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FARMER INCOME LAB

October 2020 Newsletter

In the spirit of what the United Nations is calling the “Decade of Delivery” on the Sustainable Development Goals, the Farmer Income Lab has continued to work on bridging insight into action as an advocate for escalated action to advance progress on SDG1 (No Poverty).

When we last provided an update in late 2019, we had just:

- Published insights in the [Stanford Social Innovation Review](#) from a review of cases that had achieved some of the highest levels of farmer income growth. Compiled from a list of more than 100 initiatives crowdsourced from experts, our insights built on our [2018 literature review](#) of nearly 200 sources, covering more than 1,600 individual studies.
- Explored ways of accelerating progress in the “[Race to One](#)”—as in SDG 1, no poverty—with more than 50 business leaders, civil society partners and other stakeholders on the heels of UN General Assembly Week in New York.
- Hosted an innovative workshop to begin the process of answering the question, “How can global businesses redesign the value chains of the future—disrupting how commodities are bought and sold—for the purpose of radically reducing poverty in global supply chains?”

Since then, we have gone from anticipating disruption to being disrupted – facing a challenging start to the Decade of Delivery. COVID-19 has changed operating realities for all of us who participate in global agricultural supply chains, and nowhere are the implications more salient than at the farm level. This year alone, an estimated 71-100 million people are expected to fall into extreme poverty, with a large share focused in countries that are already under threat. Our work to deliver on the promise of SDG 1 has become even more challenging and urgent.

Below we have outlined our latest insights and provided a preview of the actions our corporate partners will take to apply them in their supply chains for cocoa, barley, dairy, and other key agricultural raw materials. Through this work, it is our ambition to build a broader learning alliance to generate evidence strong enough to guide businesses' investment decisions. We will host a series of virtual engagements in the coming months to learn more about our ambition and actions, with additional details on how to engage in these dialogues to come.



LATEST INSIGHTS

Identifying Poverty Hotspots

With an estimated 70+ million smallholder farmer households with ties to agri-food supply chains living in poverty, rural poverty alleviation is key to achieving SDG 1. Due to the reliance on agriculture for livelihoods, especially in the Global South, food and agriculture businesses can play a vital role in boosting progress by taking greater action on farmer poverty in their agricultural supply chains. To jumpstart prioritization of investments and partnerships, the Farmer Income Lab

commissioned an effort to identify “poverty hotspots”—regions characterized by both high levels of poverty and high levels of smallholder-grown raw material production, such as cashew, cotton, and rice. These hotspots could be promising locations for place-based collaborations that reduce poverty and promote rural economic development.

Building Longer-Term Shared Value Through Procurement Practices

In the context of a growing global population, heightened inequalities, a warming climate and degradation of natural resources, stakeholder expectations of companies have never been higher. This paper summarizes trends that are influencing the operating environment for global food and agriculture companies, and their raw material buyers, amplifying risks to the security of supply, cost, reputation, and regulatory compliance—and making it more important than ever to address farmer poverty through procurement and business strategies. It examines why traditional procurement practices designed to mitigate these risks and maximize short-term profits may not provide business value in the long-term—and may ultimately create additional risk for smallholder farmers at the far ends of company’s supply chains. [The paper](#) also explores a set of emerging procurement practices intended to distribute risk and value more equitably, such as longer-term contracts, supplier relationship development and shorter payment terms, which are demonstrating promising results so far.

Examining the Impact of COVID-19

As companies race to adjust to the new reality of COVID-19, the Farmer Income Lab is undertaking new research designed to pinpoint where farmer incomes are most at risk, what the drivers of risk are, and what strategies are available to smooth their income streams. At the same time, the research will project long-term

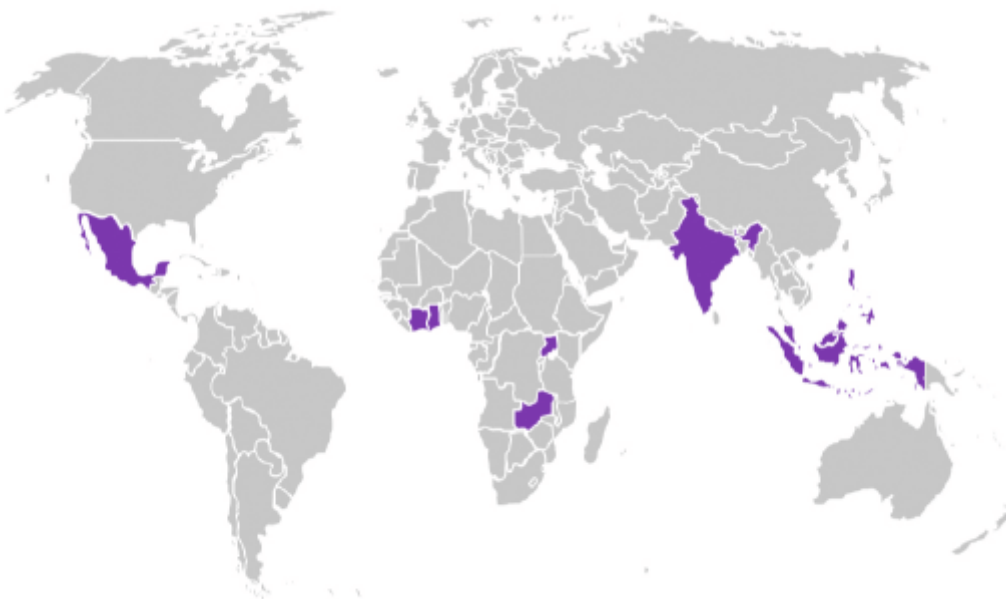
structural changes and possible pathways toward more resilient supply chains. The research will be published in October.



UPCOMING ACTIONS

Lighthouse Programs

The Farmer Income Lab's corporate partners—Mars, AB Inbev, and Danone—are finalizing their individual plans for **Lighthouse Programs**. Each program will include bundles of interventions that seek to strengthen supply chains and broader agricultural systems, with the objective of improving farm profitability and household income stability, food security, and resilience. First-hand experimentation will provide new evidence on interventions that work, with measurements that will yield better comparability of data. We will start small with ten Lighthouse Programs that will be deployed across Cote d'Ivoire (Cocoa), Ghana (Cocoa), India (Mint), Indonesia (Cocoa), Mexico (Dairy), the Philippines (Cocoa & Coconut), Uganda (Barley), and Zambia (Cassava & Sorghum).



Learning Framework

To deliver collective impact through the Lighthouse Programs, the Lab aims to deploy and test innovations in procurement practices and sourcing strategies using the same **Common Core Metrics** and **Learning Questions**. This transparent process will provide learnings that are comparable across countries and crops, enabling a shared approach to continual improvements. Over the course of the Fall, we will be co-creating our **Learning Framework**, inclusive of the Common Core Metrics and Learning Questions, with a number of private sector partners to ensure a responsible level of rigor and business relevance.

It is the Lab's intent to motivate and mobilize other industry actors to join us in bridging the gap in learning and impact. Please reach out to heather.pfahl@effem.com if you are interested in learning more about the Farmer Income Lab.



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