

**LIVING INCOME
SUMMIT 14.06.22**

VALUE CREATION

OFI – Segmentation

Meridia – Land tenure

Touton – Diversification

Vietnam Pepper – Quality upgrade

EFFICIENTLY NARROWING THE GAP THROUGH SEGMENTATION

PRACTITIONER CASE STUDY

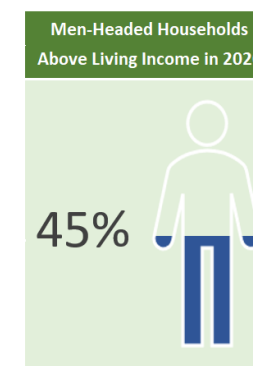
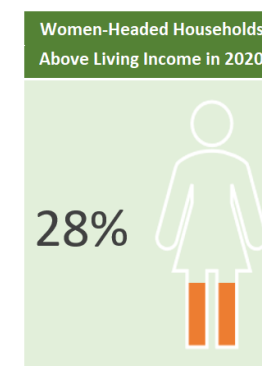
Jérémy Dufour – Global Coffee Sustainability Projects Manager, ofi



CONTEXT OF THE INTERVENTION

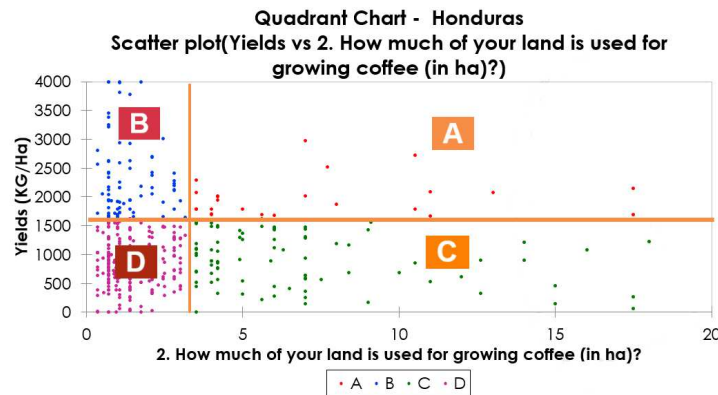
Narrowing the Living Income gap of coffee producers in Honduras

- **Target beneficiaries:** 1,000 coffee producers
 - Average land holding size: 7.99 ha
 - Average coffee yield (baseline): 1,305 kg/ha
- **Duration of the collaboration:** June 2021 to May 2025
- **Partners:**  & 
- **Focus interventions:**
 - Establish a transparent and traceable supply chain through scalable solutions that preserve producers' direct market access.
 - Promote access to higher-value market through certification.
 - Segment producer population through the lens of socio-economic parameters and aspirations.
 - Implement packages of interventions tailored to producers' needs and characteristics to optimise impact.



OBJECTIVES OF THE INTERVENTION & RESULTS

- Access to higher-value markets:
 - Certification
 - Price transparency to support self-decision
- A segmentation of the farmers to tailor services:
 - Supporting the education (Segment D);
 - Better access to health services (Segment C & D);
 - Boosting agriculture service providers (Segment C);
 - Introduction of new more nutritional crops (Segment D);
 - Solar driers (Segment B);
 - Access to Credit (Segment A);
 - Individualised assistance (Segment A);
 - Promoting innovation (Segment A).
- Next focus to reinforce Stepwise on GAPs



