

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

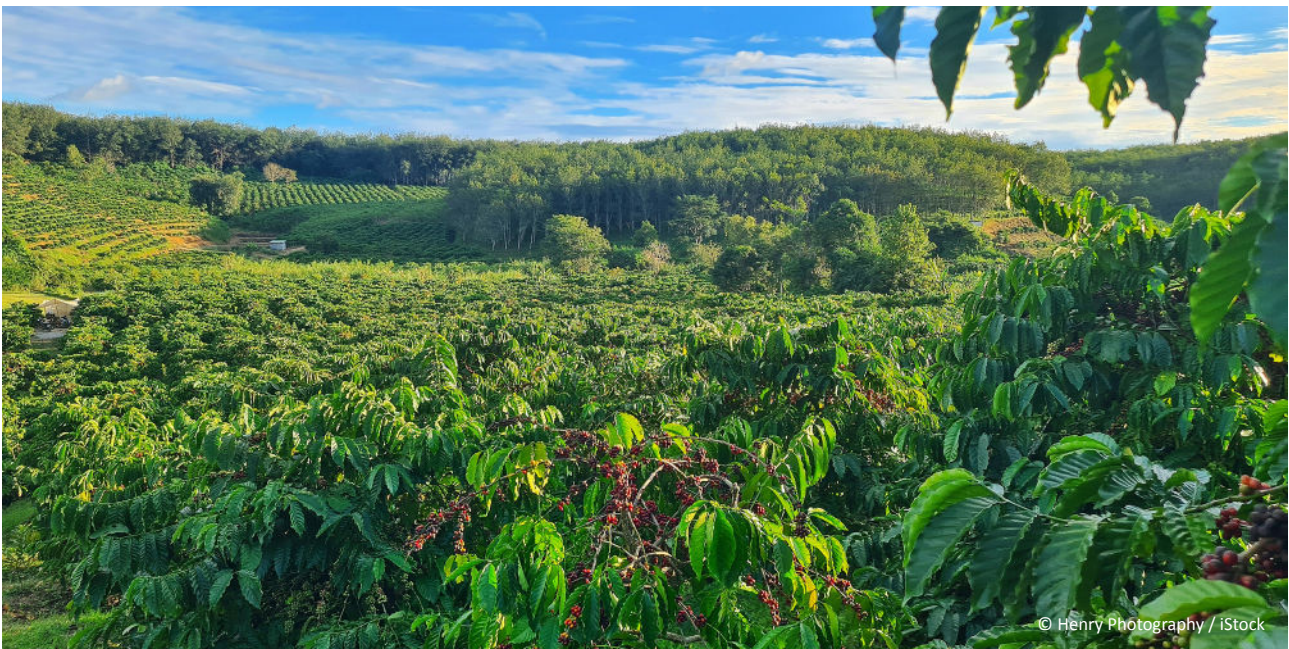
1. **Accept (living) income goals can be achieved without the concept of a living income – and find other 'hooks'.** Be open for concepts and agendas that may not directly align with the living income language – but can serve the living income agenda.
2. **Tailor the living income agenda to the long-term 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.

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.¹ 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 1](#)). 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.²
- **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.³
- **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.⁴



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

2 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

3 Basic-Solidaridad. "The Grounds for Sharing: Annex Vietnam." 2024. <https://www.solidaridadnetwork.org/wp-content/uploads/2024/06/The-Grounds-for-Sharing-annex-Vietnam.pdf>

4 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 1: 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?

