Public Policy Roadmap

on Living Income and Living Wage in Global Agricultural Supply Chains

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FAIRTRADE INTERNATIONAL

Acknowledgements

This Public Policy Roadmap on Living Income and Living Wage in Global Agricultural Supply Chains was commissioned by Fairtrade International to the Consultant Team of Dr Matthias Altmann, Shivani Kannabhiran and Franziska Altmann. It provides recommendations to governments and other public bodies aimed at benefiting farmers and workers,regardless of whether they are Fairtrade certified or not.

We would like to thank all those who were consulted in the development of this Roadmap through interviews (see Annex 1), as well as the 28 participants who took part in the online consultation workshop on 1 October 2024. Special thanks go to Sophie Aujean for her supportive guidance during the 2.5-month contract period.

Published: November 2024
Authors: Dr Matthias Altmann, Shivani Kannabhiran and Franziska Altmann
Design by: Der Tisch Studio

This publication was co-funded by the European Union. Its contents are the sole responsibility of the authors and do not necessarily reflect the views of the European Union.

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List of Abbreviations

CSDD	Corporate Sustainability Due Diligence
CSO	Civil Society Organisation
DISCO	Dutch Initiative on Sustainable Cocoa
EC	European Commission
EPA	European Partnership Agreement
ESG	Environmental, Social and Governance
EU	European Union
FAO	Food and Agriculture Organisation of the United Nations
FTAO	Fair Trade Advocacy Office
FI	Fairtrade International
GLWC	Global Living Wage Coalition
GSP	Generalised System of Preferences
HREDD	Human Rights and Environmental Due Diligence
mHREDD	mandatory Human Rights and Environmental Due Diligence
ICESCR	International Covenant on Economic, Social and Cultural Rights
ILO	International Labour Organisation
IO	International Organisation
ISCO	Initiatives for a Sustainable Cocoa
ITC	International Trade Centre
LI	Living Income
LICOP	Living Income Community of Practice
LID	Living Income Differential
LIRP	Living Income Reference Price
LMIC	Low and Middle Income Countries
LW	Living Wage
MSI	Multi-Stakeholder Initiative
MSME	Micro-, Small- and Medium-sized Enterprise
NAP	National Action Plan (on Business and Human Rights)
NCP	National Contact Points
NGO	Non-Governmental Organisation
NSA	National Supervisory Authority
NSO	National Statistics Office
ODA	Overseas Development Aid
OECD	Organisation for Economic Cooperation and Development
PPM	Process and Production Method
RBC	Responsable Business Conduct
SAW	Setting Adequate Wages
SDG	Sustainable Development Goals
SOEs	State-Owned Enterprises
UN	United Nations
UNGP	UN Guiding Principles on Business and Human Rights
UTP	Unfair Trading Practices
WTO	World Trade Organisation

1. Introduction

Voluntary sustainability standards such as Fairtrade, and leading companies working with them have demonstrated that meaningful tools can be put in place to drive progress towards fair incomes and wages in the production of key agricultural commodities. Despite this, we are still a long way from achieving living incomes and living wages for farmers and workers in global agricultural supply chains. The ILO estimates that 19 percent of workers still earn less than their country's legal minimum wage, which is often well below a living wage, while 16,6 percent of workers in all low and middle income countries live in households that fall below the international poverty line.[1] The ILO also reckons that half of all workers do not earn a formal wage because they are smallholders or homeworkers, so a living income rather than a living wage lens needs to be applied (ILO, 2023a).

The recognition of a decent standard of living as a basic human right is an important sign of progress, and the move towards mandatory human rights due diligence in the European Union creates momentum for systematic action by governments and policymakers to enable a living income and living wages in global agricultural supply chains. Recognising this momentum, many organisations have set out to develop guidelines or roadmaps towards this goal.[2] However, most of these efforts are aimed at guiding businesses, while opportunities for action by governments on policies to create an enabling environment for securing living incomes and living wages remain limited.

To fill this gap, Fairtrade International, with funding from the EU, has commissioned this Public Policy Roadmap on Living Income and Living Wage in Global Agricultural Supply Chains. The Roadmap sets out options available to policymakers and public authorities to create an enabling environment for ensuring a decent standard of living for farmers and farm workers worldwide. A distinction is made between governments of countries that produce agricultural products (producer countries) and those that buy and consume them (consumer countries). Many recommendations require producer and consumer countries to cooperate in their implementation, with international organisations and multi-stakeholder initiatives (MSIs) playing an important role in facilitating such cooperation.

1. In 36 mostly African commodity-producing countries, the proportion of the working poor ranges from 20 percent in Cameroon and Cambodia to up to 70 percent in Burundi and 78 percent in Madagascar. The working poverty rate measures employed people living in households that fall below the World Bank's international poverty line of $2.15 a day. 2. For instance, OECD (2024a), IDH (n.d. a), LICoP (n.d.) and GLWC (n.d.).

This Roadmap was developed over a period of 10 weeks through interviews, desk-based research and a consultation workshop with experts and practitioners. While some new and innovative ideas for public sector action are presented, the primary aim is to consolidate existing recommendations into a useful guide for policymakers in both producer and consumer countries of agricultural commodities. The recommendations in this Roadmap aim to benefit all farmers and workers, whether they are Fairtrade-certified or not.

The Roadmap is structured around three areas in which governments can effectively influence the behaviour and operations of relevant stakeholders with the aim of achieving a living income and living wages in agricultural supply chains: Through policymaking and regulation (Chapter 2), through the government's own economic activities (Chapter 3) and through collaborating with and supporting of supply chain actors (Chapter 4). The recommendations given in these areas are preceded by an introduction to the living income and living wage concepts and why they matter for government in both producer and consumer countries (Chapter 1). The Roadmap closes with concluding remarks (Chapter 5), which include a summary table (Table 1) of all the recommendations which policymakers may use to develop own national roadmaps that best suits their specific context.

1.1 What a living income and living wage is and why they matter for policymakers

Workers and farmers integrated in global supply chains often do not earn enough to achieve sustainable livelihoods for themselves and their families. The problem of low wages and low incomes is commonly viewed as a developing country problem linked directly to the country's level of economic advancement. While this is often the case, low wages and low incomes are prevalent wherever market conditions are characterised by power imbalances between producers and buyers, and exploited by the latter's purchasing practices. In addition, power imbalances between workers and employers can contribute to exploitative labour practices if unchecked by the rule of law and sound industrial relations.

The concepts of a living income and living wage aim to clarify what is needed for people to achieve an adequate standard of living. While the concept of a living wage is applied to hired workers (e.g. in factories or on farms, both seasonal and permanent), a living income is relevant for anyone who is paid for producing goods or providing services such as small-scale farmers, contract workers or self-employed workers, including homeworkers.

1.1.1 Definition of living income and living wages

Living income and living wage are concepts derived from the right to just and favourable remuneration and an adequate standard of living that are enshrined in Articles 23.3 and 25.1 of the Universal Declaration of Human Rights (OHCHR, 1948). Building on these rights, Article 7 of the International Covenant on Economic, Social and Cultural Rights (ICESCR) recognises the right of everyone to the enjoyment of just and favourable conditions of work, which ensure remuneration that provides all workers, as a minimum, with fair wages and equal remuneration for work of equal value without distinction of any kind (UN, 1967). In accordance with the provisions of the ICESCR, women, in particular, are guaranteed conditions of work not inferior to those enjoyed by men, with equal pay for equal work, and a decent living for themselves and their families. In addition, Article 11 of the ICESCR recognizes the right of everyone to an adequate standard of living for himself and his family, including adequate food, clothing and housing, and to the continuous improvement of living conditions.

The most commonly used definitions of living income and living wages have been developed by the Living Income Community of Practice (LICoP) and the Global Living Wage Coalition (GLWC). The LICoP defines a living income as "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." It is recognised that farmers are engaged in farming and non-farming activities so that the net annual income of a household for farmers can come from a variety of sources (LICoP, n.d.). The GLWC defines a living wage as "the remuneration received for a standard workweek by a worker in a particular place sufficient to afford a decent standard of living for the worker and her or his family" (GLWC, n.d.). Both definitions specify that the elements of a decent standard of living include food, water, housing, education, health care, transportation, clothing, and other essential needs including provision for unexpected events (see Figure 1).

In 2024, the tripartite constituents (governments, employers and workers) of the International Labour Organisation (ILO) agreed on the concept of a living wage as "the wage level that is necessary to afford a decent standard of living for workers and their families, taking into account the country circumstances and calculated for the work performed during the normal hours of work, calculated in accordance with the ILO's principles of estimating the living wage to be achieved through the wage-setting process in line with ILO principles on wage setting."[3] Part of this living wage are two important sets of principles: (1) principles that living wage estimation methodologies should follow, and (2) principles for the operationalisation of the concept of a living wage within the broader wage-setting process (ILO, 2024).[4]

Living incomes and living wages should not be confused with other wage and income concepts such as poverty lines which define living standards at subsistence level; minimum wages, which are legally determined by governments to protect workers against unduly low pay; or floor prices that set minimum cost-covering prices for certain agricultural commodities.[5] While living incomes and living wages define what is needed as a minimum for a decent standard of living, there is often still a significant gap between living incomes and wages and the national statutory minimum wage or government-set floor prices, particularly in producer countries.

The concepts and estimation methods of a living income and living wages may appear unfamiliar or complicated to many policymakers. However, the complexity of the issue should not discourage policymakers from taking action. There is a growing body of knowledge on living incomes and living wages, including the recently agreed ILO concept and estimation criteria for living wages (ILO, 2024). There is also increased attention from multinational enterprises (MNEs), export-facing suppliers and investors to living wages and living incomes in global supply chains, and leadership from an increasing number of governments to put the topic on the global political and regulatory agenda. Policymakers should leverage this momentum and consider recommendations and learnings on enabling living incomes and living wages into national policies and actions.

3. The concept of a living wage was already mentioned earlier in the ILO's Constitution. Adopted in 1919, the Constitution's preamble declares that "universal and lasting peace can be established only if it is based upon social justice", and calls for an improvement in conditions of labour, including "the provision of an adequate living wage". In 1944, the ILO Declaration of Philadelphia, which was incorporated into the ILO Constitution in 1946, affirmed the "solemn obligation" of the ILO to promote "policies in regard to wages and earnings, hours and other conditions of work calculated to ensure a just share of the fruits of progress to all, and a minimum living wage to all employed and in need of such protection". 4. On the methodologies recommended by the ILO to estimate living wages see ILO (2024). For further guidance on estimation methodologies for living income and living wage benchmarks, and the measurement of living income and living wage gaps see the ALIGN guidance tool on living income and living wages with a resource library and source map on a range of benchmarks developed with the support of GIZ (ALIGN, n.d.), the IDH benchmark finder that lists available living wage benchmarks per country or region that are identified through the IDH living wage benchmark recognition process (IDH, n.d. b) and FTAO, Sustainable Food Lab (2022b). 5. See Section 0 for a more detailed discussion of these concepts and how they can be leveraged by policymakers in enabling living incomes and living wages.

1.1.2. Why living incomes and living wages should matter for governments

Governments have a responsibility to protect human rights and are bound by national and international human rights law in this respect. Living incomes and living wages cover a comprehensive understanding of a "decent standard of living for a household" (see Figure 1). By supporting a living income and living wages, governments are therefore also supporting a range of fundamental human rights such as adequate nutrition, decent housing, access to education and healthcare. In addition, addressing living incomes and living wages is key for tackling inequality including gender inequality, and is a means of ensuring social cohesion, political stability and peace.[6]

Government action to enable living incomes and living wages is also justified for economic and social reasons. Inadequate wages and prices create social and environmental costs that are not taken into account in companies' cost calculations. Regulation that requires companies to identify, prevent or remedy the negative social and environmental impacts of their economic activities can help correct this market failure by requiring companies to internalise the full costs associated with their operations and global supply chains. Government action may also be required where structural constraints in agricultural markets limit companies' individual efforts to achieve fair prices and wages, or where impacts are systemic to an industry or a particular geographical context. Finally, protection of trade union rights that are essential to wage improvements, requires effective legislation and enforcement by governments.

