A COFFEE IMPORTER’S LIVING INCOME JOURNEY

The reality of long and opaque agri-food supply chains, is that farmers often only get a small share of the price paid by end consumers. The coffee industry is a good case in point. Between 2015 and 2020, coffee exports generated a total annual value of $20 billion on average. But 44% of the world’s smallholder coffee farmers live in poverty, and a third of them earn less than $1.00 a year from coffee production.

To turn this around, companies should put living incomes at the core of their sustainability ambitions. Specialty coffee importer Trabocca is working with Fairfood to turn their ambition of trading poverty-free coffee into reality. They are doing this by aiming to implement living incomes in their Ethiopian coffee supply chain.

Trabocca’s commitment to living incomes began in 2020 with our joint effort to trace their Ethiopian coffee supply chain. Using Fairfood’s Trace platform – which uses blockchain technology to make agri-food companies’ supply chains traceable – we mapped all the actors and transactions from the coffee farmers in Ethiopia’s Guji region to Trabocca’s Amsterdam warehouse. Compared with their neighbours, the Guji farmers in the Trabocca pilot saw the price they receive for each kilogram of harvested coffee increase by 170%.

However, the most important question remained unanswered: Were the profits from coffee providing farmers with a decent quality of life?

Trabocca now had much more insight into the incomes of the farmers, and could design a premium scheme to guarantee them with a higher-than-market price for their coffee beans.

According to the Anker study, the 2021 living income for a typical family of six in the Guji zone is Birr 8,544 (€154) per month. While 42% of the Guji farmers supplying to Trabocca earn an income above this benchmark, the majority of them do not.

We are currently designing interventions to close this living income gap. These may include establishing a long-lasting transparency system, building trust and long-term engagement between supply chain partners, facilitating crop yield increases and designing additional premium payments.

In that sense, Trabocca is making the business case for transparency and traceability, and we hope this will inspire others to follow suit. Through partnerships like these, Fairfood seeks to actively engage companies, decision-makers and CSR managers in living income action. Our aim is to make fairness and sustainability commitments standard practice in everyday business.

‘A 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. Elements of a decent standard of living include food, water, housing, education, healthcare, transport, clothing and other essential needs including provision for unexpected events.’

Living Income Community of Practice

FAIRFOOD

Living income journey

TRACEABILITY: MAPPING THE SUPPLY CHAIN

Coffee farmers in Ethiopia’s Guji region

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Trabocca has more insight into the incomes of the Ethiopian coffee farmers with Trace.

Unfair value distribution in agri-food supply chains can be remedied in a measurable way by paying smallholder farmers a living income.