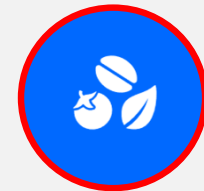
LAND
SIZE



PRICE



YIELD



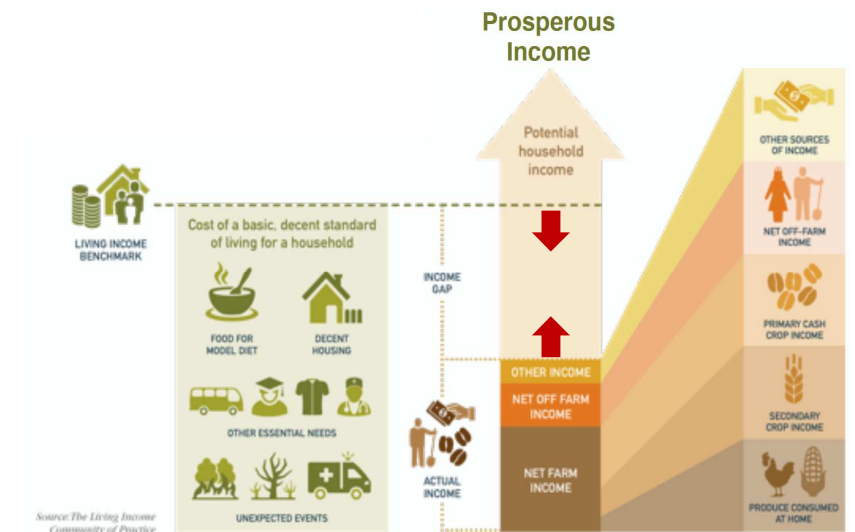
DIVERSIFIED
INCOME



COST OF
PRODUCTION

REFLECTION : SUCCESS FACTORS & CHALLENGES

- Moving away from the blanket approach by understanding the farmer heterogeneity. Better embrace the diversity of their needs and interests:
 - More structured distribution of supports
 - Reduced operational risk for both farmers & ofi
 - Must be an inclusive process, involving producers (& local partners)
- Closing the LI gap is not only raising the bottom line.
 - Reducing cost of health & education by 1/3.
 - Increasing access to nutritious food locally.
- Realising the importance of robust primary data from the field.



REFLECTION : SUCCESS FACTORS & CHALLENGES

- Changing mindset of our most experienced/traditional staff. Clustering/Segmenting farmers a new 'Way of Working' to introduce internally.
- Farmers diversity requires different ways to engage:
 - Concept so can't be too rigid
 - Need to re-organise staff based on individual skills
 - Farmers must also understand the journey vs benefiting everything from the start
- Collaboration with other stakeholders on M&E framework and common KPIs should be established from the start.
- Real-time monitoring of the gap built up around the seek for data perfection (LI constantly outdated, No quick estimation tool, etc...)
- Accepting the shared responsibilities and leveraging each other's expertise. ofi's main focus is in coffee.



Land tenure documentation & CLAP case

PRACTITIONER CASE STUDY

THOMAS VAASSEN - CEO, Meridia Land



MERIDIA, UNLOCKING LAND VALUE

For years, Meridia has been the go-to partner for brands and traders that are serious about supply chain traceability and farm-level land tenure.

We understand field reality, farm data acquisition and processing, as well as compliance - across multiple smallholder crop sectors.



LAND TENURE: FUNDAMENTAL FARMER IMPACT

Formal land documentation are essential step for farmers and supply chains on the path to achieving a living income:

a) Land documentation generates more accurate data

(land size, boundaries, socioeconomic values)



- Well informed calculations and investments (e.g, on inputs, yields, GAP and carbon)
- Tailored farm management plans

b) Land documentation improves adoption of new practices



- Willingness to invest in land/farm
- Adoption of new practices and sustainable agriculture (e.g., agroforestry)

c) Land documentation drives utilisation of land as an asset



- Access to (in)formal financial services
- Control over resources on land (e.g., shade trees)
- Unlocking land transactions and farm consolidation -> increased farm sizes



LAND
SIZE



YIELD



DIVERSIFIED
INCOME

Land titling also helps implementers have a greater knowledge of farmer realities, and identify the real benefit recipients when workings towards a living income through an intervention.

OBJECTIVES AND RESULTS TO DATE...

Case: Côte d'Ivoire Land Partnership

An innovative public-private partnership gathering cocoa industry leaders, the government of Côte d'Ivoire (through the Rural Land Agency - AFOR) and the German Cooperation/GIZ, executed by Meridia.

