

# FARMER INCOME LAB

As 2019 draws to a close, this issue of the Farmer Income Lab newsletter describes how we plan to build on our focused efforts over the last year, and lay the groundwork for a decade of disruption in agricultural supply chains.

**We launched the Farmer Income Lab because global supply chains are broken. Many of the farmers linked to them are living in poverty and unable to invest in their family, farms or future.**

This is not only morally unacceptable, it also presents real challenges to the ability of communities, local markets, and families to thrive – and to the ability of businesses to grow and succeed in the future.

It's time to move beyond 'business as usual' and rethink agricultural supply chains with a laser focus on 'what works'. This initiative is more important than ever, as 2020 kicks off what the United Nations is calling the Decade of Delivery on the Sustainable Development Goals. The global community has a lot of work ahead to deliver on the promise of SDG1: no poverty.

To support our industry in playing its role, the Farmer Income Lab is focused on generating the insights required to increase the income of smallholder farmers, acting as a catalyst to identify and inspire action while piloting the most effective approaches at scale.

This newsletter gives a sneak peek at our 2020 priorities. As always, we invite

feedback and others to join us in shaping a global coalition for tackling poverty in agricultural supply chains.



## No more business as usual

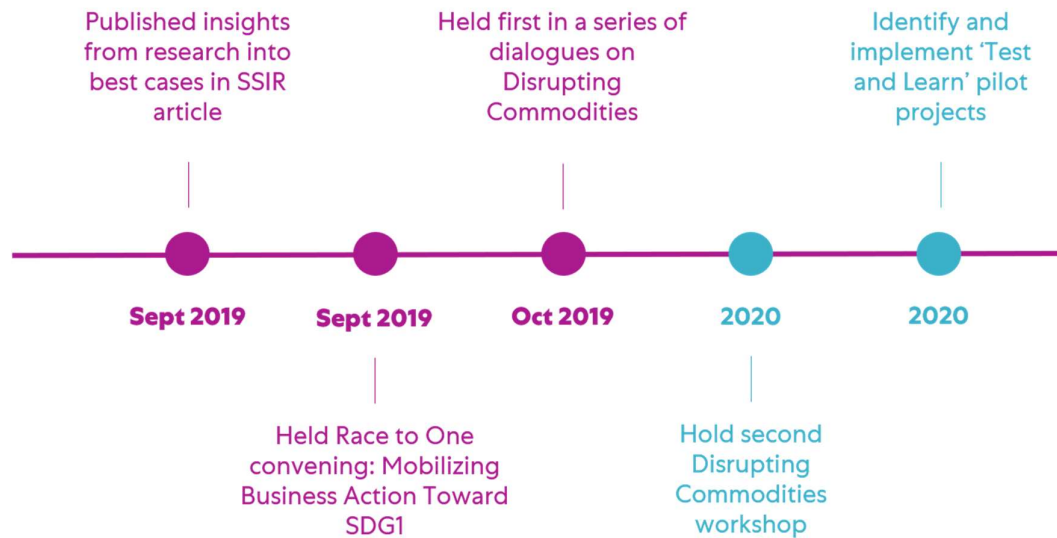
**We need a roadmap for action to disrupt the status quo. In 2019, as we interviewed industry insiders for our research into [cases that highlighted a demonstrable increase](#) in smallholder farmer income, we found that no such roadmap exists on this topic.**

In response, our Disrupting Commodities workstream is bringing together a diverse group of high-level experts for a series of breakthrough workshops about current purchasing practices in global agricultural supply chains, and how they might be reinvented to deliver greater benefits both for businesses and for vulnerable farmers living in poverty. Our approach follows what our partners at the Institute for the Future call a foresight process, turning signals and drivers about the present into clear and actionable visions of the future. This work is a priority in our efforts to generate insights to increase smallholder farmer incomes.

Building on the dynamic and engaging 'Race to One' event we co-hosted with Oxfam during the 2019 UN General Assembly, we'll continue our focus on connecting solutions, placing uncommon and well-coordinated collaborations at the center of our efforts. We look forward to expanding our collaboration with Oxfam and partnering with our Advisory Council to mobilize business action toward SDG1. And importantly, we'll begin to turn insights into action by testing key interventions in our supply chains, analyzing the impacts and sharing those

that prove to be promising practices.

