coffee households alone.
4. **Avoid 'living income tunnel vision': take a multidimensional lens towards income improvements, environmental, and socioeconomic interests.** Income improvements cannot be the goal in isolation – but should be regarded as both an enabler and consequence of other interests. In Vietnam, rapid and productivity-focused development of the coffee sector has come at a trade-off with soil acidification, deforestation and biodiversity loss. Practitioners should be careful in pursuing an income agenda at the expense of other factors.
5. **Keep in mind that farm management matters.** Without dedicated farmers who can maximize their return on invested capital, productivity and incomes would unlikely have grown the way they did in Vietnam.
6. **Do not only advocate for the creation of policies – proper execution is at least as critical.** In Vietnam, intended policies were executed, yielding the results that were previously anticipated. For example, the 2014-2020 Ministry of Agriculture coffee replanting program aimed to replant and graft 120,000 hectares of coffee, and six years later, reached that objective.¹⁶³ These results are only possible with an effective government. Practitioners should therefore not only focus on shaping policies – but also on their adequate execution.¹⁶⁴

161 A recent living income benchmarking study was conducted in Vietnam, in collaboration with the Ministry of Labour, War Invalids and Social Affairs (MOLISA), but was not seen as representative for the coffee industry specifically. Source: Personal communication, 10 March 2026

162 See the ISEAL website for an explanation on the role of landscape and jurisdictional approaches in enabling coordinated, cross-sector action to deliver sustainability outcomes at scale: <https://isealalliance.org/what-we-do/sustainability-issues/climate-biodiversity-and-nature/sustainable-landscapes-and->

163 Hai et al, 2024.

164 This is illustrated by an improving 'government effectiveness', which has risen steadily from -0.6 in 1996 to +0.13 in 2023 and relatively higher compared to most other coffee or cocoa producing countries. Source: World Bank. "Government Effectiveness Data." Accessed March 2026. <https://data.worldbank.org/indicator/GE.EST>

4.2 Deep dives in depth



Deep dive 1:
ICO Coffee Public-Private Task Force



Deep dive 2:
Rikolto's approach to living income

Deep Dive 1

ICO Coffee Public-Private Task Force

Using Living Income at Scale



Coffee, Global
2019-current

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One of the most interesting initiatives working at scale and using the living income approach as a core component, is the International Coffee Organization's Coffee Public-Private Task Force (CPPTF).¹⁶⁵ This deep dive describes its formation, the incentives & motivations involved, and lessons learned for similar multi-stakeholder initiatives in other sectors.

Context

The CPPTF was established in April 2021, as a response to sector-wide concerns stemming from systemic low and volatile prices, climate change impacts, aging coffee farmers and plantations, and rising costs of inputs, logistics, and labor. All these factors threaten the livelihood of producers, the environment, and the supply of coffee.

In the face of these challenges, the ICO – an intergovernmental body for coffee established in 1962 under the United Nations – took the bold move of convening its members and collaborating partners to form this sector-wide initiative. Through an extensive consultation process with ICO members and partners, living income was identified as a key means,¹⁶⁶ due to:

- the foundational role of farmers and their need for equitable, remunerative incomes to achieve the CPPTF's goals of economic resilience and environmental sustainability;

- the perceived role of living income as a globally accepted methodology to provide credible data. This data could be used as a basis to inform discussion in finding collective solutions to improve producers' incomes – reaching and exceeding living income benchmarks to prosperity.

Structure of the ICO CPPTF

To address the scale of the challenge and efficiently reach the large number of private and public coffee sector stakeholders in producing and consuming countries, a representative structure was created: this includes 17 private and 17 public stakeholders (referred to as "Sherpas"), collaborating coffee platforms (e.g. Global Coffee Platform, Sustainable Coffee Challenge, National Coffee Association of the USA), NGOs, and donor partners.

¹⁶⁵ International Coffee Organization (ICO). "Coffee Public-Private Task Force." Accessed March 2026. <https://ico.org/the-coffee-public-private-task-force/>

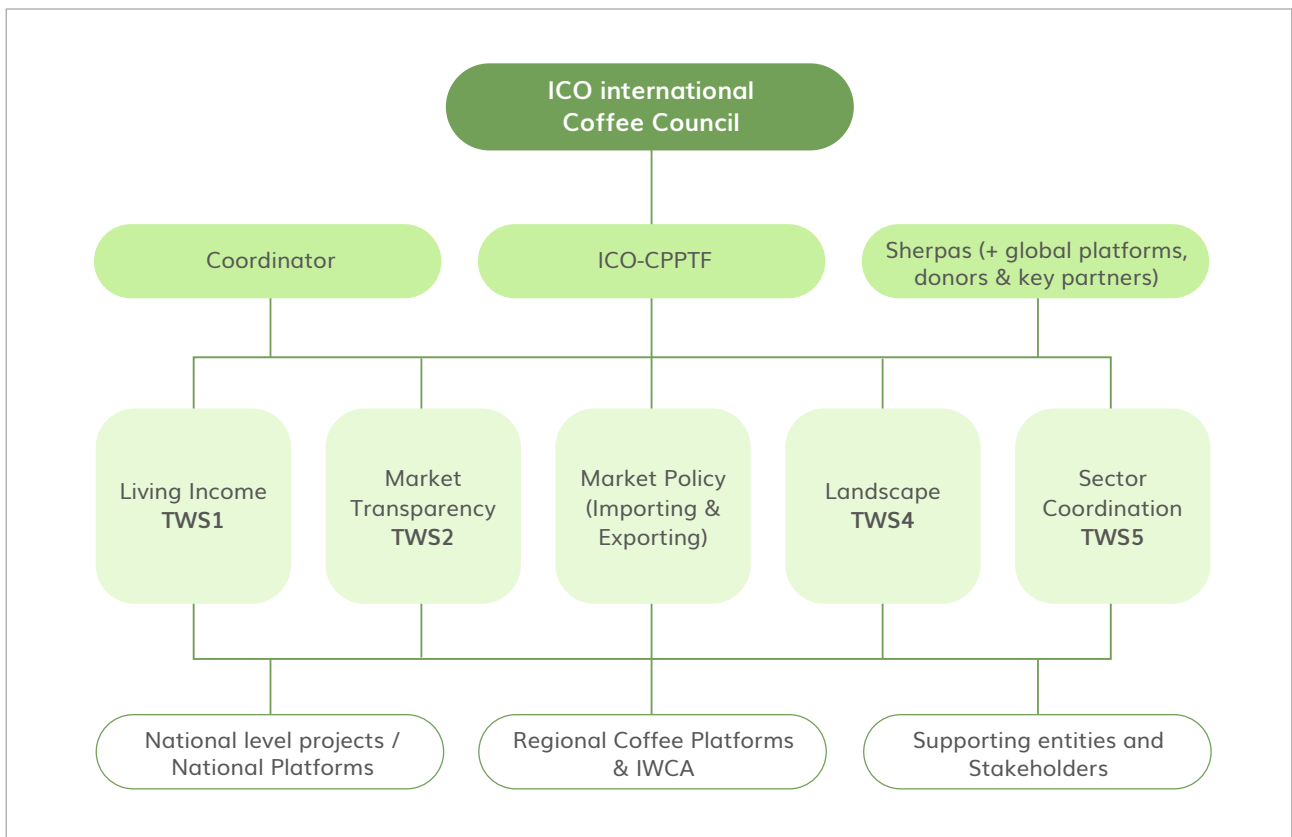
¹⁶⁶ The different uses of 'living income' as a human right, analytical tool, unit and solution approach, are described in Box 1 in Chapter 1.