Higher incomes and wages that allow people to achieve a decent standard of living can, at the same time, benefit a county's economic development more broadly. They enable farmers to invest in the productivity of their farms, leading to higher production, savings, spending and tax revenues. This, in turn, allows for greater public investment in infrastructure and social services, further supporting a country's social and economic development. Living wages and incomes can also contribute to the formalisation of the economy by making informal employment and economic activities less attractive (OECD, 2024b).

6. In 2024, anger over low prices for agri-food products resulted in major farmer protests across Europe. By taking action towards supporting a living income and living wages, policymakers can restore and preserve peace and stability in a country.

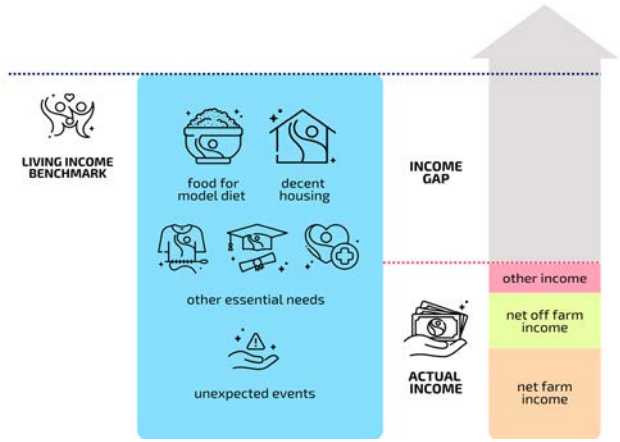


Figure 1: Components of a decent standard of living as basis of measuring living income gaps

Enabling living incomes and living wages can benefit a country by helping policymakers to:

- **Eliminate interlinked sustainability risks:** One of the main reasons why policymakers should prioritise living incomes and living wages is that they can help lift farmers and workers out of poverty. Poverty is a root cause of other salient human rights risks in global agricultural supply chains, such as child labour and forced labour, as well as environmental risks such as deforestation and unsustainable agricultural practices. In the same way, buyers seeking to prevent, address and mitigate a range of human rights and environmental risks rooted in high poverty levels, can do so more effectively if they prioritise wage and income risks.

- **Secure long-term supply of agricultural commodities and combat a root cause of rural exodus:** Low and insecure incomes in agriculture often result in people leaving the sector. Young people in particular are seeking employment in urban areas or migrate to economically prosperous regions. Paying prices for agricultural commodities that reflect the true cost of sustainable production and allow farmers to earn a living income or living wages has the multiple dividends of providing food security, securing long-term supply and combating poverty as a root cause of rural-urban migration.

- **Invest in viable and sustainable agri-food value chains:** Improving incomes and wages for farmers is an investment in the long-term viability of the agricultural sector. Adequate incomes mean that farmers in producer countries have the margin to adopt sustainable agricultural practices, invest in skills and technology and move up the agricultural value chain. Consumer countries, in turn, will benefit from a stable supply of sustainable agricultural products, which support their value-added economic activities such as high-value processing, global trading, marketing and logistics.

- **Advance sustainable development:** Almost all countries around the world have agreed on the Sustainable Development Goals (SDGs) and committed to implementing them through national government action (UN, 2015). As illustrated in Figure 2, policymakers have an interest in supporting living income and living wages, as they directly advance the fight against poverty (SDG 1), support decent work (SDG 8), the reduction of inequalities, including gender inequality (SDG 5 and 10) and the promotion of responsible production and consumption (SDG 12). Living incomes and wages also contribute materially to the achievement of several other Goals, including elements of a decent standard of living (SDGs 2, 3, 4 and 11), supporting peace and building strong institutions (SDG 16) and partnerships (SDG 17). Almost all countries around the world have agreed on the Sustainable Development Goals (SDGs) and committed to implementing them through national government action (UN, 2015). As illustrated in Figure 2, a living income and living wages directly advance the fight against poverty and hunger (SDGs 1 and 2), support decent work (SDG 8), and the reduction of inequalities, including gender inequality (SDGs 5 and 10). Living incomes and wages also contribute materially to the achievement of several other Goals, including those on the protection of natural resources (SDGs 12, 13, 14 and 15), peace and strong institutions (SDG 16) as well as partnerships (SDG 17).

- **Turn sustainability into a competitive advantage:** Traditionally, concerns about a country's international competitiveness have been a reason to keep wages and incomes low. This narrative is beginning to change as international buyers and investors become increasingly alert to the human rights and environmental risks associated with global supply chains and their investments. Producer countries that are able to reduce these risks, including through adequate wages and incomes in their export-oriented agricultural and manufacturing sectors, can gain a competitive advantage by positioning themselves as destinations for sustainable sourcing and responsible investment. Their products will also become more competitive internationally as consumer choices in export markets shift towards sustainable options.[7]

Figure 2: How living wages (and living incomes) relate to basic rights and various SDGs (Source: Shift, 2018)

7. A study on consumer preferences in France, Germany, Italy, Spain and the UK, show that workers being paid a living wage is a top sustainability priority for consumers, with more than 8 out of 10 shoppers wanting brands to take action on global poverty (Fairtrade 2019).

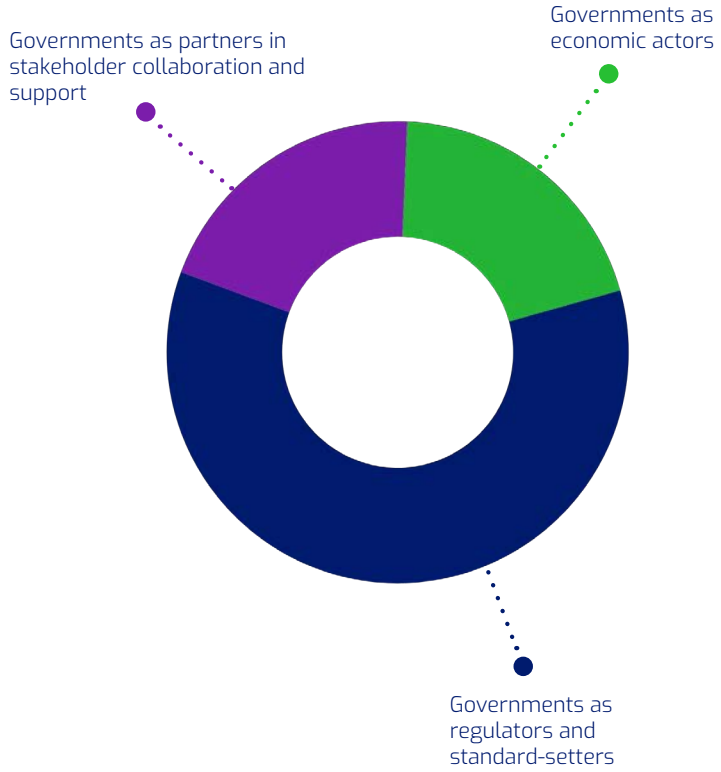
1.2 Areas for government action

This Roadmap identifies three areas where governments are widely recognised as having the greatest impact in enabling a living income and living wages in global agricultural supply chains. These impact areas, each of which corresponds to a distinct role that governments can play, include:

- **Governments as regulators and standard-setters** that create an enabling policy and regulatory environment to support and promote responsible business behaviour in favour of fair prices and wages in global agricultural supply chains;
- **Governments as economic actors,** which send clear signals to the market when committing to living incomes and wages in their own commercial activities as procurers, employers and operators of State-Owned Enterprises (SOEs);; and
- **Governments as partners in multi-stakeholder cooperation** to facilitate collective action for implementing living income and living wage commitments and support to enhance farm and worker productivity and due diligence preparedness in producer countries and raise awareness for living incomes and wages in consumer countries.

The commitment to decent standards of living for farmers and workers that most governments have made by adhering to international instruments of the UN, ILO and OECD[8] is the starting point for policymakers in their journey toward enabling living incomes and living wages. In doing so, they must ensure that efforts to provide farmers and workers with a decent standard of living do not only target those who are already integrated into global agricultural supply chains. A large proportion of agricultural activity in producer countries is often informal with no access to markets. Policies aimed at creating an enabling environment for securing living incomes and wages must therefore be transformative in the sense that they create the conditions for all farmers and workers, formal and informal, to access resources and markets, participate in social dialogue, and increase their productivity so that no one is left behind.[9]

This Roadmap will help policymakers move from commitment to action by putting forward concrete measures that, in the context of a country, are achievable, scalable and demonstrate that they are taking steps to achieve these global commitments.



8. The UN Guiding Principles on Business and Human Rights (UNGPs), the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct (OECD Guidelines), and the ILO Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy.
9. See The ILO Recommendation 204 on the transition from the informal to the formal economy (ILO, 2015) that provides principles that span the three areas of government action mentioned above.

2. Governments as regulators for creating an enabling policy environment and a coherent legal framework

While the responsibility for paying wages and prices that enable a decent standard of living for farmers and farm workers lies with suppliers and buyers, their ability to implement this responsibility depends on a variety of factors in the context in which a company operates. Governments can influence these factors by creating an enabling environment and a coherent regulatory framework that creates the conditions for companies to implement living incomes and living wages in their operations and global supply chains, while removing any barriers that may limit the ability of companies to pay adequate prices and wages.

2.1 Towards a 'smart mix' of measures

The UN Guiding Principles on Business and Human Rights (UNGPs) call on governments to consider "a smart mix of measures" at the national and international level, combining mandatory and voluntary measures to promote business respect for human rights (UNGP 3) (UN-OHCHR, 2011). Governments have a range of instruments at their disposal to create a policy environment that is conducive to the payment of fair prices and wages in agricultural supply chains. Moreover, it is often the coherent interplay of actions across several relevant policy areas that defines an enabling policy environment. This section explains, with reference to recent national, European and international policy initiatives, how a 'smart mix' of voluntary, mandatory, national and international measures in different policy areas can provide the conditions and environment for companies to realise living incomes and living wages in global agricultural supply chains.

2.1.1. Mandatory human rights due diligence

Supply chain due diligence is now an integral part on the global policy and regulatory agenda. All international instruments on responsible business conduct – the UNGPs, the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct (OECD Guidelines) , and the ILO Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy (ILO MNE Declaration) – recommend due diligence as the framework for companies to identify, assess, address and account for adverse impacts in their operations and global supply chains.

These international due diligence standards have been available to companies for voluntary implementation for more than a decade. But it is only with their recent incorporation into mandatory human rights and environmental due diligence (mHREDD) legislation of an increasing number of consumer countries that they offer the prospect of a transformative shift towards global supply chain sustainability. A government-mandated due diligence obligation requires a much larger number of companies to address social and environmental impacts of their own operations and global supply chains, while creating a level-playing field where all companies within a jurisdiction are subject to the same rules.

Despite its transformative potential, mHREDD does not ask the impossible of companies if based on a risk-based approach. Risk-based due diligence allows for continuous improvement and does not require perfection from the start. It entails prioritisation of risks, which means a company can prioritise the order in which it takes action based on the severity and likelihood of a risk (OECD, 2023b). For income- and wage-related impacts, this means focusing on gaps where there the discrepancy between actual wages and the estimated living wage for a particular country and sector is greatest, and where the number of individuals affected is highest. It is important that governments and companies alike understand this approach and avoid rigid box-ticking when implementing and enforcing due diligence obligations.

In the European Union, the recent adoption of the Corporate Sustainability Due Diligence (CSDD) Directive, and its interlinkages with other EU supply chain due diligence and disclosure legislations,[10] is to date the most far-reaching attempt to mandate the respect of human rights and the environment in global supply chains. The Directive creates an obligation for large companies to undertake risk-based due diligence to identify, assess, prevent, mitigate and account for potential and actual adverse impacts on human rights and the environment. Importantly for this Roadmap, the CSDD Directive makes reference to living incomes and living wages in its recitals, and includes fair wages and a decent standard of living as human rights into its material scope (European Commission, 2024).[11]

EU Member States have until 26 July 2026 to transpose the CSDD Directive into national law, with obligations for companies entering into application over several years thereafter. This transposition process offers a unique opportunity for EU Member States to strengthen expectations on, and incentives for companies to enable living incomes and living wages in their business operations and supply chains, and to support corresponding company actions through national legislation and accompanying support measures.