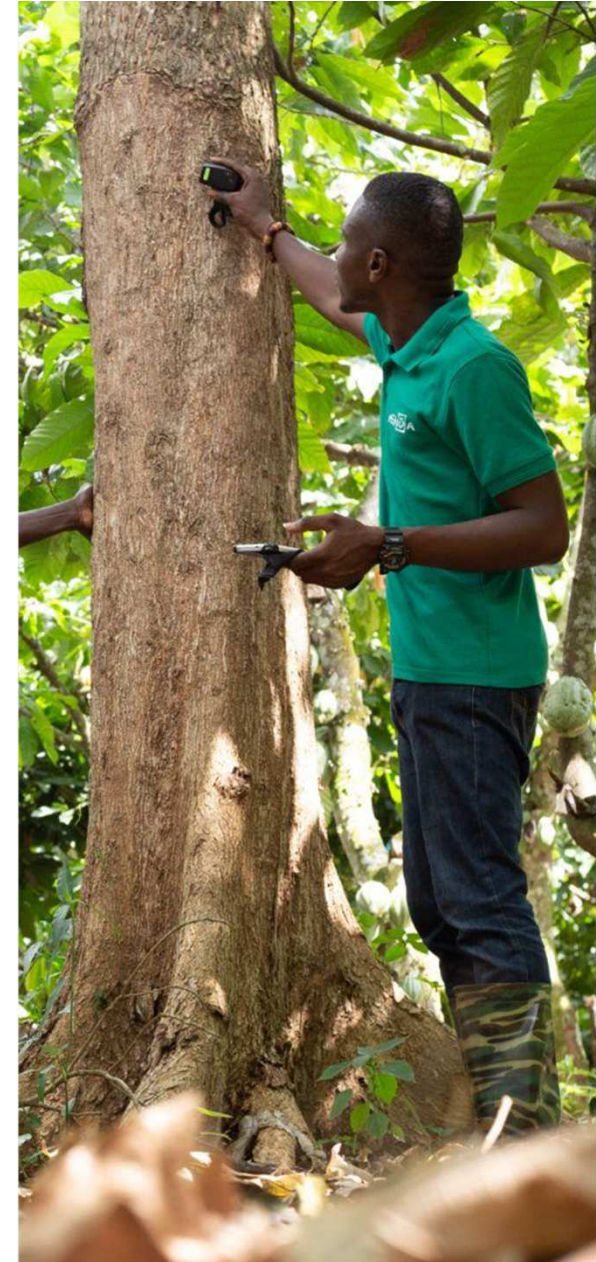
Collaborating to **bring affordable land tenure documentation for Ivorian cocoa farmers at scale** that is *government sanctioned, industry championed and community accepted*.

CLAP is a long-term initiative and implements tenure documentation projects:

- Feasibility and pilot (model, structure, business case, testing) **[COMPLETED]**
- Early Scale (9+ documents) **[CURRENTLY ONGOING]**
- Large Scale (100k+ documents) **[FROM 2024]**

First results:

- A cost-effective model that works with supply chains at scale
- Low-cost and participatory land and tree registration in 30+ villages in the rural domain



CONTEXT OF THE INTERVENTION

Case: Côte d'Ivoire Land Partnership

Land tenure insecurity is a major issue in Côte d'Ivoire, threatening:

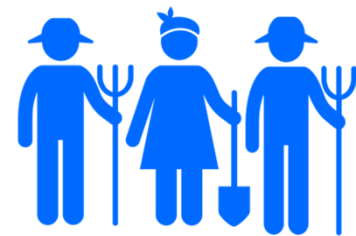
- Social cohesion
- Farmers' livelihoods
- Sustainability

...and influencing:

- Farmer poverty
- Alarming rate of deforestation

Deploying formal land tenure registration and documentation requires resources and capacity that governments in emerging economy countries like Côte d'Ivoire often do *not* sufficiently have.

The food and agriculture sectors require strategic measures that help contribute, structurally, to achieving a living income for farmers



REFLECTION : SUCCESS FACTORS & CHALLENGES IN CLAP

Case: Côte d'Ivoire Land Partnership

Success factors

- Multi-stakeholder collaboration and synergy
- Lowered cost for land document
- Tailoring the model to the cocoa supply chain (large scale would also consider palm and rubber)
- Decreased processing time and costs of operations
- Bundling of land and tree tenure registration (as well as opportunity to explore further service bundling)

Challenges

- A systemic approach is needed for scalability AND equality. But also more stakeholders contributing/funding it
- Achieving more land documents for women is enabled through investment in pro-gender equality activities and mature engagements with the community on the topic
- Upscaling the project depends on peaceful relationships between groups in a community and recurring support to those

IMPROVED ECONOMIC RESILIENCE IN UGANDA RWENZORI GROWING COMMUNITIES

Larrose Joseph – Head of Sustainability – Group TOUTON



CONTEXT OF THE INTERVENTION

BUILDING A DIVERSIFIED AND INTEGRATED SUPPLY CHAIN

- ❖ Western region of Uganda, Kasese district
- ❖ 5 sub-counties in Bukonzo East constituency
- ❖ 5,000+ smallholder farmers