The CPPTF is facilitated by five technical workstreams on specific issues, organized by one coordinator:

- Living income (LI),
- Market transparency
- Market policy
- Landscapes
- Sector Coordination

Participants in the workstreams consist of Sherpas and other stakeholders interested in the topic (from within and outside the ICO structure). This provides a unique combination of experience and expertise. The participants recommend actions relevant to the specific topic, which are presented to the Sherpas who finalize action plans; which are subsequently submitted to the ICO Council for approval.

Figure 3 Driving factors of policy initiatives and actions that can promote a living income



The workstreams have established ambitious commitments, with the living income workstream committing to having living income benchmarks in 100% of the ICO member countries by 2025 and 50% of the countries actively working to close income gaps by 2030.¹⁶⁷ Importantly, this structure is based on public-private collaboration, which includes the diverse expertise and agendas of governments,

private sector, civil society and other coffee stakeholders. All decisions are approved by the highest body of the ICO: the International Coffee Council.

However, in September 2024, just before these commitments and the implementation plans received final approval from the council, the term living income itself was challenged.

¹⁶⁷ International Coffee Organization. Living & Prosperous Income: Technical Workstream Orientation (TW1). 2023. <https://ico.org/global-knowledge-hub/wp-content/uploads/2023/05/PPT-Orientation-TW1-Living-Prosperous-Income.pdf>

One of the ICO member countries argued that living income was not a sufficient goal; rather, 'prosperity' should be the ambition. This member was able to present the living income concept as only 'striving to reach the equivalent of a subsistence existence', and that what is really needed is for 'farmers to have a better life than their parents'. The CPPTF responded by clarifying the living income benchmark is a stepping stone towards prosperity and to more explicitly communicate this continuum began using the terminology of 'Living and Prosperous Income'.

This challenge yielded some important learnings for the CPPTF and living income practitioners:

- **The term 'living income' is relatively easy to misrepresent.** It may cause stakeholders to view it as a potential 'poverty trap', ignoring the broader elements that living income actually incorporates – such as health, security, access to services, and a percentage to manage risks. Therefore, practitioners need to always emphasize the comprehensiveness of the living income approach.
- **Practitioners need to emphasize that living income is neither a "cap nor ceiling", nor a static measurement.** Rather, it is a step in a continuous improvement process in which producers' livelihoods improve over time, while at the same time avoid promoting a linear growth model, such as constant growth being the goal or 'superseding' previous generations, which is unsustainable in the medium- and long-term.
- **Emphasis should also be made that living income is determined in a quantifiable, comparable way, through an internationally approved methodology.** Although full standardization is neither desirable nor feasible, a harmonized framework producing locally contextualized numbers allows for informed, data-based discussions and strategic planning. Terms like 'prosperity', which also have circulated in coffee sector and international development debates, have not yet reached that balance of measurability and local adaptability.^{168,169}
- **The process provided insight into the fact that living income practitioners should not be limited by the term living income.** When developing national or regional strategies, other effective and measurable benchmarks can be used as a common objective. This is especially true when living income benchmark studies are not available or too costly for the stakeholders at that moment or not accepted for various reasons (e.g. see example in Vietnam case study). But practitioners should stress the added value of the living income approach as outlined above. What is key is that the benchmark or income objective is agreed upon by the majority of the stakeholders and can be used to promote collective action to improve farmers' income and economic resilience.

Once the structure, commitments and workplan were approved by the council, the living income workstream facilitated implementing activities in producing countries (including; raising awareness, sharing information, conducting living income benchmarking and supporting national living income strategy development). The CPPTF collaborates with national platforms (e.g. GCP) and four regional coffee platforms (Promecafé, Interafrican Coffee Organization, African Fine Coffee Association and the ASEAN Coffee Federation), as well as with the International Women's Coffee Alliance, to increase the reach and local applicability and acceptance of the activities.

Regional Knowledge Hubs were established at the platforms to share information and link to the ICO-CPPTF's Global Knowledge Hub. A guide to support the process of identifying income drivers, and key stakeholders, to build national living income strategies was drafted and is available on the CPPTF's [Global Knowledge Hub](#).

The scale of the coffee sector, the complexity of living income and intergovernmental procedures, the innovative nature of the CPPTF, and the constantly changing market and policy environment, means that the initiative is a "work in progress" that continues to grow and change in response.

168 Offers to create a measurement protocol for prosperity were made by the CPPTF member advocating for using the term, but to date they are not yet available.