10. The Corporate Sustainability Reporting Directive, which includes disclosure requirements on companies' due diligence efforts; the Regulation on Prohibiting Products made with Forced Labour on the Union Market; the Regulation on Deforestation-free Products; the Regulation concerning Batteries and Waste Batteries, the Conflict Minerals Regulation and others. 11. Unlike the UNGPs and OECD Guidelines that require companies to respect all human rights, the material scope of the EU CSDD Directive with regard to human rights abuses is defined through reference to a list of international human rights instruments contained in an annex to the Directive. This annexed list includes the right to fair wages and a decent standard of living with reference to Article 7 of the International Covenant on Economic, Social and Cultural Rights. The recitals of the Directive formulate an expectation for companies to contribute to an adequate standard of living in 'chains of activities', which is understood to include a living wage for employees and a living income for self-employed workers and smallholders (recital 34). The recitals further state that companies should use purchasing policies that contribute to living wages and incomes (recitals 46, 47 and 53). However, the articles of the Directive, which are subject to transposition, do not reflect such explicit reference to living income and living wages.

The following recommendations are intended to support EU Members States in anchoring the achievement of a living income and living wages in the transposition process of the CSDD Directive. These recommendations are equally relevant for any other country seeking to introduce binding HREDD obligations for companies operating in their jurisdictions:

- **Strengthen the National Supervisory Authority (NSA):** The CSDD Directive requires the establishment of NSAs in each Member State to monitor the compliance of companies with the Directive. These authorities are equipped with investigative and sanctioning powers and can receive and handle complaints (referred to as 'substantiated concerns') from the public, including civil society organisations (CSOs) and or businesses. In order to perform these functions effectively, governments are recommended to

1. resource their NSAs well and staff them with personnel qualified to understand, identify and assess wage- and income related impacts and evaluate the methodologies companies use to estimate living income and wage gaps, and issue corresponding guidelines for companies;

2. place NSAs under the supervision of the ministry responsible for international trade to ensure that the external dimension of the Directive is taken into account. Ministries responsible for development policy, foreign affairs, consumer protection, justice and corporate governance, labour and environment need to be involved, for example through an inter-ministerial advisory committee, to ensure balanced consideration of corporate, social and environmental interests and the concerns of domestic and foreign stakeholders;

3. require NSAs to publish proceedings and decisions of investigated complaints as well as sanctions imposed in case of non-compliance, to enhance public accountability, facilitate monitoring and provide incentives for companies to collaborate in the investigation and take adequate corrective action; and

4. closely collaborate with other Member States' NSAs to exchange case data, experiences and good enforcement practices to ensure a coordinated approach to the handling of wage- and income related adverse impacts and corresponding sanctions.

- **Strengthen the role of CSOs in supporting enforcement and implementation:** CSOs, including trade unions, play an important role in supporting the monitoring of companies' due diligence obligation. As human rights defenders and corporate watchdogs, they are close to those affected by adverse impacts and can submit complaints to the competent authorities on their behalf. They are also important as advocates for fair prices and wages, and as partners in meaningful stakeholder engagement and dialogue. Governments should empower and support CSOs in fulfilling these functions, for instance, through effective whistleblower protection, transparent administrative procedures and direct support to CSOs in producer countries through bilateral or multilateral development cooperation.

- **Provide guidance on wage and income related impacts through implementation guidelines:** Effective and meaningful implementation of due diligence legislation requires guidelines to help both companies and affected stakeholders understand their respective obligations, rights and actions to take. In the framework of the CSDD Directive, the European Commission has committed to providing guidelines on conducting due diligence. These guidelines will cover areas such as adapting purchasing practices, responsible disengagement, remediation, and stakeholder engagement. In addition, guidance will be published on model contractual clauses, risk factors in risk assessments, climate transition plans, sector-specific recommendations, the use of data and digital tools, promoting information and resource sharing among companies and engagement of stakeholders and their representatives throughout the due diligence process. In preparing these guidelines, it is recommended that:

> 1. all of these guidelines recognise the importance of living incomes and wages for risk mitigation and as a prerequisite for sustainable supply chains, and guide companies on how to consider, measure and address wage- and income-related impacts at all stages of the due diligence process;
> 2. guidelines on model contract clauses emphasise that due diligence is a shared responsibility that cannot be shifted to suppliers through contractual cascading, and includes the commitment of buyers to follow responsible purchasing practices (incl. fair pricing);
> 3. guidelines contain clear minimum criteria that organisations providing benchmarks should follow when calculating living wage and living income benchmarks for estimating wage and income gaps. These criteria must be based on the recently adopted ILO living wage concept and estimation principles, and in the absence of similar internationally agreed living income criteria, on commonly accepted criteria such as those developed by the Anker Research Institute (Anker Research Institute, 2017), IDH (IDH, 2020) or the Living Income Community of Practice (LICoP, forthcoming). Benchmark providers should be encouraged to disclose their underlying methodology and make their benchmarks freely available;

> 4. the respect of, and support for effective collective bargaining is adequately reflected in the Guidelines. This could include a list of indicators for companies on how to assess the quality of freedom of association and other trade union rights in their supply chains, and recommendations for preventing and mitigating violations of workers' rights including the right to collective bargaining.

In addition to the guidelines from the European Commission and EU Member States, international organisations such as the ILO, the Food and Agriculture Organisation of the United Nations (FAO) and the International Trade Centre (ITC) should be asked and supported to develop global public goods such as maps about risk factors for wage and income impacts, sector and country specific household expenditure data to estimate living wage or income gaps, or databases of sustainability standards and certification schemes.

- **Make channels for accessing remedy transparent for rights-holders:** Remediation is a cornerstone of human rights due diligence. The CSDD Directive provides several channels for access to remedy for stakeholders adversely affected by a company's business decisions. These include remediation by companies following a complaint submitted through the company`s operational grievance mechanism, remediation ordered by NSAs after investigation of a substantiated concern, or remediation following a court ruling in a civil liability case. In addition, victims can submit a complaint to judicial or other non-judicial grievance mechanisms, such as the OECD National Contact Points (NCPs) where they exist.[12] Lack of knowledge about these various mechanisms and their procedural requirements is a main barrier for victims of wage- or income-related adverse impacts to gain access to remedy. EU Member States, individually or collectively, must provide information and guidance on available mechanisms in a manner that is accessible and understandable, in particular to workers and smallholders in producer countries and their legitimate representatives, on their right to remedy and the steps to be taken to lodge a complaint. Specific guidance and training should be provided to human rights defenders and other CSOs to enable them to effectively represent rights-holders. Guidance is also needed on protection from retaliation and reprisals, and on identifying and meaningfully engaging stakeholders in the remedy process.

12. The mandate of NCPs is to promote the OECD Guidelines for Multinational Enterprises, and related due diligence guidance, and to provide a mediation and conciliation platform for helping to resolve cases (referred to as 'specific instances') relating to non-observance of the OECD MNE Guidelines by companies as a non-judicial grievance mechanism. To date, 50 governments have an NCP, and over 600 specific instances have been received by the network. The OECD NCP system is a public good and does not charge a fee for its good offices.

- **Balance harmonisation and ambition in the transposition process:** The advantage of regulation over voluntary measures on responsible business conduct is that mandatory rules create a level playing field for all companies that are in their scope. However, the desire to harmonise rules across EU Member States in the process on transposition of the CSDD Directive should not come at the expense of high expectations on companies to enable living incomes and living wages through their purchasing practices and pricing policies. The EU has mandated a maximum harmonisation approach to the obligations of the Directive to identify, address and prevent impacts.[13] But other elements of the Directive allow for more ambitious interpretation with stronger references to living wages and living incomes. Where an EU-wide coordination and agreement on such stricter rules is not possible, coordination among like-minded countries could be a practical way forward. An example for such a like-minded group approach is described in Box 1.

- **Support and engage with producer countries:** The EU and its Member States should use their development cooperation and trade policies to support producer country governments and suppliers and especially smallholder farmers, to create the conditions for enabling living incomes and living wages in the agriculture sector. Helpdesks or accompanying support measures for European companies should also be accessible to suppliers exporting into the EU. Downstream companies should be involved as partners in supporting upstream suppliers in the spirit of implementing due diligence as a shared responsibility between buyers (adopting responsible purchasing and pricing practices) and suppliers (adopting sustainable production practices and improving farm profitability and resilience). Multi-Stakeholder Initiatives (MSIs) with operations in producer countries can facilitate buyer-supplier collaboration to find solutions to common challenges, and to build trust by raising awareness of supply chain legislation in producer countries.[14]

- **Raise awareness among consumers about the true price of agri-food products:** Consumers need to understand the full cost of sustainable agricultural production. This cost should be reflected in a true price for agri-food products through which farmers and workers can have a decent standard of living and are enabled to adopt agroecology or other recognised approaches to sustainable agriculture (IUCN, 2020). Implementation of mHREDD legislation must be accompanied by measures to increase transparency on the true price (or external costs) of agricultural products so that consumers can compare them accurately. At the same time, consumers should be protected from misleading sustainability claims by companies through legislation addressing green-washing. To be fully effective, efforts to combat greenwashing must address social claims alongside environmental ones, and should include requirements for companies to back-up sustainability claims with verifiable data.

13. Art. 4 of the CSDD Directive prohibits member states, in their national law, to diverge from the obligations laid down in Article 8(1) and (2), Article 10(1) and Article 11(1), i.e. the provisions on identifying, assessing and preventing impacts (European Commission, 2024c).
14. Further recommendations for accompanying support measures to mHREDD legislation are given in Section 4.1.

- **Raise awareness among consumers about the true price of agri-food products:** Consumers need to understand the full cost of sustainable agricultural production. This cost should be reflected in a true price for agri-food products through which farmers and workers can have a decent standard of living and are enabled to adopt agroecology or other recognised approaches to sustainable agriculture (IUCN, 2020). Implementation of mHREDD legislation must be accompanied by measures to increase transparency on the true price (or external costs) of agricultural products so that consumers can compare them accurately. Atw the same time, consumers should be protected from misleading sustainability claims by companies through legislation addressing green-washing.[15] To be fully effective, efforts to combat greenwashing must address social claims alongside environmental ones, and should include requirements for companies to back-up sustainability claims with verifiable data.

- **Monitor the impact of the CSDD Directive with regard to wages and incomes:** EU Member States, CSOs and the private sector should contribute their experiences with implementing the Directive at national level to the Commission's review of the Directive by 2030. They should highlight gaps in the provisions of the Directive regarding its contribution to enable living incomes and wages and make recommendations for better alignment of the Directive with the UNGPs and relevant ILO labour standards and living wage estimation principles. In this regard, policymakers from EU Member States may consider working with like-minded countries to monitor implementation of the Directive and develop common recommendations for the European Commission on how to strengthen the text with regard to living wages and living incomes.

15. Examples of such legislations are the proposed EU Green Claims Directive, which intends to tackle the issue of green-washing through rules on substantiation, communication and verification of environmental claims, and the EU Empowering Consumers for the Green Transition Directive that bans generic environmental claims for which the company is not able to demonstrate recognised excellent environmental performance relevant to the claim.

Box 1: Collaboration with like-minded countries: The Joint Declaration on Living Wage and Living Income

In January 2021, the then German Development Minister Dr Gerd Müller and then Dutch Foreign Trade Minister Sigrid Kaag signed a joint declaration with which the two countries positioned themselves as pioneers in promoting living wages and living incomes. The declaration was meant to send a clear signal to companies that they must fulfil the expectation to conduct human rights due diligence, but also committed both countries to a number of joint actions. These included to engage in dialogue with producer countries on sustainable supply chains, to support the ILO in developing indicators and methodologies to set minimum wages that cover costs for costs of a decent standard of living in decency, or to advocate for including living wages and living incomes in EU policy concerning sustainable value chains, notably the CSDD Directive. The Declaration was joined in 2023 by the governments of Belgium and Luxembourg.

With the adoption of the CSDD Directive and the references to living income and living wages it includes, and the ILO agreement on a living wage definition and corresponding wage setting principles in 2024, the two main advocacy objectives of the Declaration have been met.
The signatories of the Declaration looked for new formats to continue their joint support for living incomes and living wages and decided to form a Like-minded Group to support and advocate for a strong emphasis on decent livelihoods for farmers in the transposition and implementation of the CSDD Directive. They do this by working with the European Commission on accompanying guidelines to the CSDD Directive on living incomes and living wages and, subject to the support of their respective governments, to anchor expectations on the achievement of living incomes and wages in the transposition of the CSDD Directive into their respective national legislations.