- ❖ Increase sourcing of quality, traceable and certified crops (vanilla, bird eyes chilis and coffee)
- ❖ Increase adoption of recommended practices including regenerative agriculture
- ❖ Responsible sourcing supply chain and certified under RA new standard
- ❖ Foster demand for more agricultural implements and create business opportunities around these value chains for women and the youth
- ❖ Improve farmer access to planting material, agricultural inputs and services (soil analysis, crop insurance, R&R plan)
- ❖ Support producers' economic resilience and financial inclusion

OBJECTIVES OF THE INTERVENTION & RESULTS

Increase sourcing of quality, traceable and certified crops

- Mobilise and source produce directly through PO's
- 2,000 vanilla producers certified against Rainforest Alliance and Organic standards
- Establish FSMS certified curing facility (international customer specs)

Increase adoption of recommended practices

- 75% adoption rate on recommended production, climate-smart and agroforestry practices
- Training on crop diversification and intercropping

Improve farmer access to planting material, agricultural inputs and services

- 100% producers have access to agricultural services
- Network of 10 youth « Touton Agripreneurs »
- Central and community-based nurseries are set up and running

Support producers economic resilience and financial inclusion

- 50% producers have access to savings and loans associations
- 5,000 producers trained on regenerative agriculture practices
- 40 demonstration plots set up for optimized coffee-vanilla intercropped gardens



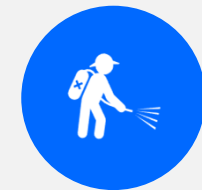
PRICE



YIELD



DIVERSIFIED INCOME



COST OF PRODUCTION

REFLECTION : SUCCESS FACTORS & CHALLENGES

LONG TERM, LONG TERM, LONG TERM !!!

- **Success factors**

Collaborative program with various partners (Donors, technical partners, agripreneurs, innovative companies)

Flagship program for the Touton Group in Uganda with a direct sourcing operation built thanks to the long experience developed by the Group in other commodities (cocoa notably)

Strong and long lasting cultural know how on coffee and vanilla in the Kasese region

- **Challenges**

Set up of a new supply chain for TOUTON, hence many challenges :

- Market competition,
- Human Resources challenges,
- Building trust with smallholder farmers,
- Understanding of the supply chain
- Fine tuning data collection tool and system to fit the multi commodities approach

COVID-19

LIVING INCOMES

A CASE STUDY ON *PEPPER* IN VIETNAM.

Mrs. Hoang Thi Lien- Chairperson, Vietnam Pepper Association



LIVING INCOMES A CASE STUDY ON *PEPPER* IN VIETNAM.

Content

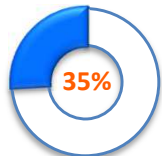
- ❑ Overview of Vietnam Pepper Industry
- ❑ Context of the intervention
- ❑ Diversified income and value-added products of Bau May
- ❑ Success factors & challenges



LIVING INCOMES A CASE STUDY ON PEPPER IN VIETNAM.

Overview

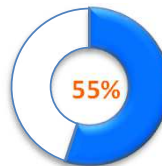
Vietnam Pepper Industry



Vietnam pepper production in the world

2020: 240,000 MT

2021: 195,000 MT

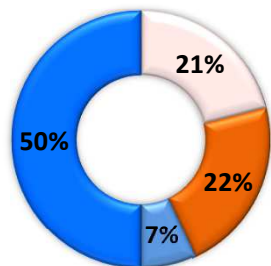


Vietnam pepper export in the world

2020: 286,923 MT

2021: 263,692 MT

As of May-2022: 101,339 MT



Europe
America
Africa
Asia



~ 100,000 pepper farmers



~ 200 pepper exporters



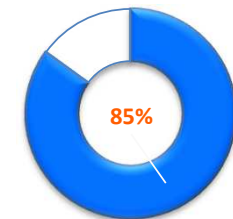
~ 35 pepper manufacturing

Vietnam Pepper Association (VPA)

Pepper exported by VPA's members



85 Official members
14 Associated members
16 Honorary members



VPA members Non-VPA

VPA's activities in 2022

Main programme	Time
Sial Paris 2022	15 th -19 th Oct, 2022
Vietnam Pepper Outlook 2022 (VIPO 2022)	9 th -11 th Nov, 2022 Dak Lak city, Vietnam
Proposal of extending VPA into the spice association	2022
Project on sustainable Pepper production and trade in Vietnam	2021-2023
Other projects mainly focusing on farmers (training)	

LIVING INCOMES A CASE STUDY ON PEPPER IN VIETNAM.