169 Since the World Bank stated its twin goals of 'ending extreme poverty and boosting shared prosperity' in 2013, it has developed a methodology to define the 'prosperity gap' based on a reference income level (the 'prosperity standard') of \$25 per day, roughly equivalent to the median poverty line of high-income countries. Source: World Bank Group, A New Distribution Sensitive Index for Measuring Welfare, Poverty, and Inequality, Policy Research Working Paper 10470 (Washington, DC: World Bank, 2023), <https://documents1.worldbank.org/curated/en/0999334305302318791/pdf/IDU-325015fc-a4d6-4642-afe4-5cb6b6a87b0b.pdf>

Based on the CPPTF example, the following are some lessons for practitioners and initiatives working at scale to potentially strengthen their approach:

- 1. Establish clear governance with broad, two-way representation:** All members must feel well-informed, have a sense of ownership and believe their opinions are being received and integrated into the discussion and outcomes. Clear communication that reaches all key stakeholders, throughout the sector, is therefore critical. While the “sherpa” structure brings a level of representativeness and efficiency, it could benefit from a complementary structure which enhances a two-way communication channel to and from stakeholders. This would allow for sharing knowledge and informing dialogue between all actors. An important step to achieve this would be to expand the collaboration with the regional platforms and the IWCA. This would help share and gather information at scale (leveraging the regional knowledge hub structure), support local interaction and adoption, and monitor progress and needs.
- 2. Ensure a comprehensive, systemic approach:** To achieve positive change at the producer level, all impacting factors and actors need to be considered. This includes building a regional and sector-level enabling environment, such as supportive policy, programming and investments.

With producers at the start of supply chains, there is a natural tendency to focus activities on them, and the ICO-CPPTF has followed this path. Although directing resources and efforts towards producers is laudable and often necessary, requiring action primarily at the producer level can potentially transfer risks and costs to producers. These are often smallholders – the most vulnerable and least able to manage such risks and additional costs. Therefore, critically, costs and risks must be equitably and responsibly distributed along the value chain and in the wider price-setting system (such as the Intercontinental Exchange, ICE). A comprehensive approach also means addressing public goods issues. For the coffee sector this includes leveraging practical opportunities like partnering with the [SDG-linked coffee development plans](#), led by the UN Sustainable Development Solutions Network.¹⁷⁰

Practitioners need to identify the right institution or entity that should facilitate such a process. In the case of the coffee sector, the ICO is an example of an appropriate institution to convene the coffee sector stakeholders to discuss and move on sector level and global issues (including linking to and advancing on the SDGs).

- 3. Consider independent facilitation:** To work at scale and convene all the stakeholders that impact producers’ incomes, independent facilitation can be an essential element.



170 Sustainable Development Solutions Network (SDSN). “Coffee and the SDGs: A Handbook.” Accessed March 2026. <https://files.unsdsn.org/ccsi-coffee-sdg-handbook-english.pdf>

The facilitator (or ‘convenor’) needs to have the authority, trust, and neutrality to bring together and drive a multi-stakeholder partnership, and co-develop solutions in an environment that is often new and fragile. The experience of the CPPTF shows that many stakeholders want to address broader environmental, social, and economic objectives at scale. However, they often simply do not have the time to independently organize the processes and collective action required; are trapped by business- or institution-related competition concerns; or do not feel represented.

Independent facilitation, and strategic collaboration with existing structures (i.e. associations, platforms, institutions etc.) can therefore be a key factor for success at scale. An initiative at scale, linked to and supporting a network of facilitators and collaborating entities, can steward a “bottom-up” and inclusive approach. As such, it can act as an umbrella to join national, regional and sector level efforts to address critical issues at scale; from supply chain development to global concerns related to climate change, natural resource conservation, forced migration and the equitable inclusion of marginalized groups.

4. Sustain resources through an effective funding mechanism:

Without a clear mechanism to fund activities, structured to address the real motivations and incentives of the different actors involved, those actors may lose their motivation, and actions may not be implemented. As an important step, the CPPTF is linking to funding mechanisms, such as the G7 Global Coffee Sustainability and Resilience Fund.¹⁷¹ However, while an external, donor-driven funding mechanism can be positive, it can have limitations due to its dependence on available funding and changing political and commercial agendas.

An internalized funding mechanism (i.e. directing funds from high-margin parts of the value chain to those areas needing funding, within an agreed upon framework like the CPPTF structure, linked to national living income strategies and SDG coffee plans) can potentially be more sustainable and effective in the long-term, to address both public and private sector objectives.

Such a mechanism will likely have its challenges and be met with resistance, but at the very least it needs to be openly discussed, and appropriate solutions found to facilitate investment at the scale required. In the coffee sector, the ICO is the right organization to facilitate such a process.

5. Maintain consistency and focus: While initiatives working at scale must respond to changing realities and dynamics, real change at scale requires a consistent approach over time. In the case of the CPPTF, issues such as EUDR, regenerative agriculture, mechanization, and circular economy are increasingly priority areas for many stakeholders.¹⁷² While important to address, the challenge of achieving systemic change at the sector level means that focus needs to be maintained.

Consistency can be reached by framing new, upcoming issues (e.g. like regenerative agriculture) within their impact on the already existing goals and objectives of an initiative. For the CPPTF goal of a living and prosperous income, this means linking outputs and impact to advancing equitable incomes and economic resilience. For example, the goal of deforestation prevention can be linked to living income, whereby improving producers’ incomes should be a core action – as insufficient incomes can limit their ability and willingness to adopt practices or invest in preventing deforestation.

Again, given the complexity of the challenge, every effort should be made to establish a consistent process, with sufficient support, that is maintained over time. The CPPTF becoming a permanent working group under the new 2022 ICO International Coffee Agreement is an important step forward in securing such consistency.¹⁷³

Advancing living income at scale is a monumental task and all stakeholders will be concerned about potential adverse effects or increased risks. But a consistent strategy with clear and transparent communication, that facilitates and strengthens collaboration with all the stakeholders, while identifying and responding to the different stakeholders’ motivations and incentives, can build the kind of support, participation and sharing of responsibilities the challenge requires.