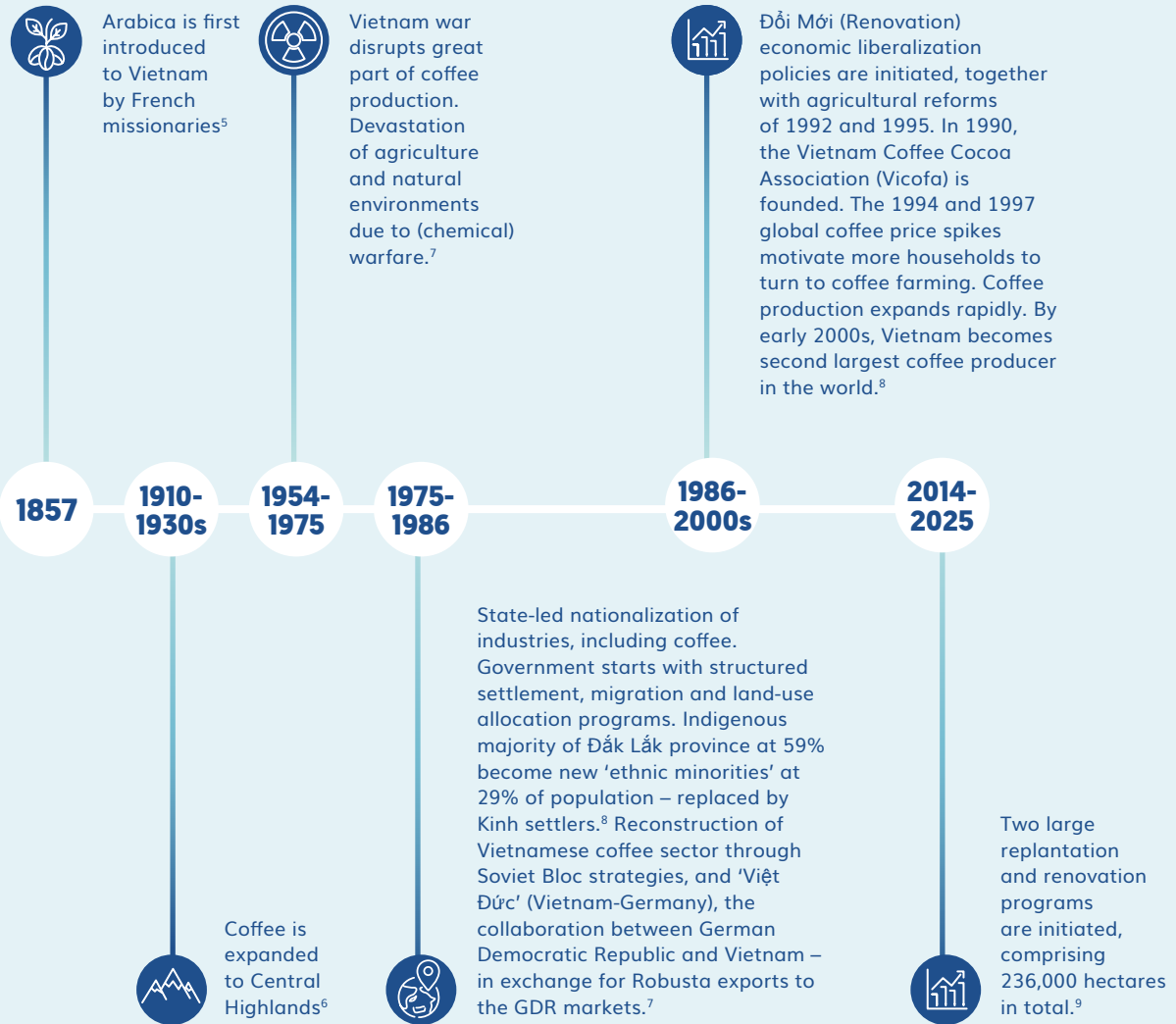


Vietnamese coffee: a brief history

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 2: Timeline of coffee development in Vietnam



5 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)

6 Ibid.

7 Ibid.

8 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>

9 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.¹⁰

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.¹¹

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.¹²

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.¹³ 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.¹⁴

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.¹⁵ 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.

¹⁰ Schwenkel, 2025.

¹¹ Personal interview, 11 March 2026.

¹² Hai et al, 2024.

¹³ 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.

¹⁴ Personal interview, Vietnamese representative, March 2026

¹⁵ 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.¹⁶ Over 95% of farmers sell to intermediaries or ‘middlemen’ (often women), who provide inputs (e.g. fertilizer) to up to 75% of farmers.¹⁷ 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.¹⁸

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.¹⁹

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.²⁰ Currently, almost 30% of Vietnam's total coffee area is certified under sustainability standards.²¹ 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.²²

16 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>

17 Basic-Solidaridad, 2024.

18 Personal interview, Vietnamese representative, March 2026

19 Personal interview, 16 March 2026

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

21 Basic-Solidaridad, 2024.

22 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 2022.²³ 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.



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.²⁴

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 1976-1996.²⁵ 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.²⁶

Economic prosperity brings stability. As long as coffee is a profitable activity, it will therefore be a tool to mitigate any tensions.^{27, 28}

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

24 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.

25 Schwenkel, 2025

26 Personal interview, 9 March 2026

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

28 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.²⁹ 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.*³⁰

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:



“*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.*³¹

29 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>

30 Personal interview, 10 March 2026

31 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,³² and it is reported that in some areas, over-usage of fertilizers has caused soil acidification and soil biodiversity loss,³³ not to speak of the forced migration policies mentioned earlier.³⁴

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.*³⁵

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.³⁶ 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.³⁷ 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.³⁸

32 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>

33 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)

34 Chien, et al. Ibid.

35 Personal interview, 18 March 2026

36 Fortunel, 2023

37 Schwenkel, 2025

38 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 VND³⁹), 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 2023.⁴⁰

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.⁴¹ 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.’⁴²

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.’⁴³ Global coffee prices dropped to 0.50 USD per pound, at the time the lowest in real terms in a century.⁴⁴ 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’.

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

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

41 Schwenkel, 2025

42 Ibid.

43 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>

44 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 objectives⁴⁵. 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 level⁴⁶. 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.⁴⁷ These results are only possible with an effective government. Practitioners should therefore not only focus on shaping policies – but also on their adequate execution.⁴⁸

⁴⁵ 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

⁴⁶ 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->

⁴⁷ Hai et al, 2024.

⁴⁸ 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>



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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 Pfuelb

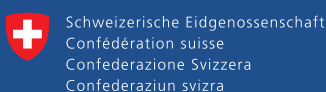
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