Context of the intervention

Peaking at a record in 2015-2016, pepper price has strongly urged farmers to extend their pepper acreage, resulting to oversupply of pepper in the market. Its price then hits the lowest level over last decade and hit the highest point in 2020.

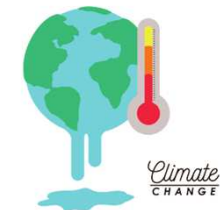
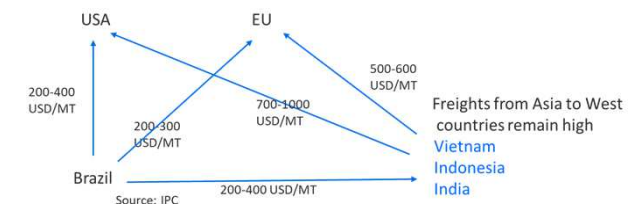
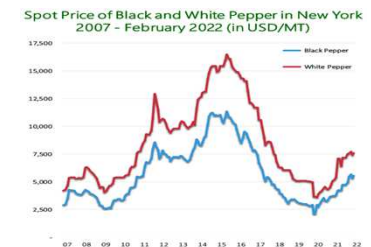
Cost of input has been increasing significantly due to impact of virus, port congestion which sparked an increase in transportation costs.

Climate is getting worse while pepper is sensitive to weather conditions.

- 2021
 - La Nina – Asia (Vietnam, India, Indonesia)
 - El Nino – Central America (Brazil)

Quality requirements are increasingly tightened by importing countries, especially high-end markets.

- EU: Chlorpyrifos và chlorpyrifos-methyl – 0.01 mg/kg (took effect Oct/2021)
- ETO has been traced on a large scale and recall many products in 2020-2021
- US: No tolerance of chlorpyrifos from 28/02/2022



LIVING INCOMES A CASE STUDY ON PEPPER IN VIETNAM.

Diversified income and value-added products - a case study of Bau May

Pepper and Yam (*Dioscorea* spp.) in symbiotic cultivation



WHY is Yam (*Dioscorea* spp.) ?

- Its high demand in the pharmacological industry
- Its leaves form a cover on the ground surface to keep moisture in the soil, prevent grass' growth, counteracting against soil erosion and fertilizer washout
- Its tubers create a naturally drainage system for pepper garden in the rainy season.
- The harvesting time of Yam is an occasion of soil regeneration, making porous soil, minimizing labor-cost.
- To reduce remarkably cost for weeding and irrigation, labor-cost for soil regeneration
- To make a landscape with multiple flower variety, attract beneficial insects



Value-added pepper products

- Diversified pepper products: there are 5 levels of spicy equivalent to 5 different products meet the various taste of customers
- Farm to fork strategy : Producing instant pepper products which directly eat. Many dishes with ingredients are made from Pepper and Yam to serve domestic and foreign visitors.
- Building the eco-tourism program.



Combination of Pepper and Yam in culinary



LIVING INCOMES

A CASE STUDY ON **PEPPER** IN VIETNAM.

Success factors



Blessed Agroclimatic region and hardworking Farmers

- Vietnam soil and agroclimatic region is conducive for
- Pepper farming and this has been augmented by hard work of farmers to make it world's largest producer.
- The Government has allowed market forces to prevail and provided a transparent system .
- The mature Banking sector has fostered investment in processing and working capital financing.



Change mindset

- Being aware of sustainable development
- Long-term vision
- Intercropping cultivation to minimize risks
- Wholeheartedness with pepper and agricultural products



Association

- Working in hand with other stakeholders
- Linkage between exporters and farmers
- Supported by functional authorities
- Commitment of workers

Challenges



Cost

- Long payback period (at least 3 years for the first pepper harvesting since planting, another 3 years for payback)
- Increase cost of input, logistical factors.
- High capital investment due to increasing costs of land.



Climate

- Negative impacts of climate
- Pepper is a vulnerable crop, need special tending.
- Erratic rainfall





High quality requirements

- Rapid application on new MRLs regulations , while farming need a proper transitional time to meet
- More research needs to be done on relevant MRLS.

Thank you

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