2019 was an action-packed year for the Farmer Income Lab and 2020 will be another: read on for more details.



## Generating insights to lay the groundwork

**Our initial 2018 research into ‘what works to raise smallholder farmer income’ found that the most successful interventions can increase incomes. However, it didn’t make clear whether this increase actually enabled farmers to move out of poverty, let alone to reach a living income. This summer we dug deeper into ‘what works’ by examining cases that highlighted a demonstrable income increase.**

To do this, we crowdsourced more than 100 cases that had achieved high

levels of income growth, from over 80 highly experienced professionals working on smallholder farmer agriculture. We focused our rapid analysis on nine cases where we found evidence for the claimed income improvements. Through desk research, interviews with lead implementers, and validated data, we aggregated insights from those cases to identify three success factors:

1. The cases we reviewed **strengthened farmers' participation in markets**. They offered greater stability, negotiating power, and choice so that farmers have greater control over when and where to sell, and for what prices.
2. **Businesses play an important role, but not through business as usual**. Companies can have a serious, positive impact on farmer incomes, if they design and manage their business models to serve farmers' interests as well as their own.
3. Farmers should **tap into growing domestic markets**. In more and more countries, population growth, urbanization, and economic development are rapidly expanding food demand and fuelling the rise of modern supply chains serving domestic food companies and retailers.

You can read more on these insights into what is working and why in a Stanford Social Innovation Review (SSIR Online) article, "[Boosting Farmer Incomes in Agricultural Supply Chains](#)" and in greater detail in a longer [article on our website](#), along with the [long-list of great cases](#) reviewed.



## Connecting solutions to rethink global supply chains

**In September 2019, as part of the United Nations General Assembly (UNGA) week, Mars, Oxfam, and the Farmer Income Lab, convened over 50 industry leaders, civil society partners and other stakeholders to participate in the event Race to One: mobilizing business action on SDG1.**

Our provocative dialogue about how best to address extreme poverty in agricultural supply chains aimed to increase awareness, identify tangible actions and explore routes for accelerating progress on SDG1. We hope the event has sparked a new dialogue within the agribusiness, food and beverage industries and laid the foundation for a possible broader call to action on tackling extreme poverty among farmers by meaningfully improving income. Several themes emerged from the discussion, and these will guide next steps on how to accelerate progress on SDG1 through business action:

### **What are we tackling?**

1. Existing agricultural supply chains are heavily restrictive and prevent farmers from increasing their incomes. Future interventions should seek to change this system rather than work within it.

### **How we should do it?**

2. Solutions should be location-based, focusing on areas where farmers are affected, not entire countries.
3. Any approach to improving farmer livelihoods must be holistic – higher income is just one part of the puzzle.

4. Companies should be willing to share both value and risk more evenly across supply chains.
5. In every conversation along the way, there should be an emphasis on amplifying women's voices, whether women farmers or women in procurement.
6. There should be a commitment to better data collection across the board, both to inform and evaluate potential solutions.
7. Companies should acknowledge that raising smallholder farmer income is not a short-term activity and cannot be fixed with short-term solutions.

The following month, we teamed up with IFTF (*Institute for the Future*) and IDH – the Sustainable Trade Initiative to convene a group of experts and innovators to tackle the research question: **“How might global businesses redesign value chains of the future – disrupting how smallholder-produced commodities are bought and sold – for the purpose of radically reducing poverty in global supply chains?”** This Foresight Workshop was a first, strategic gathering that brought together diverse stakeholders to think big about unexpected possibilities and unintended consequences in addressing today's challenges for smallholder farmers in agricultural supply chains. The workshop's primary objective was to explore a wide range of future possibilities and begin to develop a consensus view of plausible and provocative future scenarios where poverty is demonstrably reduced in global supply chains. Over the coming months, our partners at IFTF will create an insight report that will serve as the pre-read for an Action Workshop in 2020.



# Accelerating action by testing and learning from ‘what works’

The next phase of the Farmer Income Lab’s work, starting in 2020, will be to identify and implement pilot projects in the supply chains of Lab members such as AB InBev, Mars and Nestlé, through which we can start testing and learning from our insights to date. Watch this space for more details in the coming months.

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