Several lessons can be taken from the Joint Declaration and Like-minded Group approach for the promotion of living incomes and living wages by national governments:

- This joint initiative allowed individual countries to take action at their level of ambition without having to wait for all EU Member States to reach consensus on joint priorities.

- A living income and living wage focal point has been nominated in the responsible ministry of each participating country, making coordination and exchanges on the topic easier and faster both between the like-minded countries and with other EU Member States and EU institutions as well as with CSOs and the private sector.

- Internal capacity on living income and living wages has been built at technical level within the respective ministries that helps to keep the topic on the agenda despite changing political priorities.

2.1.2 Labour policies

Labour policies are a key instrument by which governments can support effective industrial relations and create the conditions for long-term sustainable development and growth. Decent wages are central to economic and social development and are essential to reducing poverty and inequality, ensuring a decent and dignified life for workers. Most labour policies focus on the formal sector. Governments should work towards supporting comprehensive and inclusive labour policies that focuses on both the formal and informal sectors to drive actions toward improved wages and incomes for all workers in the country.

Through labour policies, governments create the enabling conditions for workers and employers to collectively bargain and set wages that reflect long-term value for workers and the economy. Labour policies empower wage-setting institutions by determining who can be part of collective negotiations, how wages are calculated, and how wage agreements are monitored and enforced. They also include implementing and maintaining mechanisms accessible for workers to initiate, manage and resolve wage-related disputes. Governments need to ensure that the wage-setting process is informed by adequate national statistical data including household and expenditure surveys.[16] These enabling condition are central to the ILO living wage concept that entails clear estimation and operationalisation principles (ILO, 2024).

Governments should increase the technical capabilities and capacity of trade unions to enable their active participation in the wage-setting process and reduce asymmetries in negotiating power between unions and employers. While wage policies reside with the Ministry of Labour, additional stakeholders should be consulted including: the Ministry of Finance and Economic Planning, Ministry of Trade, Ministry of Agriculture, Competition authorities, the National Statistics Office, as well as stakeholders such as the ILO, employer associations and trade unions.

16. Relevant data for effective wages setting include information on a relevant basket of goods and its costs, GDP growth, sectoral composition, levels of informality, changes in productivity, price inflation, employment and unemployment, income and wage distribution, average wages, trends in compensation, etc.

- **Create an enabling legal framework and support structures to protect union rights and enable collective bargaining:** The outcomes of collective bargaining negotiations in the form of binding agreements play an essential role in labour market governance. Effective collective bargaining, through the representation of workers, is a key intervention through which governments can support living wages and living incomes. It is essential that governments strengthen the rule of law on collective bargaining and wage-setting, including guaranteeing the right to freedom of association and tackling anti-union bias in a country. Priority steps that governments should take to support collective bargaining include to:[17]

> 1. raise awareness on the value of collective bargaining in wage setting for workers, business and society as a whole;
> 2. remove restrictions on when workers can form a union;[18]
> 3. remove high threshold levels of membership for trade unions to acquire the right to bargain
> 4. automatically recognise unions in case of union-busting
> 5. adjudicate swiftly in situations of infringement.

- **Set adequate minimum wages, based on the ILO Minimum Wage Fixing Convention C131, as first step towards establishing a living wage:** To date, 172 out of 187 member states have at least one minimum wage, either statutory or negotiated, in place (ILO, 2022). However, in most producer countries, minimum wages are far below a living wage. Nevertheless, the minimum wage is a core instrument for policymakers to operationalise a living wage. The minimum wage should be used as the starting point for policymakers to progress towards a living wage) in line with the ILO call for a progression of minimum wages to living wages (ILO, 2024). In this respect, policymakers may wish to consider the minimum wage as a proportion of a living wage. Policymakers may use lessons from the ILO's Setting Adequate Wages (SAW) projects, which support ILO constituents in making stronger use of data and indicators in existing wage-setting processes to determine living wages in a given context (see Box 2).

- **Review and update minimum wages regularly:** Minimum wage levels need to be adjusted regularly (for example annually) to take into account changes in the cost of living and other economic conditions. Failure to do so leads to an erosion of the purchasing power of workers who earn the minimum when prices of goods and services are rising, or results in greater wage inequality when the general level of wages is increasing. In addition, the agricultural sector remains highly fragmented in many countries, and wages in rural areas often fail to account for regional variations in the cost of living. As such government policies should reflect the complexities of living standards in different parts of a country, so as to not leave agricultural workers at a disadvantage, especially those in more remote areas.

17. For further reading and recommendations see the ILO's Integrated strategy for the promotion and implementation of the right to collective bargaining (ILO, 2023b; ILO 2018 and ILO 2015a).
18. For instance, in Bangladesh, workers employed in export processing zones are only allowed to form associations but not unions.

- **Monitor and enforce minimum wage agreements:** Ensuring compliance to minimum wages is critical. For example, in India and the Philippines, the Minimum Wages Act and the Labour Code provide legal wage floors for workers. However, many agricultural workers continue to earn less due to weak enforcement. Policymakers should carry out targeted labour inspections and sanction non-compliance to meeting minimum wages and monitor purchasing practices in global supply chains. Enforcement can be supported through awareness campaigns, training employers and workers' representatives and empowering workers on their rights to a minimum wage (ILO, 2016). Monitoring and enforcement of labour laws should also be improved in the informal sector. In many producer countries, labour inspectorates are not adequately staffed, trained or equipped to deal with the dispersed and complex nature of informal work in the agricultural sector. Actions that governments can take include informing about labour laws, build the capacities of inspectorates, and develop outreach mechanisms and tri-partite teams for monitoring and enforcing labour laws (ILO, 2013).

Box 2: The ILO Setting Adequate Wages projects

The ILO's Setting Adequate Wages projects launched in 2023 are a useful resource for policymakers in moving from a minimum wage to a living wage. Both projects support ILO constituents make stronger use of reliable data and indicators on the key factors in existing wage determination mechanisms, and shares good practices and lessons learned globally.

The generic Setting Adequate Wages (SAW) project provides technical assistance on living wages aligned with ILO living wage principles in Costa Rica, Cote d'Ivoire, India and Viet Nam. The project interacts with existing living wage initiatives and seeks to identify national factors and conditions that support and enable wage increases at the macro-level. It also supports measures to raise productivity in some selected enterprises with a view to generate a demonstration effect.

The Setting Adequate Wages focus on the agricultural sector (SAW-A) project, piloted in Cote d'Ivoire, Colombia and Ethiopia, supports measures to raise productivity in selected supply chains to progress the minimum wage towards a living wage. Since many workers in agriculture do not earn wages but cover their needs by selling goods and services on the market, the project also explores the concept of living incomes. The project also evaluates how demand for more sustainable products and trading practices can be a lever for higher wages and labour incomes – and thus could be useful in advancing towards living incomes.

2.1.3 Competition policy

Competition law has often been used by companies as a reason for not taking collective action to address low prices paid to farmers, fearing that cooperation on living wages and incomes could be seen as collusive pricing. The European Commission has early on granted block exemptions to horizontal agreements between competitors in areas such as research and development, production, purchasing, marketing or standardisation.[19] In 2023, following advocacy by NGOs, including the Fair Trade movement, the Commission revised its Horizontal Block Exemption Regulations and issued new Guidelines on Horizontal Agreements.[20] These now include a chapter on sustainability agreements covering living incomes and living wages (Fairtrade International, 2023a and 2023b). The following recommendations can be made on the basis of the European experience and with a view to how competition policy can contribute to sustainability objectives:

- **Exempt from competition law agreements between companies on sustainability-related objectives including collective action on living incomes and wages:** National competition policy should allow companies greater freedom to collaborate for sustainability purposes, including to factor in externality costs, to collectively adopt sector agreements on floor prices or collective bargaining. This could be achieved through block exemptions of such horizontal agreements between actual or potential competitors related to the pursuit of sustainability goals following and going beyond the example of EU competition policy.

- **Provide credible assurances on the harmlessness of pwre-competitive sustainability agreements:** Governments should provide global assurances to companies that any form of pre-competitive cooperation or partnership will not be investigated by competition authorities as anti-competitive conduct if it serves to promote the protection of human rights and the environment. This should apply even if such cooperation may result in higher prices for consumers due to higher costs resulting from fair prices and wages paid to farmers and workers, and without the need to obtain authorisation on a case-by-case basis. If case-by-case authorisation is required, guidance given by competition authorities should be made publicly available to increase transparency and legal certainty for all market actors.[21]

19. Article 101(1) of the Treaty on the Functioning of the European Union ('TFEU') prohibits agreements between undertakings that restrict competition unless they generate efficiencies in line with Article 101(3) of the Treaty.
20. Commission Communication (2023/C 259/01).
21. An example of good practice is the publication by the UK's Competition and Markets Authority (CMA) of the informal guidance it provided as part of its open-door policy to the Fairtrade Foundation on its Shared Impact Initiative for the sourcing of Fairtrade banana, coffee and cocoa products by participating UK food retailers. In issuing the guidance, the CMA sought to help similar arrangements to proceed with confidence that they comply with competition law (CMA, 2023).

- **Align competition policy with sustainability goals:** In the longer term, a reconsideration of the notions of economic efficiency, fair competition and consumer welfare is necessary to include the well-being of future generations and of the planet. In addition, environmental and human rights impacts should be considered in merger control and decisions on anti-competitive practices, thereby enhancing the coherence of competition policy with the pursuit of sustainability objectives in other policy areas such as environment, labour and development.

- **Strengthen the EU Unfair Trading Practices (UTP) Directive:** The EU adopted the UTP Directive in 2019 to address the imbalances between small and large operators in the food supply chain. The EU is currently assessing the measures taken by EU Members States in response to the Directive with a view to its possible revision.[22] This is creating momentum to strengthen the Directive in several respects:

1. Policymakers from EU Member States should add selling and buying below the sustainable cost of production to the "blacklist" of prohibited unfair trading practices and extend this prohibition to operators placing agri-food products on the EU market.[23]
2. The concept of sustainable cost of production should include a decent income for farmers and agricultural workers as well as the cost of compliance with the UTP Directive and other relevant sustainability due diligence and reporting legislation.
3. Policymakers from both consumer and producer countries should ensure that suppliers exporting to the EU are aware of their rights and receive pracwtical information about how to file complaints under the (revised) UTP Directive so that power imbalances and asymmetric information is no longer a barrier to the exercising of their rights.
4. Producer countries should legislate that exporters to the EU benefitting from the UTP Directive include fair prices in their contracts with their direct suppliers. This would help to cascade fairer prices and wages up the supply chain, ensuring that value is shared with upstream smallholder farmers and workers in global agricultural supply chains.
5. Governments should make the results of their enforcement activities publicly available and name the companies that were found to adopt unfair trading practices. For example, the Spanish Food Supply Chain Law (Law 16/2021), which operationalises the EU UTP Directive, requires the government to maintain a publicly accessible database on number of corporates sanctioned.[24]

22. Article 7 of the Directive states that "[…] unfair trading practices are likely to have a negative impact on the living standards of the agricultural community. That impact is understood to be either direct, as it concerns agricultural producers and their organisations as suppliers, or indirect, through a cascading of the consequences of the unfair trading practices occurring in the agricultural and food supply chain in a manner that negatively affects the primary producers in that chain". Article 12 states that suppliers established outside the Union should also "enjoy protection against unfair trading practices when they sell agricultural and food products into the Union. Not only are such suppliers liable to be equally vulnerable to unfair trading practices, but a broader scope could also avoid the unintended diversion of trade towards non-protected suppliers, which would undermine the protection of suppliers in the Union" (European Commission, 2019). 23. While sales or purchases below cost are not specifically governed by the Directive, four EU Member States (Spain, Croatia, Hungary, Italy) have opted for stricter rules in the transposition of the Directive by including a prohibition of sale or purchase below production cost in national legislation (European Commission, 2024b). 24. Through this law, producers have the right to anonymously report anyone who purchases their produce at a price below their cost of production, which they self-determine for their products on a case-by-case basis. The purchase of produce at a loss is punished with a fine of €3,000 to €100,000, with repeat offenders fined at a higher rate, from €100,000 to €1 million.