171 International Coffee Organization (ICO). “Press Release No. 358: G7 Pescara, October 2024.” <https://ico.org/documents/cy2024-25/pr-358e-g7-pescara-october-2024.pdf>

172 International Coffee Organization (ICO). “Monthly Coffee Report, Switzerland, June 2025.” <https://ico.org/documents/cy2024-25/mr-5e-switzerland-june-2025.pdf>

173 International Coffee Organization (ICO). “International Coffee Agreement 2022.” <https://www.ico.org/documents/cy2021-22/ica-2022-e.pdf>

Deep Dive 2

Rikolto's approach to living income

Policy, facilitation, and system change



Coffee, cocoa, Latin America, Africa, Asia
2010s-current

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Co-authored by: Abdulahi Aliyu, Global Program Director, cocoa and coffee, Rikolto

Several prominent international NGOs have taken the lead in developing, promoting and implementing Living Income. This includes the efforts of Fairtrade, IDH, Solidaridad, Rainforest Alliance, FarmAfrica, Heifer, Technoserve, and Rikolto, among others. Their work provides valuable analysis and lessons, based on real experiences, on how to advance living income by taking a comprehensive, multi-stakeholder engagement approach and leveraging the role of a neutral facilitator to convene, identify needs and promote collaboration and action.

In this deep-dive, we share Rikolto's experience which was kindly shared by Mr. Abdulahi Aliyu, Global Program Director, cocoa and coffee, and edited by the research study team.

Introduction

The role of independent facilitation

Living income strategies involve multiple stakeholders with different motivations, priorities, and abilities to exercise power. Independent facilitation is key to making living income strategies inclusive, contextually adapted, and scalable, especially in fragmented markets and power structures that contain perverse incentives.

Where NGOs have limited influence on prices, contracts, or policies, some have turned out to be well-positioned to play this facilitating role, particularly in contexts with limited trust or power imbalance that

marginalize smallholder voices. In this section, we draw lessons from the international NGO Rikolto.⁷⁴ Rikolto is recognized for its role in shaping the living income agenda through multi-stakeholder platforms that connect global initiatives. These include the Living Income Community of Practice (LICOP) and the Initiatives on Sustainable Cocoa (ISCOs), among others. With their local presence in important coffee and cocoa producing countries, they are particularly strong in bringing in the reality from the field and promoting contextually relevant frameworks and tools for local interventions.

¹⁷⁴ <https://www.rikolto.org/>

In this way, they have contributed to the design and implementation of pragmatic, location-specific living income strategies, embedded within national agricultural strategies, procurement practices of companies, food system policies and public investment frameworks.

Summary of lessons

The focus of facilitation in living income strategies depends on the context, capacities and needs: Rikolto's experience illustrates that in West and East Africa, facilitation prioritized the strengthening of farmer organizations and their capacity to communicate with buyers and policymakers. In Latin America, emphasis was often put on navigating between structured cooperatives and market actors to identify value addition prospects. In Southeast Asia, facilitation focused on building inclusive market systems that link smallholders to urban food markets. Rikolto emphasizes from their experience:

“From region to region, a stronger mechanism and ecosystem of local facilitators and platforms able to build sustainability systems of their own – over time, and at scale, is needed.”

Strengthen facilitation ecosystems to enable inclusive and effective collaboration on living income at scale: Multi-stakeholder work does not occur organically - it is, rather, an ongoing effort at coordination, trust-building and negotiation. This includes enhancing the capacity of local and regional platforms, producer organizations, and intermediary institutions to galvanize and sustain multi-actor processes.

For example, in Cajamarca, Peru, Rikolto facilitated the creation of a local multistakeholder platform to promote joint action for a sustainable coffee sector in the area.

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Building and linking multi-stakeholder platforms is key for scaling impact. National and regional platforms need to connect to global approaches more adequately, to facilitate the sharing of knowledge, methodologies and collective action.

Facilitate public-private dialogues and bring in evidence that informs policies. Policy engagement is needed but can be challenging and complex. There is also a need to identify where public funding and where private funding is most effective and what is the nexus between the two that allow investments to compliment and support each other, while meeting the individual and common motivations of both the private and public sector. For example, to ease the burden on the income of coffee producers in DRC, East Africa, Rikolto played a pivotal role in getting the government to introduce a decree reducing the export tax on coffee from 16% to 0.25%.

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Neutral facilitation and evidence enable integrating the living income agenda more systematically into national agricultural and food system strategies and to find 'hooks' to make living income an integral part of long-term policy priorities, such as economic development, food security and responding to climate change.

Local facilitators that are close to the realities of smallholders might help in design or monitoring of living income strategies for their effectiveness and avoid negative social, economic and environmental (unintended) consequences. If policies and regulations are to improve livelihoods rather than piling burdens on farmers, they must be effective. Essential therefore is better oversight, strengthened accountability, and credible monitoring of real impacts on household incomes. In line with this approach, Rikolto contributed to the development of the national cocoa and chocolate plan (2030) to improve livelihood and resilience of smallholder cocoa farmers in Peru, and works with ministries of agriculture, environment, export, rural development and in some cases finance (DRC) and works closely with the CCC of Cote d'Ivoire, IHCAFE in Honduras, and the Ghana COCOBOD, to help inform and promote effective policy.

“
With living income as a focal point around which progress can be advanced, stakeholders can make better sense of the complexity of changing agendas, and guarantee that smallholder farmers are able to afford a decent way of life.

Local independent facilitators might play a role in making sense out of living income data, helping turn data into action and investments and navigate misaligned incentives. Data and living income benchmarks have become a major enabler across some regions, fostering transparency and decision-making. But data alone is not enough to catalyze change. In many examples, while certain stakeholders recognize income gaps, they struggle with the ability to turn knowledge into action and investment. In this sense, Rikolto has supported the living income benchmarking process in several countries (Ghana, Côte d'Ivoire, Peru,

Honduras, Indonesia), but importantly they facilitate the engagement with the stakeholders from the beginning and facilitate presenting and using the results with the local stakeholders to develop responsive actions and strategies to close income gaps.

“
The challenge in effectively using and responding to data and living income analysis is partly because of the difficulties of the solutions needed and partly because the value chain actors in the organization have their incentives misaligned.

Local facilitators might help to unlock public and private sector longer-term investments to bridge income gaps. Recurring issues around financing and strategic focus are prevalent globally. There is a scarcity of sustainable funding models to bridge income gaps, as well as difficult discussions on who should contribute to what and what is the role of each system actor in bridging the living income gaps. As an example of a practical approach to partially address this issue, Rikolto is working closely with the government of Côte d'Ivoire to regulate and formalize VSLAs in the country to provide affordable financing to smallholder cocoa farmers and are part of the national advisory board for this process.