2.1.4 Trade, investment and industrial policies

Trade, investment and industrial policies can provide further levers for governments to promote living incomes and living wages in global agricultural supply chains. The EU and other consumer countries that are importers of agricultural commodities are increasingly adopting sustainability-related trade policies based on non-product-related process and production methods (PPMs). These policies impose requirements on the way products are produced that are not directly related to their physical characteristics. The aim is to regulate imports of goods whose production is linked to specific sustainability issues, such as deforestation, child labour or forced labour.

Besides restricting imports of products whose production is linked to specific human rights violations or environmental degradation, the EU unilaterally grants preferential access to its market to certain developing countries under the Generalised System of Preferences (GSP).[25] The scheme includes explicit human rights conditionality, and preferences can be withdrawn in cases of massive and systematic violations of core human or labour rights (negative conditionality). In addition, countries applying for GSP+ status have to demonstrate the effective implementation of 27 core international conventions (positive conditionality).[26] These include the 15 core human and labour rights conventions that all GSP beneficiary countries must respect plus additional conventions regarding environmental protection and good governance. Finally, the EU since 2011 is including trade and sustainable development (TSD) chapters into its free trade agreements with countries not benefitting from unilateral trade preferences under the GSP. These chapters commit the parties to respect international rules and standards related to labour rights and environmental protection, including climate. Similar commitments are also contained in Economic Partnership Agreements that the EU concluded with several African, Caribbean and Pacific (ACP) countries that have no preferential access to the EU under the GSP.

25. The EU GSP consists of three arrangements: EBA (Everything But Arms) for Least Developed Countries (LDCs) which benefit from duty-free, quota-free access to the EU market; Standard GSP for low and lower middle income countries which are granted a partial or full removal of customs duties on two thirds of tariff lines; and GSP+, which reduces tariffs to 0% for the same tariff lines as for Standard GSP beneficiaries, is based on application and requires applicants to ratify and comply with 27 international human rights, labour rights, environmental and good governance conventions. 26. See European Commission (n.d.) for a list of the 15 human and labour rights conventions that all GSP beneficiaries are expected to respect and the 27 conventions on which GSP+ preferences are conditioned.

The following recommendations are intended to strengthen the effectiveness of these sustainability-related trade policy instruments in enabling living incomes and living wages in global agricultural supply chains:

- **Apply sustainability-related trade policies to wage and income related impacts:** Trade policies based on PPMs can also be applied to wage and income-related PPMs of agricultural products. This would mean to restrict or prohibit the import or marketing of such products if they are associated with wage or income-related impacts, such as sourcing them from primary producers at prices below the cost of sustainable production, or from farms that pay wages below national minimum wages.[27] In designing such policies, policymakers need to carefully assess their external impacts and consult with producer countries to ensure that these policies contribute to sustainable livelihoods for farmers and workers in the upstream of global supply chains. It is equally important to monitor the impact of such policies on trade flows and volumes to identify any negative impacts on producer countries.

- **Strengthen the effectiveness of unilateral trade preference schemes and free trade agreements for promoting fair prices and wages:** Consumer countries should link trade preferences granted in trade agreements to partner countries' commitments to implement core human rights and labour standards regarding wages and incomes following the example of the EU GSP and the TSD Chapters in EU trade agreements. A particular emphasis should be placed on the actual implementation of conditionalities related to trade preferences. Additional technical assistance should be provided as it is often needed to translate political commitments into improvements on the ground in areas such as labour inspections, freedom of association, collective bargaining, discrimination against women and the promotion of the decent work agenda.

- **Advocate for reformed WTO rules that facilitate sustainable trade policies:** Member governments of the WTO should engage in its councils and committees on reforming WTO rules with a view to removing obstacles for the use of sustainability-related trade policies.

- **Turn sustainable agricultural production into a competitive advantage:** Producer countries should consider sustainable production practices as a competitive advantage in view of increasing export market expectations on the sustainability of their products and production processes. In this context, the international competitiveness of producer countries may no longer be determined primarily by low-cost production, but by lower social and environmental risks associated with the products they trade. Exporting countries of agricultural commodities should pursue national policies that promote sustainable production and farm profitability, which in turn contribute to higher incomes for farmers and farm workers, and reduce the human rights and environmental risks associated with their exports.

27. A similar effect could be achieved by extending the scope legislation that prohibits unfair trading practices beyond the importer to upstream tiers in the supply chain. See sub-section 2.1.3 on this recommendation.

- **Use investment facilitation instruments to stimulate investments into sustainable agricultural practices and technologies:** Investment facilitation agreements between producer and consumer countries of agricultural commodities can be an effective instrument to combine investment promotion and support with commitments to the respect of international labour rights and incentives for investments into sustainable agricultural practices such as agroecology.[28]

Industrial policy can also be used to support higher incomes and wages in agricultural supply chains if governments ensure that industrial transformations such as those to a digital and green economy are also just transitions that contribute to enhanced productivity and the creation of quality jobs in the sector. Conversely, if industrial policy is instead driven by a competitiveness agenda that exclusively calls for deregulation, it may undermine labour standards and put pressure on wages and livelihoods.

- **Use industrial policy to restructure the distribution of value in global supply chains:** By promoting sustainable production methods and skills and supporting local producers and firms to increase productivity, diversify and move up the value chain, agricultural commodity producing countries can improve local value addition and, in turn, the market power of domestic producers and suppliers, leading to a fairer distribution of the value created in global supply chains.

28. The first Sustainable Investment Facilitation Agreement (SIFA) concluded between the EU and Angola, which entered into force on 1 September 2024, is a good practice example for the integration of sustainable development objectives into bilateral investment relationships. The reciprocal agreement includes commitments to the effectively implementation of international labour and environmental agreements and to not weaken environmental or labour laws and standards for the sake of attracting investment.

2.1.5 Tax policies

Governments of both producer and consumer countries have multiple options to turn their taxation systems into a lever for sustainable production and consumption such as differentiated tax regimes that reward sustainable products, which respect certain criteria on prices and/or wages received by farmers and agricultural workers.

- **Use the tax system to reflect the true cost of production and to achieve fair prices for farmers:** Consumer countries should use their tax and customs systems to internalise external costs so that prices of agricultural and food products reflect the true costs of production. This can be achieved in a socially acceptable way, for example, through a budget-neutral Value Added Tax (VAT) that makes unsustainable products more expensive and lowers the price of products whose production does not entail negative social and environmental costs, while keeping the overall price level constant. At the same time, subsidies for domestic production of internationally traded agricultural commodities should be eliminated to protect low and middle income producer countries from unfair competition and downward pressures on prices.

- **Use the tax system to incentivise sustainable production:** Producer countries should provide tax rebates or subsidies to farmers who switch to sustainable production methods, such as agroecology, and to processing activities, such as cocoa grinding, to encourage value-added processing and income generation in-country.

- **Promote formalisation in the agricultural sector:** Fiscal incentives for producers will only be effective if they operate in the formal economy. They must therefore be accompanied by measures to reduce the barriers to formalisation for farmers. Good governance and the rule of law are important prerequisites for reducing informal economic activities. Specific measures can include transparent tax collection or subsidy administration, for example through the public announcement of tax and subsidy rates and conditions, and the use of electronic means of payment.

- **Make tax collection transparent and reinvest revenues to benefit farmers:** Governments can build trust by being transparent about the use of tax revenues, and make taxes more socially acceptable by reinvesting revenues into the sector to increase productivity through research, extension services, investment in infrastructure and social security systems.

2.2. Specific policy options for producer countries

Putting in place the enablng policies to support living wages and a living income are particularly important for countries where agricultural production is a core sector of the economy. This section puts forward recommendations that are targeted to policymakers from producer countries. While the focus is on prices and wages paid in agricultural production, price mechanisms should not be viewed as the only intervention available to policymakers to enable living incomes. Policymakers will need to consider a comprehensive approach to how agricultural markets can be transformed to enable a decent standard of living for farmers and workers.

Considerations for the pricing of agricultural commodities

Revenues from the sale of agricultural products is the main form of remuneration for smallholder farmers, contract farmers and family farms producing agricultural commodities. As such, the price paid to farmers for their produce is a core determinant of their expected incomes. Whilst many producer countries have little influence on their export prices, they can influence how an export price translates into a producer price. The following recommendations consider pricing mechanisms that can give farmers stability on prices and contribute to higher incomes and wages.

Box 3: The Living Income Differential (LID) in the cocoa sector

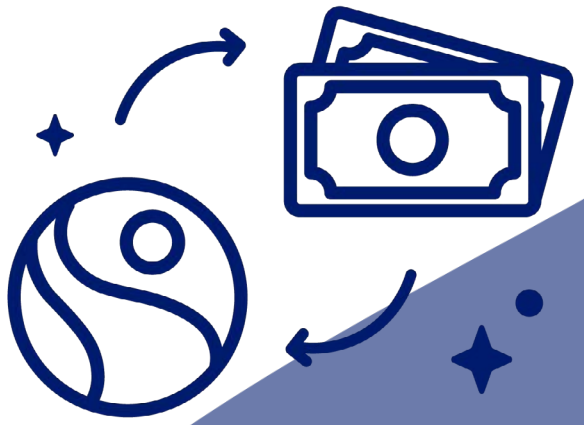
In 2019, the governments of Ghana and Cote D'Ivoire launched the Living Income Differential (LID) which requires international buyers to pay an additional US$400 per ton of cocoa on top of the export price of cocoa from the 2020/21 crop. With low farmer incomes identified as a critical driver of multiple sustainability issues in the cocoa sector, this differential was meant to enable cocoa farmers to earn a living income in response to the persistent challenge of poverty in cocoa farming communities. The LID aims to benefit farmers directly, reduce poverty levels, and help to combat child labour. The outcomes of the LID have been mixed. The reasons for this range from the impact of COVID, the actions of market players to circumvent the LID, to the business models and incentives of traders and the structure of the futures market, to farmer diversity, and the lack in transparency in how value to farmers was distributed.

Pricing mechanisms can result in unintended consequences. Without expectations for change in how a commodity is produced (i.e. no deforestation, no child labour), a higher prices may increase these risks while lowering the world market price as supply increases. Price mechanisms like the LID should be accompanied by better transparency on the distribution of value as higher prices may not mean higher incomes for farmers if absorbed by middle-men and traders.

29. The risks of price increases to consumers is not as significant given the percentage of total price that goes towards the payment for the primary agricultural product (IDDRI, 2024).

- **Define a reference price for specific agricultural commodities as a starting point towards a living income:** Achieving a decent standard of living for farmers is a responsibility that policymakers can help support, but ultimately depends on the pricing policies and purchasing practices of buyers. Governments, in setting policies to support a living income, need to understand the cost of sustainable production and the components of a decent standard living, to understand how prices can support living incomes. Fairtrade has developed a Living Income Reference Price (LIRP) for selected commodities and this could be a useful resource for policymakers as they estimate the gap between prices and a living income (see Box 4 for the methodology used to arrive at the Fairtrade LIRP). In Ghana and Cote d'Ivoire, the Living Income Differential (LID), helps cocoa farmers earn a living income (see Box 3). It should be noted that the LID was not based on living income calculations. Nonetheless, it has served as a step towards a living income for many cocoa farmers (Oxfam Belgie/Belgique, 2024).

- **Consider floor prices for selected commodities:** The governments of Ghana and Cote D'Ivoire have a regulated floor price (i.e. a farm gate price) for cocoa farmers based on sales from the previous year (Staritz et al, 2023). The majority of cocoa farmers (73-90%), do not earn a living income (van Vliet et al, 2021). The floor price (farm gate price) in Ghana and Cote d'Ivoire was until 2023 still below the amount needed for a cocoa farmer to earn a living income. However, with the increase in Cote d'Ivoire and Ghana farm gate prices in October 2024, the gap to a living income would be closed as based on the Fairtrade LIRP (Fairtrade International, 2024). Floor prices are also being considered in France for selected commodities to provide a minimum level of pricing and to increase the negotiating power of farmers vis a vis food manufacturers and retailers (Politico, 2024). Despite the risks of floor prices such as higher prices for consumers and oversupply, in cocoa for example, floor prices can provide farmers with stability during a season (intra-seasonal stability) (Staritz et al, 2019).[29] Floor price discussions may also promote transparency in how value is shared across the value chain. Research has shown that even if farmers' revenues were to directly increase via floor prices, small farm sizes and low productivity levels lead to few farmers moving to a higher income group (Wageningen Economic Research, 2019). In the cocoa sector in Ghana and Cote d'Ivoire, farmers might get more for their cocoa, but they will harvest at lower volumes (Oxfam Belgie/Belgique, 2024). As such, actions to support a living income in the agricultural sector will need to include additional interventions such as productivity improvements, higher value-added activities such as processing, investment in the sector, land reform and additional income generating measures for farmers (van Vliet et al, 2021; CIFOR- ICRAF, 2024).