“
Local facilitators can support constructive dialogue on sustainable funding models and help to avoid fragmentation of resources and explore other avenues for transformative finance models.

There are clear gaps where neutral, independent facilitation is still insufficient but critical for scaling living income. Rikolto makes the following recommendations to address these gaps:

- 1. Employ independent facilitators to align national policy spaces.** Many living income efforts remain project-based or commodity-specific. There is a gap in national-level coordination platforms that align pricing policies, social protection, and agricultural subsidies. Independent facilitators are needed to bridge ministries (agriculture, finance, trade, environment). However, the challenge of interministerial and comprehensive cooperation is not unique to living income – governments worldwide and across portfolios struggle with this challenge. Questions that need to be answered then include who to support these independent facilitators; how to provide the right mandate for them; and where opportunities lie to use living income as a tool to connect social, environmental, and economic agendas, rather than create a wholly new one.
- 2. Focus on domestic market transformation, beyond export chains.** Living income work is heavily concentrated on export commodities (e.g. cocoa, coffee). There is limited facilitation in domestic food markets, which plays an important role in markets for diversification and local food safety and availability, and in informal markets and SMEs. Neutral actors are needed to convene local buyers, processors, and municipalities.
- 3. Engage the financial sector.** A major bottleneck is access to affordable finance aligned with living income pathways. Independent facilitation is needed to connect banks, impact investors and insurers on the one hand, and farmer organizations and cooperatives on the other. This is especially

relevant in Africa and Southeast Asia where financial ecosystems are fragmented.

- 4. Elevate work towards landscape and jurisdictional approaches.** While pilots exist (e.g. agroforestry, payment for ecosystem services), there is limited facilitation at landscape level (district/province). Alignment is needed in land use planning, climate policies, and commodity production. This is critical in deforestation-risk areas (e.g. cocoa landscapes in West Africa).
- 5. Address power imbalances in global value chains.** There is still insufficient neutral facilitation to address price setting, risk distribution, and transparency in supply chains. Independent actors are needed to facilitate more equitable negotiations between farmers, traders, and brands – while not losing themselves in the illusion they can lift the entrenched systemic and cultural sources of power imbalance.
- 6. Improve the data field around living income:** Living income measurement remains fragmented. There is a need for facilitation around: shared metrics, data governance and accountability frameworks across actors.
- 7. Serve marginalized geographies.** Gaps between the need and existence of meaningful facilitation still exist in many areas, despite the existence of intergovernmental or nonprofit platforms across geographies. In addition to where Rikolto currently focuses (i.e. Central America and Andean region; East and West Africa; and South East Asia), special attention is needed in the Sahel region, focusing on fragility and climate stress; secondary cities in Africa and Asia; and emerging frontiers across coffee, cocoa, and other commodities (e.g. parts of East Africa, Indonesia beyond Java).

SECTION 5

General recommendations



General recommendations

This report concludes with a set of general recommendations for living income practitioners, in order to answer the question: 'what are necessary components for creating effective, harmonized

and coherent policy initiatives that aim to promote a living income?'

They are extrapolated from the context-specific lessons described in depth in the case studies and deep dives of [section 4](#).

Figure 4 Recommendations for living income practitioners on shaping public policy



1. Leverage the different roles that 'government' can play to advance living incomes.

Just as living income practitioners play different roles in the transition to a living income, 'government policy' can have a variety of meanings. Practitioners should recognize these roles, and consider which ones are most adequate for the purpose of a living income in their given context. A unique feature of the living income methodology is that it not only looks at direct income factors (i.e. cost of production,

on and off-farm income etc.), but couples that with access to finance and services (i.e. health, education, transport, infrastructure services), which is the remit of governments. The first consideration is the jurisdictional level at which the foundation of policy is created and enforced. This may range from local provincial- or state-level policy to national programs – recall the Vietnam coffee replantation programs. Policy can also be elevated to the regional or international level – think of the EU Corporate Sustainability Due Diligence Directive (CSDDD).

At each of these levels, governmental ‘policy’ can entail different things.¹⁷⁵ These roles range from regulators to investors to redistributors. See table 2 below for an overview.

Table 2 Potential roles of government towards a living income

FUNCTION	DESCRIPTION	EXAMPLE (NB: For illustrative purposes only. Majority of illustrations not explicitly focused on living income; no statements are made on the effectiveness of each example role.)
Legislation & Regulation	Set standards on expected practice (e.g. regarding human rights) and enforce compliance through regulation.	African Standard for Sustainable Cocoa (ARS-1000) created by African Organisation for Standardisation, led by Côte d'Ivoire and Ghana.
Public services	Provide public goods to population and companies like education, health, infrastructure.	Construction of road network in Central Highlands by Vietnamese government post-2010s, connecting farmers with exporters within region and with southern zones.
Marketing	Facilitate supply and demand e.g. through price-setting, supply management, etc.	Marketing Boards, such as exist in Ghana that have the monopoly over export and set the producer-price (as fixed percentage of the FOB price).
Redistribution	Transfer wealth from higher-income to lower-income segments through taxation and social programs.	European Union Common Agricultural Policy , which since 1962 aims to redistribute member state contributions to farmers within the EU.
Dialogue	Engage in dialogue e.g. with private sector and civil society.	ICO Coffee Public-Private Task Force , where 17 private and 17 public sector representatives engage in dialogue towards living and prosperous income
Financing	Incentivize actors to unlock necessary capital through incentives; enable investments (e.g. infrastructure); or foster direct state investment.	State Bank of Vietnam provides below coffee loan policy to farmers for replantation and grafting, below market rates (2014-2025).
Diplomacy	Exert international influence on human rights or similar themes through interministerial networks.	German Democratic Republic assistance to reconstruction of Vietnamese coffee sector in 1980s – through the Hanoi bilateral coffee cooperation agreement signed 20 October 1980.
Procurement	Public procurement that sets criteria on living income.	EU Directive 2014/24/EU procurement rules that rewards bidders that pay price premiums for producers.

175 Partially inspired by Fairtrade International. “Public Policy Roadmap.” 2024. https://www.fairtrade.net/content/dam/fairtrade/fairtrade-belgium/documents/Summary_Public_Policy_Roadmap.pdf

Not all roles are created equal. Time and again, 'Legislation & Regulation' has proven to be an essential driver of structural market change at best, and of dialogue at worst. The CSDDD is putting living income on the map of over 5,000 of Europe's largest companies. Legislation in Vietnam – such as restrictions on direct foreign procurement – has contributed to a steady development of the coffee sector, leveraging the strengths of the private sector while curbing its risks. Even the Living Income Differential (LID) in Côte d'Ivoire and Ghana, while not successful in certain aspects, has resulted in strong, high-level company engagement – a milestone not achieved through voluntary sustainability efforts. Living income practitioners would therefore do well as to take a proactive and engaging attitude towards advocacy efforts for legislation in favor of living income. In the end, it is legislation, regulation and institutionalization that governs the 'new normal'.

2. Understand your specific role as a living income practitioner – and surround yourself with complementary roles.

'Living income practitioner' is a broad categorization that includes professionals and volunteers in a variety of roles, positions, teams, organizations and knowledge levels. They may work in a corporate setting, represent government in their actions, be active in an NGO, or raise the interests of their fellow smallholder producers. Rikolto, for example, took the role of a commitment enabler to persuade the DRC government to reduce coffee export taxes; and often precedes any action on living income by capacitating stakeholders on the concept itself – without understanding, there can be no action. Practitioners work from their own point of departure, embedded in a unique network with complementary skills. This allows them to adopt their own function in the creation of policy around living income. The art is to recognize which function is necessary, and to use that function adequately.¹⁷⁶



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176 Figure from: Backer, J. "Guide for Transition Professionals in International Trade and Sustainability." Forthcoming. Stakeholder function thinking a.o. inspired by: Simons, L., Nijhof, A., and Janssen, M., 'TransMission: the mission-driven transition approach to driving complex change processes', NewForesight, 2023. https://www.newforesight.com/wp-content/uploads/2026/01/TransMission-E-book_ENG.pdf

Table 3 below presents examples of these possible functions on creating policy towards living income. Note that one organization or practitioner can take on different functions, depending on the need of the situation at that time.

Table 3 Functions of living income practitioners to contribute to living income policy

FUNCTION	DESCRIPTION	EXAMPLES (NON-EXHAUSTIVE)
Demand generators	Create incentives for companies and other actors through consumer behavior and boycotts	Voluntary sustainability standards like Fairtrade and Rainforest Alliance were created based on a model that consumer willingness to pay for 'sustainable' products would increase the value distributed to farmers, e.g. through premium payments.
Implementors	Deliver directly on drivers influencing farming household incomes.	Tony Chocolonely's 5 Sourcing Principles enabling cocoa farmers to earn a living income (2014-current)
Campaigners	Advocate and drive for policy on living incomes.	Cocoa Coalition support for EU CSDDD (2024)
Innovators	Introduce new ways of thinking or technical solutions	Task Force Coffee Living Income introducing the concept of 'sourcing archetypes' and an 'income driver' approach to closing the living income gap (2020).
Connectors	Bring together stakeholders with complementary skills and networks.	Global Coffee Platform . Global trade initiative linking (5) multi-stakeholder national platforms in producing countries to collectively meet agreed upon living income targets.
Measurers	Set (quantitative) targets and determine baseline situation.	ICO Coffee-Public-Private Task Force measurement of living income benchmarks and gaps (2021-2024) Cocoa Household Income Study Methodology Measuring Farmer Income – World Cocoa Foundation (2025)
Financiers	Provide resources to allow other functions to execute their work effectively.	GIZ and FCDO co-financing of Living Income Community of Practice (2015-current)
Referees	Assess quality of policy; determine (lack of) progress towards a living income.	World Benchmarking Alliance measurement of 350 companies on their action to close living income gaps (2023)
Dialogue enablers	Provide platforms for stakeholders to exchange and learn.	IDH Living Wage & Living Income Summit , convening 400+ stakeholders from 250+ organizations (2024)
Commitment enablers	Facilitate stakeholders towards shared pledges and promises.	Work on Netherlands, Germany, Belgium and Luxembourg to sign joint statement on promoting living incomes and wages (2021)
Enforcers	Ensure living income policies are followed, through civil liability and other sanctions.	National Competent Authorities enforcement of adequate integration of living income into due diligence policies and remediation as part of CSDDD (future)
Capacitators	Educate stakeholders on language or interventions around living income (policy).	Programs of Fairtrade, Solidaridad, Technoserve, Fairfood, Heifer, FarmAfrica, IDH, Rikolto (inter alia) facilitating living income through capacity building programs. OECD and FAO Responsible Business Conduct guidance in Agriculture (2016).

Practitioners should ask themselves which functions are currently missing in their field; and what is needed to introduce them. At all times, competence and capacity of the market conditions, institutional environment, and other factors relevant to living income policy need to be strengthened.

3. Build a multidimensional strategy towards a living income of farming households – based on the motivations and incentives of the actors involved.

Living income practitioners do not operate in isolation. Their playing field is a world of (misaligned) incentives, unequal power dynamics, and shifting interests. This means living income efforts should not be limited to technical discussions only (e.g. around benchmarks or exact 'living income gaps') but dedicated towards understanding this paradigm in the context they operate in. Without a grasp of these dynamics – for example, the fact that commodity markets are designed to fungible goods around the world at the lowest price possible – living income efforts will not be effective.

In doing so, practitioners should be careful not to get stuck in 'living income tunnel vision', neglecting the other social and environmental factors that are deeply interconnected. It is not only a necessity, but an opportunity to connect the living income concept to other sustainability issues such as the climate crisis, child labor, gender equality, malnutrition, natural resource conservation or deforestation. The Vietnam case, for example, shows that the development of the coffee sector has sometimes come at the expense of human rights such as forced migration.