- **Evaluate how supply can be managed through long-term commercial relationships:** One way to manage prices is to manage supply of a commodity. The risk of oversupply could potentially be managed by encouraging long-term commercial relationships and sourcing commitments from buyers. In the cocoa sector, producing countries could strengthen supply management by building buffer capacity, imposing export quotas and limiting production to enforce higher prices (Oxfam Belgie/Belgique, 2024). This would provide producers and policymakers with oversight into demand and enable them policymaker to better manage supply.

2.2.2. Considerations beyond pricing

Fair prices paid for agricultural products, albeit an important element in supporting living incomes, is only a part of the solution. A comprehensive approach to supporting living incomes needs to take into consideration land and productivity issues, climate change, land tenure, the cost of farm inputs (including energy), access to finance, sustainable agricultural practices, formalisation of the sector and increasing the value addition component of the sector (van Vliet et al, 2021, CIFOR- ICRAF, 2024).

Landscape approaches can help to meet the increasing demand for food, conserve ecosystems, support resilient rural livelihoods and target sustainable intensification and help manage the competing demands for land, water and other natural resources (FAO, 2017). Policy actions to

Box 4: The Fairtrade Living Income Reference Price

Fairtrade International's Living Income Reference Price (LIRP) could be a useful model for policymakers to develop price expectations in line with a living income. The LIRP indicates the farmgate price needed for a typical farmer household with a viable crop area, and sustainable productivity level, to earn a living income from sales of the crop. To calculate a LIRP, producers and local experts agree on realistic values for four key variables in the equation:

- Cost of a decent standard of living;
- Sustainable yields (productivity benchmark);
- Viable crop area to fully occupy the available household labour;
- Cost of sustainable production including the remuneration of hired labour at a living wage.

The LIRP is rooted in the right for a farmer to make a living income through what their farm produces – when it is a full-time job and reflects a shared responsibility by buyers and producers to achieve a living income.

While paying a LIRP is voluntary for companies and not required under Fairtrade standards, companies sourcing under Fairtrade terms already commit to paying at least the Fairtrade Minimum Price as a step towards LIRP and a safety net when market prices drop. The LIRP model is still evolving to increasingly factor in the costs of agroecological production practices and associated sustainable yield levels.

support farmers should include policies to protect farmers from climate change and engage them as stewards of the land (Iseman, T. and Miralles-Wilhem, F. 2021). Such activities may be paid for through improved tax revenue, capital market instruments (e.g. green or social bonds), or donor contributions.[30]

- **Support farmers to diversify and move up the agricultural value chain:** Given the structural limitations for some farming households to earn a living income from growing and selling a single crop, policymakers should support the diversification and transformation of the sector into higher value-added activities. The range of business models that make up an agricultural value chain include farm enterprises, traders, agri-processors, wholesalers, transporters, warehouses and retailers, among others. Policymakers may consider ways to support farmers to transition into higher value-added agribusinesses activities, to diversify into other crops or develop side businesses such as bee-keeping, poultry farming, or soap making. There are many local business innovations that can protect farmers against income loss if one crop fails and make them more resilient to climate change. In addition, policymakers can strengthen the role that producer organisations and cooperatives play in agricultural supply chains, take measures to increase the reliability and stability of demand from buyers, ensure that farmers benefit from participating in public private partnerships and support their transition into high value and staple crops (FAO, 2015).

- **Support the formalisation of farms and improve business skills of farmers:** The transition from the informal to the formal economy is essential to realise decent work for all. The main challenges facing small farmers include low and fragmented production, lack of access to extension services and finance, and weak marketing capacity (FAO, 2015).[31] Policies that allow group formation – such as the development of producer organisations, can help farmers access local, regional or global supply chains (ILO, 2019). Policymakers, in collaboration with cooperatives or through public private partnerships (PPPs), can help professionalise the sector by improving farmers' business skills, including on record keeping and farm management (FAO, 2016). Farm production cost information and transparency on farm-level data (e.g. input costs, production levels, incomes, environmental and biodiversity indicators), can also guide policymakers in supporting price setting and shaping policy decisions on affordable finance, inputs and services. By supporting the capacity of farming families to collect and analyse data on costs of production, policymakers can facilitate better decision-making by farmers. Support to farmers and small businesses in agriculture to build entrepreneurial skills will enable farmers to understand how certain efforts and farm investments will pay off.

30. Brazil's Coffee Economy Defense Fund FUNCAFE, which is a national coffee fund with an annual budget of over 1.3 billion USD. FUNCAFE provides loans to coffee stakeholders in Brazil, including producer cooperatives, part of these funds could support improvements in productivity (Revista Cultivar, 2024). In Peru, work on living incomes in coffee was supported through national and provincial budgets to reduce the cost of healthcare as well as infrastructure. 31. The ILO Recommendation R204 (ILO, 2015) on how to transition from the informal to the formal economy, provides useful recommendations to guide policymakers in this regard.

- **Support farmers through the provisions of extension services, access to affordable financing, infrastructure investments, land tenure and human capacity:** Farmers need to be supported to invest in their farms and implement sustainable agricultural practices. The transformation to more sustainable agrifood systems needs investments in agriculture, rural infrastructure, natural resource management and climate resilience. Building agriculture human capital is fundamental to developing equable, secure, resilient and sustainable farming communities (Gammelgaard, J. et al, 2023). Policymakers could support payments for ecological services or environmental payment services that reward farmers for practices such as reforestation or non-deforestation.

- **Support farmers in transitioning to agroecological practices:**[32] Good agricultural practices could be a differentiator resulting in higher prices and incomes. With the increase in extreme weather events such as droughts, floods, plant disease and pests, farmers are faced with severe climate related risks to their business viability. A proactive adaption of resilient production models and agroecological practices could improve climate resilience, including through improved soil health and biodiversity. Fostering agroecology to build resilience should be recognized as a viable climate change adaptation strategy (Liepert et al, 2020). Support to farmers to imp rove soil health and organic content, practice low-till agriculture, use of cover crops and shift to natural bio-based fertilizer and renewable energy is needed. Policymakers may also wish to consider how carbon farming and market-based mechanisms (for example incentives to farmers for carbon capture and biodiversity improvements) can support good agricultural practices (EEB, 2021).

32. Agroecology is an integrated approach that simultaneously applies ecological and social concepts and principles to the design and management of food and agricultural systems. It seeks to optimise the interactions between plants, animals, humans and the environment while taking into consideration the social aspects that need to be addressed for a sustainable and fair food system (FAO, 2018).

2.3. Crosscutting issues

2.3.1. Ensuring equal rights for women across all policy areas

Living incomes and living wages are also an effective tool to address gender inequality.[33] Women make up 43 percent of the global agricultural labour force, but face significant discrimination when it comes to land and livestock ownership, equal pay, participation in decision-making entities and access to credit and financial services (FAO and CGIAR, 2018). This in turn limits their ability to realise a living wage or living income.

- **Ensure that laws and regulations guarantee equal rights for women:** In the agricultural sector, female farmers are often unable to own the land on which they work, earn less than men, are underrepresented in management positions, and are disproportionately represented in precarious, informal and low-paid work. Policymakers should address these forms of discrimination against women through gender responsive labour policies, and the collection of sex-disaggregated wage and income data to identify the forms and extent of gender-based discrimination.

- **Support the inclusion of women farmers to enhance farm profitability:** In addition to limited ownership and control over assets and resources such as land, water and farm inputs, women in agriculture often lack access to advisory and extension services, technology, finance, training and information on prices or weather conditions. These gender inequalities are often exacerbated by women and girl's generally lower level of education, which in turn keeps them in low-skilled jobs and fewer decision-making roles. Policymakers in both producer and consumer countries can support women farmers by:

> 1. enforcing equal opportunities in agriculture including access to finance for agricultural activities, and supporting programmes that facilitate access to trainings and technical skills development for women smallholder farmers; women-led farmer cooperatives can play an important role here;
> 2. challenging gender norms and structures to rebalance power distribution between genders for example abolishing discriminatory laws and practices that are often anchored in social and cultural norms of what is acceptable or typical in terms of women's roles notably in agriculture;
> 3. supporting the development of women networks that aim at strengthening the position of women; and
> 4. increasing the visibility of women's roles and contributions. Policies that contribute to women's equal participation in agriculture not only increase their chances of earning a living wage or income, but also lead to increased agricultural productivity, benefiting the sector as a whole.

33. The ILO adopted conclusions on living wages under "Ensuring gender equality and non-discrimination", states that "The operationalization of living wages should aim to close gender pay gaps and end wage discrimination, taking as a basis the principle of equal pay for work of equal value".

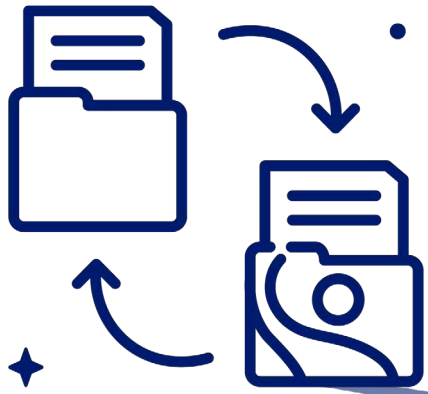
2.3.2 Valuing data and promoting uptake of digital tools

Reliable, timely and quality data on living incomes and living wages should be valued by all stakeholders. Many governments and international organisations provide country level wage-related data such household expenditure data, productivity data, price inflation and income data. Publicly accessible databases would promote interoperability and minimize the time and cost for all stakeholders involved.

- **Find ways to incentivise farmers to provide farm-level data:** There is a growing demand for granular, farm level data from buyers and investors, certification groups and regulators. This burden of generating those data is currently falling onto farmers and there is little acknowledgement of the time that is needed to collect and make available such data. Governments, and relevant international organisations, in coordination with data users, should develop standardised and cost-effective gateways for collecting and exchanging farm-level data. Farmers contributing their data to these gateways should be adequately compensated, for instance through direct payments, fiscal incentives or access to training and support.

- **Improve the quality and availability of data for living income and living wage estimations:** Governments should encourage and facilitate collaboration between National Statistics Offices (NSOs) with relevant ministries, international organisations (e.g. ILO, World Bank, FAO, OECD, EU), and private sector initiatives, to reduce the costs associated with the collection and analysis of data on the elements of a decent standard of living in a country. Governments also have a role in ensuring that data collected and used for calculating living wage and income benchmarks are reliable and of high quality and that the calculation methodologies used comply with ILO recommendations and international best practices. The newly introduced EU Agriculture and Food Chain Observatory (AFCO) might be a suitable institution to provide a platform for the quality control and dissemination of living wage and income benchmarks and reference prices. CSOs and trade unions should be given a role in monitoring the data collection and benchmark calculation process.

- **Support farmers in using digital tools:** Technology has long been promoted by governments and development organisation as effective ways to increase farm productivity and reduce poverty. However, adoption of many beneficial technologies still remains low. Farmers are using digital tools for forecasting, optimising farm decisions, or monitoring of prices, weather forecasts or precision applications. According to Bayer's 2024 Farmer Voice Survey, on average, globally 65% of farmers are using digital tools. Although this number is lower in China (49%), Kenya (42%) and India (8%), farmers in these countries plan to implement more digital tools in the future. The main factors driving digital adoption are economic – 88% of farmers in the survey cited improved crop yields as a motivation to use digital applications, with 85% citing cost savings, and 84% improved crop quality (Bayer, 2024).