This means that any policy strategy towards a living income should consider and respond to these motivations and realities. Specifically, farming households should be seen as more than economic agents to reach a living income. There is a need to understand the various pressures and motivations farming households face, and the opportunities this generates. They can provide services for public goods, such as the provision of employment, social stability,

land stewardship, and natural resource conservation. These services can be financially rewarded, providing additional income sources to reach a living income. Only when farming households' multiple contributions to society are recognized and remunerated, can they be endowed with the political attention and resources to serve those interests. Approaches beyond immediate supply chain interventions – e.g. at landscape or jurisdictional level – can provide the right design to allow for the incorporation of these factors.

Living income practitioners should understand the motivations in their own context and use the benefits of living income as a way to meet those interests.

4. Grasp, accept, and leverage the macroeconomic and institutional playing field practitioners work in – required for sustained growth towards a living income.

The journey towards a living income is not taken only at a farming household level. Rather, it is firmly embedded in a wider macroeconomic context, which in turn is part of a larger society and natural environment. Policies that do not consider these factors will likely fail or yield suboptimal results.

In this sense, the macroeconomic analysis should also identify the nexus between private sector and public sector objectives and investments. Living income combines more specific value chain actions with access to and the provision of public goods. The private sector naturally focuses on investments to build the supply chain (i.e. the production of material that can be processed and packaged for sale). The public sector, in turn, is responsible for the institutional and legal frameworks that foster investment and protect individuals; not to forget the provision of public goods, including services such as education, health, transportation and infrastructure.

Furthermore, the public sector also invests in issues of global concerns such as climate change, water conservation, and forced migration.

As farmers are land stewards and often important leaders in their communities, they provide environmental and social benefits. Payment for public goods services can therefore be directed towards producers for these environmental and social services. In this way, the funding of public goods can augment the income farmers earn from the sale of their product through the private sector.

These investments can and should work together to create a balance by which market-based investments from the private sector are complemented by the provision of services and public sector investments in public goods, enabling producers to afford a decent and secure living income. The complementarity of these two need to be identified and promoted by practitioners.

The Analytical Framework ([section 2](#)) depicts the different factors that can be used as entry points for practitioners to work on living income – from optimizing yields to improving government effectiveness. Approaching the macroeconomic and institutional context in this manner allows living income practitioners to differentiate between different policy environments – and draw conclusions from that. For example, in countries where governments are less effective (e.g. policies are not implemented or enforced), efforts may be directed towards market-based solutions. It also means that market-driven efforts (e.g. the Living Income Reference Price models from Fairtrade)

are often reasonably effective in themselves, in the absence of more comprehensive solutions.

5. Follow a solid, inclusive process that allows for an effective mix of actions in an appropriate timeline – at the same time, accept that the process is organic, iterative, and messy.

Driving change through policy is not easy. It's often messy, iterative, and context specific. It is in the unpredictability of reality that a structured process can prove its value. In that regard, living income practitioners can derive inspiration from the Facilitator's Process Guide towards a Living and Prosperous Income¹⁷⁷. The Guide provides a step-by-step logic to the elements one can consider when working on policy change around living income. Specifically, the case studies offer practitioners a closer look at how to execute *Step 2: Define the playing field*, *Step 3: Recognize the problem*, and *Step 9: Set governance* (see [Figure 5](#)). In doing so, the different dimensions described in the analytical framework ([section 2](#)) can be taken into consideration. In following these steps, living income can be a helpful framework, but should not ignore all other *de facto* living income efforts which may be referred to under monikers like 'sustainable livelihoods', or simply 'development' (e.g. in Vietnam, the coffee sector was developed without the use of the 'living income' approach over the past decades).



© Henry Photography / iStock

177 NewForesight, in collaboration with ICO CPPTF, Agrofuturo Global, GIZ, and Sustainable Food Lab. "Towards a Living and Prosperous Income: Process Guide." 2024. https://aseancoffeeinstitute.org/wp-content/uploads/2025/08/LPI_Facilitators-Process-Guide_CPPTF_by-NewForesight.pdf

Step 6 'Assess existing action', therefore should make sure to include all types of relevant activities and programs. Across all steps, ensuring clarity on rigor of data is required to back up the process towards a living income.

Efforts cannot be engineered – and need to allow for a degree of 'searching' and different developments simultaneously. Every context is different. Some things may work in one country but fail in the other. Strategy formation towards a living income is an iterative, organic process. This requires the balancing of top-down with bottom-up approaches, and a space for shared learning and independent monitoring to recalibrate and

change course if necessary. There is no one solution and strategies need to be adapted.¹⁷⁸

Finally, this process helps practitioners identify, create, and enhance engagement and acceptance of the living income concept and its benefits. The problem is that the endgame is unclear. The paradox is that living income is a tangible, quantitative concept, whereas the support required to implement it is complex and multidimensional, with many actors that need to be involved. [Annex I](#) shows ways to make measuring the level of support required more tangible. What gets measured, gets managed.

Figure 5 Steps towards building a living income strategy. From: Living and Prosperous Income Process Guide



¹⁷⁸ The living income community has already advanced considerably on processes around a living income. In addition to the ICO CPPTF process guide (see reference above), consider the [IDH Roadmap on Living Income](#) (n.d.), and the FTAO / SFL / [LICOP Guidance for public policymakers](#) (2022).

SECTION 6

Further research and next steps

Considerations for further research and next steps

This report is but one step in a long chain of activities, programs and policies towards a living income for smallholder households worldwide. As such, the reader is asked to consider the following elements as pointers for further research:

Expand research:

- Analyze more cases of policies that (implicitly or explicitly) contribute towards a living income. In so doing, use and improve the analytical framework (section 2) to distinguish contextual factors, living income strategies, and incentives and motivations.
- Compare processes of politics and decision-making in different institutional contexts (e.g. comparing EU, US, Ghana, Côte d'Ivoire). This can provide pointers for living income practitioners to more effectively advocate for the desired legislation in their specific context.
- Research existing funding mechanisms that can internalize social and environmental externalities – in agriculture and beyond. Draw lessons on ways to integrate these mechanisms at scale (i.e. sector-level), enabling long-term financial and programmatic sustainability.

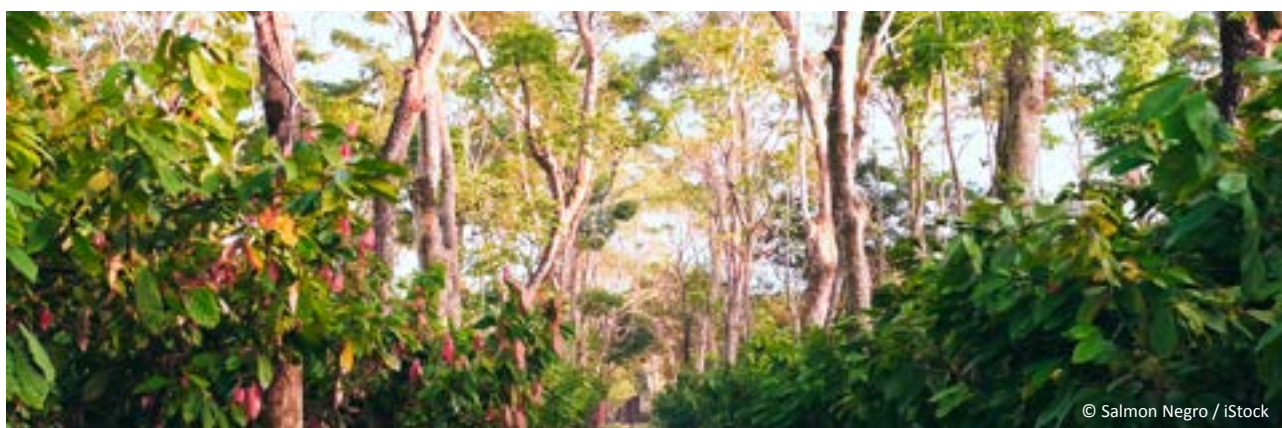
- Uncover the next layer of “unknowns” that matter for living income policies, such as a better understanding of (changes in) informal labor and land arrangements and the mobility of smallholder farming household members and their workers.¹⁷⁹

Deepen methodologies:

- Test case studies and deep dives provided in this report with researchers and practitioners from the field. Falsify, confirm, and/or expand on the analysis, improving the accuracy and usability of the conclusions.
- Employ research methodologies (e.g. Delphi method; statistical regression analysis) to understand the causality behind living income policy. Differentiate between the weight and importance of each factor leading up to harmonized living income policies.

Bring lessons into practice:

- Enhance training and guidance programs for living income practitioners and facilitators.
- Study the steps taken towards living income strategies in more depth – and disseminate the lessons with practitioners on a continuous basis.



179 Bymolt, R., Laven, A., and Tyszler, M., 'Demystifying the cocoa sector in Ghana and Côte d'Ivoire', Royal Tropical Institute (KIT), 2018. <https://www.kit.nl/institute/project/demystifying-cocoa-sector/>

SECTION 7

Annexes

Annex I: Directions to measure ‘support’ for living income

This is a deep dive into step 2 ‘Define the playing field’, step 8 ‘Mobilize stakeholders’ and step 10 ‘Create Monitoring & evaluation’ in the ICO Coffee Public-Private Task Force Facilitator’s Guide:

#	STEP	EXPLANATION
1	Identify stakeholders needed for success	Understand the stakeholder field of the country/regional context of your focus. Be sure to map all relevant organizations and individuals – and their relative spheres of influence. Be careful not to rely only on official data: informal relationships and power dynamics are often less visible, but all the more present.
2	Understand your desired situation of support	Disaggregate what you want to achieve in terms of engagement and internalization of the living income concept. Usually, it comes down to stakeholders understanding: <ul style="list-style-type: none"> ● What ‘living income’ is (e.g. as opposed to a living wage, poverty line, or current incomes) ● Why a living income is beneficial for their goals (i.e. incentives and motivations) ● What role they can play in implementing living income strategies
3	Collect input on level of ‘support’	Input can be measured at two levels: <ul style="list-style-type: none"> ● Outcome level (most reliable), e.g. level of understanding reached, internalization of, and support for, the living income concept ● Output level (least reliable), e.g. # workshops held, # organizations engaged You can gather data in various ways: <ul style="list-style-type: none"> ● Informally, through conversations and verbal feedback ● Via surveys and written statements ● In practice, as stakeholders follow up with relevant actions themselves
4	Determine whether you have garnered sufficient support	Draw your conclusions from the input collected. If you have not yet gathered the level of support you believe is needed, ramp up your engagement efforts before taking the next step.
5	Showcase results	Share your conclusions with decision-makers (e.g. donors, relevant companies, multi-stakeholder partnerships). Remember: often the messenger matters more than the message. Consider inviting public officials or other stakeholders to let them tell the story of a living income.

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Annex III: List of interviewees

All personal interviews and written communications were held between March 9th and April 7th, 2026. In alphabetical order:

NAME	ORGANIZATION	STAKEHOLDER TYPE
Fuad Mohammed Abubakar	Ghana Cocoa Marketing Company UK Ltd	Government
Edward Akapire	Fairtrade Africa	NGO
Michel Arrion	International Cocoa Organization (ICCO)	Intergovernmental
Charlotte Bernhard	Ministry of Foreign Affairs Netherlands	Government
Nicko Debenham	Independent (cocoa industry)	Independent
Jan von Enden	HereWeGrow	Service provider
Antonie Fountain	VOICE Network	NGO
Đỗ Xuân Hiền	Private coffee expert	Independent
Matthew Hogarth	European Parliament	Legislative body
Alena Kahle	Fair Trade Advocacy Office	NGO
Mai Quoc Khanh Phan Thi Van Mac Tuyet Nga	IDH, the Sustainable Trade Initiative, Vietnam office	Public-private partner
Michiel Kuit	Agrilogic	Service provider
Regis Meritan	European Commission	Government
Tessa Meulenstein	IDH, the Sustainable Trade Initiative	Public-private partner
Peter Moehringer	GIZ	Government
Trung Pham	Global Coffee Platform Vietnam	Public-private partner
Ivana Radic	ICO CPPTF Technical Workstream 3	Intergovernmental

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To learn more about impacts and effectiveness evidence sign up to the Evidensia newsletter at tinyurl.com/Evidensia-newsletter or write to the team at evidensia@isealalliance.org

Existing evidence on the effectiveness of supply chain initiatives on living income can be found in the Evidensia library tinyurl.com/Evidensia-living-income