2.4. Policy coherence

An enabling policy environment for living incomes and living wages in global agricultural supply chains requires measures across various fields of public policy that need to work in harmony to be effective. This requires coherence among policy instruments used to achieve sustainable supply chains such as due diligence regulations, disclosure requirements or import bans. It also requires coherence between these supply chain policies and other government policies that directly or indirectly affect company behaviour such as competition policy, taxation, financial market regulation, trade policy, industrial policy, climate policy or foreign relations. Policy coherence means that no measure taken to enable a living income and living wages in one of these policy areas should be undermined by a measure taken in another relevant policy area (Fairtrade Belgium, 2024). A 'smart mix' of mandatory and voluntary policy measures is also only smart if designed to create an ecosystem of coherent expectations on, and incentives for companies. The following actions can help policymakers to achieve greater coherence in their wage- and income-related policies and support measures, thereby facilitating the implementation of living income and living wage commitments by companies:

- **Align wage and income related policies with international standards:** At the European level, alignment of the various horizontal and issue-specific due diligence, reporting and trade measures with international standards such as the UNGPs and the OECD MNE Guidelines is mixed. This adds to the complexity of the EU's Green Deal policies. Member States should advocate for increased harmonisation, internal coherence and alignment of EU policies with international standards of these policies when transposing them into national legislation, during their implementation and in their regular reviews and evaluation.

- **Achieve a coherent global level playing field for companies through international policy and regulatory cooperation:** International cooperation, for example through a country's membership of international and regional organisations and multilateral development banks, is recommended to promote policy coherence and a global level playing field in terms of wage- and income-related expectations on companies, and to avoid duplication in related accompanying support measures. Governments should ensure their international human rights commitments, including to a decent standard of living for farmers and farm workers, are mainstreamed in the design and implementation of national polices.

- **Promote international cooperation and alignment on methodologies, approaches and criteria used to develop living income and wages benchmarks:** To give companies guidance in their selection of a methodologically sound benchmark and to encourage greater harmonisation and comparability between benchmarks, governments supported by international organisations should promote common principles and minimum criteria for living income and living wage benchmark methodologies. The ILO living wage concept with its estimation and operationalisation principles should be the common reference for living wage benchmarks. A similar alignment between governments, international organisations, employers, farmers, benchmark providers and unions should also be achieved on a living income concept and estimation criteria. Governments also have a role in promoting the use of these concepts and criteria through references in national legislation, public procurement practices and their participation in MSIs.

- **Use cross-sectoral plans to foster coherence of actions to promote living incomes and living wages:** For countries that have not incorporated due diligence expectations in national legislation, cross-sectoral plans such as National Action Plans on Business and Human Rights (NAPs) can be a useful tool to support policy coherence through interministerial coordination, mainstreaming and monitoring of policies and actions to promote living incomes and living wages.

- **Nominate national Living Income and Living Wage Focal Points to facilitate policy coherence:** Different line ministries and agencies, such as those responsible for labour, agriculture, economic affairs, competition, National Statistics Offices and foreign or development policy will need to work together to ensure a coherent policy environment for living incomes and living wages. Nomination of a National Living Income and Living Wage Focal Point in a lead ministry can help to coordinate wage and income-related policy initiatives across ministries. This Focal Point can also act as a main point of contact for countries and stakeholders working towards achieving living incomes and living wages in global supply chains, to provide information on national resources, approaches and learnings regarding living wages and living incomes including on sector- and commodity-specific contexts and data.

- **Ensure coherence among the support offerings at national, regional and international levels:** Just as there is a need for a coherent regulatory environment, there is a corresponding need for a coherent approach to the design and implementation of accompanying support measures. A complex support ecosystem for supply chain sustainability is emerging at the level of international organisations, the EU, consumer and producer countries, as well as through support from multi-stakeholder initiatives, industry alliances, CSOs and private solution providers. Close coordination between these actors is needed to avoid duplication and fragmentation in support offerings. Government-sponsored international standard-setting bodies such as the ILO, OECD or UNECE-UN/CEFACT should be supported in developing global standards, criteria and common principles for public and private support providers to ensure harmonisation in their tools and solutions for companies. Examples of such harmonised tools include common credibility criteria for voluntary sustainability standards, common assessment frameworks for social audits, or data exchange standards to ensure interoperability of traceability systems.

3. Harnessing the government´s role as an economic actor

Governments in many countries participate in market transactions as major buyers, employers, lenders or services providers. In all these areas, they can send important signals to other market participants by paying fair prices and living wages . The UNGPs clarify that states are not only expected to protect human rights but also to respect them in their role as economic actors.

This chapter presents recommendations to governments on how they can demonstrate leadership on living incomes and living wages in their own commercial activities. In doing so, they will not only send important signals to markets, but can also enhance the credibility and coherence of their policies and regulatory initiatives aimed at creating an enabling environment to support and promote fair wages and prices in global supply chains.

3.1. Public procurement

In many countries, governments are the largest buyer of goods, services and public works. In OECD countries, public procurement accounts for approximately 12% of GDP (OECD, 2023a). Every year, over 250,000 public authorities in the EU spend around 14% of GDP (around €2 trillion per year) on the purchase of services, works and supplies according to data reported by DG GROW (European Commission, 2024a). EU public buyers are also expected to meet the expectations of the EU Unfair Trading Practices (UTP) Directive which states that the Directive applies to all public authorities acting as buyers (European Commission, 2019).

- **Incorporate wage- and income related social objectives into public procurement policies and frameworks:** While value for money remains a key consideration, increasingly governments are considering factors such as human rights, the environment and gender in their buying decisions (OECD, 2020). Integrating a commitment towards living income and living wages in Central Purchasing Bodies' (CPBs) policies can help governments demonstrate to their citizens that they are meeting their global commitments on human rights and sustainable development. Integrating such considerations into CPBs remit will also prepare governments for potential changes to the EU CSDD Directive, where public procurement may be in-scope when the Directive is reviewed. Policymakers in many OECD countries have started exploring the incorporation of

risk-based due diligence to address social and environmental risks into public procurement strategies and frameworks (OECD, 2020). This consideration should be taken on board by policymakers from all countries. Key elements of governments' purchasing practices could include:

1. fair pricing to farmers and workers to meet living incomes and living wages
2. contract performance conditions linked to fulfilment of sustainability objectives
3. Introduction of minimum mandatory sustainability criteria (see Minimum Standards for Public Canteens in the EU from ICLEI, 2022).

- **Reward products that meet fair trade criteria in public procurement:** The government of France requires a percentage of at least 50 percent of sustainable products, including products considered meeting fair trade criteria, in the public procurement of food catering services for educational and health institutions.[34] Policymakers could consider strengthening this requirement by including an expected minimum threshold of fair trade products. In cases where public procurement bodies might not be able to source products that fulfill these criteria, procurement authorities may start a dialogue with market actors and to use weighted award criteria for sustainability aspects including living incomes and living wages, versus a mandatory award criterion.

- **Acknowledge suppliers' and contractors' efforts to pay living incomes and living wages in their award criteria:** Public procurement authorities could include wage and income related criteria into the selection of suppliers and contractors: Such criteria can include efforts demonstrated by bidders on closing living income and living wage gaps; or participation in certification schemes that include expectations on living incomes and living wages. At a minimum, governments could commit that suppliers that win public tenders, have the capacity to pay the minimum wage and follow-up on monitoring this commitment.

- **Ensure ambitious transposition of public procurement related provisions of the EU CSDD Directive:** Article 31 of the EU CSDD Directive states that member states may consider compliance with the Directive among the social and environmental aspects that they set as award criteria for public procurement or concession contracts. Likewise, violation of obligations under the Directive may be considered an exclusion criterion from public contracts. Public buyers in EU Member States should:

1. recognise due diligence on wages and incomes as a selection criterion for the award of a public contracts; and
2. Consider rewarding companies that enable living incomes and wages beyond what is required by the EU CSDD Directive.

Non-EU consumer countries should follow the example of the EU CSDD Directive in linking compliance with supply chain due diligence legislation and the award of (or exclusion from) public contracts.

34. These requirements are set out in the EGAlim law of 2018 that is complemented by the Climate and Resilience law of 2021e.

3.2. State Owned Enterprises, and the government as an employer

State Owned Enterprises (SOEs) are among the largest corporations in some advanced economies (France, Italy, Norway) and comprise one-third or more of the largest firms in several emerging markets (China, India, Indonesia, Malaysia, Russia, Saudi Arabia, United Arab Emirates) (Kowalski and others 2013). The UN Guiding Principles for Business and Human Rights stipulate that "States should take additional steps to protect against human rights abuses by business enterprises that are owned or controlled by the state, or that receive substantial support and services from state agencies such as export credit agencies and official investment insurance or guarantee agencies, including, where appropriate, by requiring human rights due diligence" (UN-OHCHR, 2011).

- **Include commitments to living wages and living incomes into policies and business strategies of SOEs:** Government owned enterprises, like other businesses could lead by example on living wages and living incomes (OECD, 2023c; UN Global Compact, n.d.) and can do so through:

1. Making public their commitment towards ensuring a living income and living wages. This could be done by publishing corporate commitments and polices on corporate websites and by including selected living wage benchmark and underlying criteria in reporting.
2. Making a commitment to paying a living wage for all categories of workers in their operations e.g. the SOE's own employees, core contractors, workers in the first-tier supply chain, etc.
3. Closing the gap between actual wages and living wages by selecting a living wage methodology in line with the ILO conclusions, setting a roadmap with clear timelines, and reporting regularly on progress towards a living wage.
4. Incorporating living wage policies into a fair-pay approach to improve the quality of the working environment in sourcing countries.

Commit to paying public sector employees a living wage. The government is often the largest employer in the formal sector employing teachers, health workers, civil servants and others (World Bank, 2021). In many developing countries, policymakers should lead by ensuring that the minimum wage for government employees is commensurate with a living wage. In many developing countries, policymakers should lead by ensuring that the minimum wage for government employees is commensurate with a living wage.

3.3. Industry and trade promotion and international development cooperation

Governments can leverage their industrial and trade promotion activities, as well as the provision of development assistance, to promote living incomes and living wages. They can do so by making their financial or technical assistance conditional on the respect for human rights including decent wages and prices paid by beneficiaries.

- **Align economic benefits and incentives for companies with social objectives:** Governments must ensure that any private sector investment or trade activity that they support through their industry and trade promotion activities, such as trade finance, political risk insurance or technical assistance, is linked to binding commitments by the company to pay living wages and prices that enable a living income in the operations that benefit from the public support.

- **Reward company action on living incomes and wages through public trade and investment promotion and development cooperation:** Governments should consider incentivising companies to adopt and implement living wage and living income commitments through preferential access to trade promotion and development assistance. This can, for example, include prioritised participation in trade missions, or reduced tariffs or taxes for products certified for the respect of decent work principles and fair prices in their production and trade. In addition, criteria related to living incomes and wages should be included in the evaluation of company applications for any form of public support or state aid.

- **Apply high social safeguards to private-public partnerships and development finance with the private sector:** Governments and international development banks increasingly use private public partnerships and innovative financial instruments such as guarantees or blended finance to mobilise private sector resources for investments in developing countries. Development agencies need to apply high social safeguards and standards in their engagement with the private sector including robust systems along the whole implementation chain of development financing projects to ensure that companies in their supported operations abide by those standards including the payment of adequate prices and wages.

4. Governments as partners in stakeholder collaboration and support

The convening power of governments makes them important enablers of multi-stakeholder initiatives and catalysts for collective action towards living incomes and living wages in global supply chains. By accompanying policies and regulations with support to affected stakeholders, governments are also a critical actor in the support ecosystem that companies need to implement their living wage and income commitments. This chapter outlines the role of governments as enablers and partners in multi-stakeholder collaboration, and recommends steps that governments can take to support companies in implementing their living income and living wage commitments and legal expectations.

4.1 Accompanying support measures to supply chain legislation

The requirements for companies to conduct due diligence in their operations and global supply chains can have unintended impacts on producer countries if companies prioritise de-risking their supply chains through divestment over meaningful engagement with suppliers to address identified risks. Such de-risking strategies are often the result of companies not knowing where to start in prioritising and addressing supply chain risks and impacts. In this context, it is important that governments accompany regulatory initiatives with effective guidance and support for the regulated companies and those which are indirectly affected as their suppliers or stakeholders.

The European Commission has developed a framework of accompanying support measures (illustrated in Figure 3) covering eight areas where public sector support can enable and complement companies' own efforts to engage with and support suppliers (European Commission, ITC, 2022). These measures apply to all actors along global supply chains, and are relevant to ensuring a living income and living wages for farmers and agricultural workers.

Within this broader framework of possible support measures, the following actions are recommended for policymakers and public authorities to specifically support supply chain actors in ensuring living incomes and living wages in global agricultural supply chains (for the role of governments in supporting multi-stakeholder cooperation, see Section 4.2).

- **Consult and inform stakeholders in producer countries about the concept of due diligence:** Governments who are introducing mandatory supply chain due diligence obligations should consult with third countries affected by the legislation and engage with them on addressing the risks and opportunities that result for them from the legislation. In-country delegations, trade desks in embassies, local chambers of commerce and local trade unions can be useful channels for policymakers to engage directly with affected stakeholders to build trust, listen to concerns, answer questions and explore solutions for addressing unintended consequences of the legislation.

- **Provide information, guidance and tools to downstream companies:** Due diligence on wage and income impacts is technical and can be challenging, particularly in the agriculture and food sector. Even leading companies that already undertake due diligence on a voluntary basis will need to revisit their policies and practices to meet the expectations of mandatory due diligence legislation while ensuring that farmers and workers in their supply chains achieve a decent standard of living. The support that these companies need from governments is mostly at the level of clear information, guidance, data and benchmarks for the implementation of their due diligence obligations and specifically on estimating living income and wage gaps for various sectors and countries.

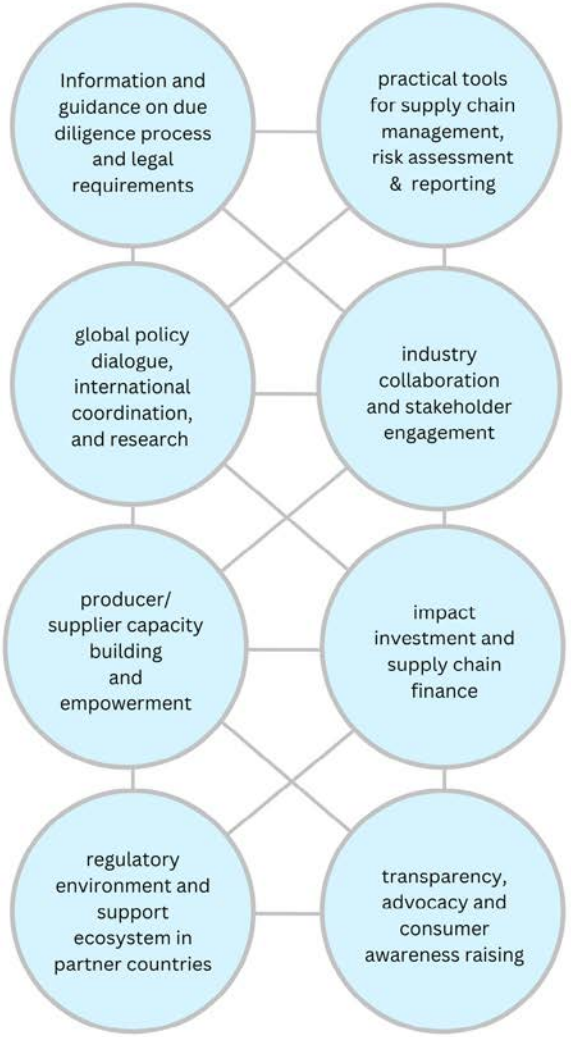


Figure 3: Typology of accompanying support measures to supply chain due diligence legislation.

- **Information and guidance on upstream supplier rights and access to remedy:** Workers and farmers need to know their rights to decent wages and incomes in a given country and vis-à-vis global buyers. They should also understand how to seek redress for harm. Governments have a role to play in providing such information in an accessible, impartial, timely and cost-effective manner for complainants.

- **Supplier capacity building and empowerment:** Targeted capacity building by governments, international organisations and international development agencies can empower producers and suppliers to implement due diligence and address wage and income impacts. This includes encouraging suppliers to engage in social dialogue and stakeholder consultation, and to identify and remediate adverse impacts effectively. Technical and financial assistance can also support producers and suppliers to invest in climate-friendly, productivity-enhancing practices and technologies that can translate into cost savings, higher wages and incomes for workers and farmers. In addition, producer countries should be supported in the design and implementation of home-grown approaches to enabling living incomes and living wages and the identification of common support needs.

- **Creating an enabling policy and support environment in producer countries:** Governments in producer countries need to address the structural causes of low productivity and low incomes and wages in the agicultural sector. This includes ratifying relevant international conventions on human and labour rights, establishing and adequately resourcing enforcement institutions, and investing in infrastructure and business support services. Producer countries should be supported in implementing policy reforms in areas such as labour regulation and freedom of association, land tenure, formalisation of informal economic activities, or agricultural pricing policies in order to prepare domestic companies for emerging expectations from buyers on the sustainability of their products and production processes, and to create the conditions for receiving fair prices and wages.

4.2. Enabling multi-stakeholder dialogue and engagement

Multi-stakeholder dialogue and engagement is an effective way to build consensus and find collective solutions to complex, multi-layered and dynamic challenges such as poverty, informality or poor labour conditions that are prevalent in the agricultural sector of many producer countries. In the last years, there has been a proliferation of multi-stakeholder Initiatives (MSIs), in light of emerging supply chain legislation that require companies, CSOs, unions and governments to collaborate in addressing common challenges and developing new tools and solutions. While membership of an MSI cannot replace a company's individual responsibility to respect human and labour rights, the collaboration with other stakeholders can increase the

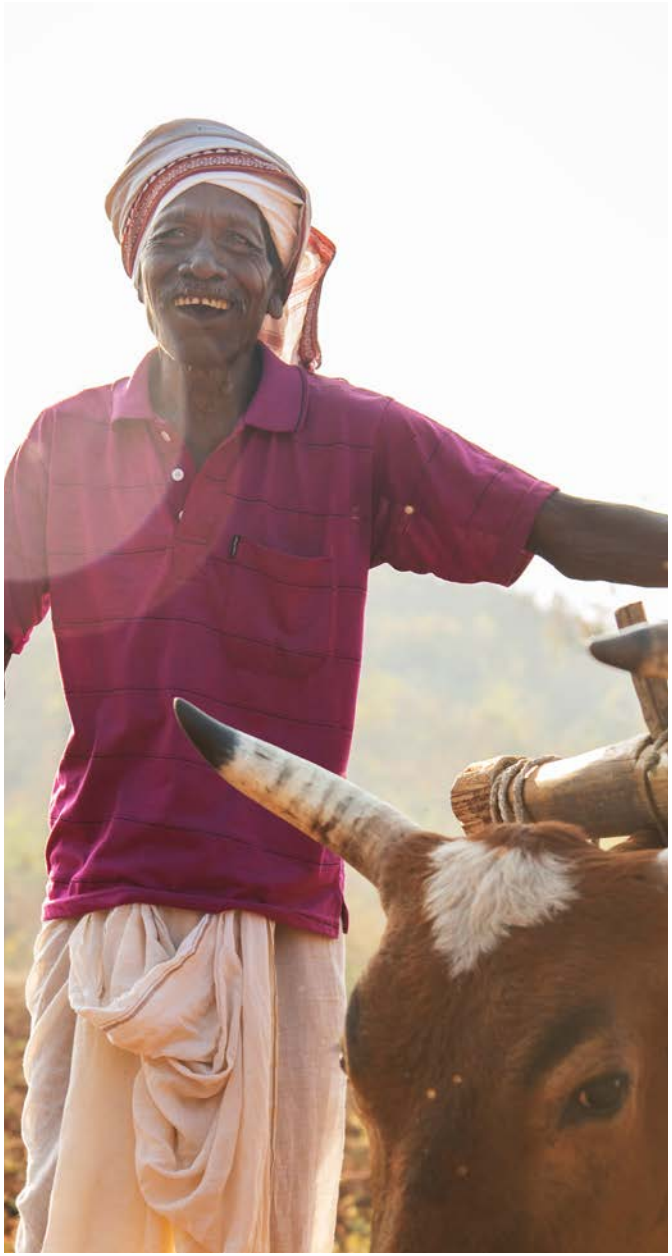
accountability and commitment of companies to implement their individual due diligence obligations.

- **Actively engage in multi-stakeholder dialogue and consult with partners to find shared solutions to support living wages and living incomes globally:** To move from commitments to action, policymakers will benefit from engaging directly with stakeholders who have a stake (directly or indirectly) in policies regarding living incomes and living wages. Moving towards living incomes and living wages will mean a shift in the current way of operating and doing business which have benefited certain stakeholders in the past. It may for example require trade-offs, a new distribution of value along supply chains and sharing of sensitive commercial information. Contentious topics such as regulation, competition, unfair trading practices, fair pricing, and purchasing practices need to be based on shared perspectives, credible data and sound analysis. MSIs are a useful platform to support open discussion and evidence-based solutions.

- **Provide financial and political support to MSIs:** Many MSIs remain underfunded. Funding could be used to support the on-going collection of data and analysis of relevant actions and policies to validate assumptions; the development of measurement and evaluation systems to monitor results and a regular evaluation of how businesses (including SOEs) are performing across MSIs in a given sector vis a vis living wages and living incomes. Funding could also be used to promote coordination, share data and analysis and support government repositories of relevant data.

- **Engage through a "whole of government" approach with MSIs:** Policymakers should ensure that a coordinated "whole of government" approach is reflected when engaging with MSIs. Policymakers should represent all relevant policy areas (e.g. labour, trade, competition, investment, due diligence, aid, statistics, agriculture) when participating in MSIs. Governments participating in MSIs may wish to nominate a Living Income and Living Wage Focal point (cf. sub-section Error! Reference source not found.) to act as the main point of contact and clearing house for advancing the government's position on this topic across different agricultural commodities vis-à-vis businesses, workers, unions, CSOs, international organisations and other policymakers.

- **Convene roundtables on agricultural commodities, to address living incomes and living wages and other supply chain considerations:** While many commodity-specific initiatives are sponsored by business associations or CSOs, the experiences from countries like Germany or the Netherlands show that governments can play an important convening role bringing relevant supply chain actors together to agree on and collectively implement solutions to commodity- or sector specific challenges. Government-led roundtables can also provide a forum for supply chain actors to express their expectations for government action in areas such as regulation,



competition, taxation, public procurement, or trade and investment support.

- **Promote better alignment of practices across MSIs:** Governments could encourage collaboration and alignment by MSIs across commodities globally. For example, in the cocoa supply chain, many MSIs promote sustainable cocoa, and these groups are commonly referred to as ISCOs. To date, four ISCO's have signed a Memorandum of Understanding (MoU) documenting their collaboration and their common endeavour to realize a more sustainable cocoa sector (IDH, 2021). MSI action could further be strengthened if all MSIs focusing, for example, on cocoa would align with the Dutch Initiative on Sustainable Cocoa position paper on procurement practices (DISCO, 2024).

- **Set up peer networks to enable a constructive exchange amongst policymakers:** Policymakers could consider setting up policymaker networks to informally exchange information on the development of national policies on living income and living wages. As noted above, a like-minded countries approach (see Box 1) has worked well in bringing together the leading EU Member States in their advocacy efforts for a strong representation of living incomes and living wages in the EU CSDD Directive. When developing National Action Plans on Business and Human Rights (NAPs), governments should exchange experiences with other governments who already implemented a NAP with a focus on promoting living incomes and wages. Producer countries could benefit from exchanging good practices with consumer countries and vice versa. For example, initiatives on pricing mechanisms such as the LID or national certification programmes in key agricultural commodities can benefit exchanges with policymakers in consumer countries and be an entry point to engage with them in reciprocal action on enabling living incomes and living wages.

4.3. Leveraging membership in international organisations and committees

Many governments are members of international organisations such as the WTO, the World Bank and the International Finance Corporation (IFC), the ILO, the FAO or the OECD, all of which are working on issues related to trade, investment, poverty reduction, labour rights, food security and sustainability. Governments can use their role as members in the governing bodies and committees of these organisations to influence their priorities, mandates and budgets in favour creating global enabling conditions for living incomes and living wages. In addition, they can harness the convening and coordinating roles of international organisations for receiving policy advice, exchanging best practices, align policy and support measures in order to achieve an internationally coherent framework for policies and actions to enable living incomes and living wages in agricultural supply chains.

Relevant committees and governing bodies at international organisations those priorities member governments can in favour of supporting living incomes and living wages in global agricultural supply chains include, but are not limited to the UN Economic, Social and Cultural Rights Committee, the OECD Working Party on Responsible Business Conduct (WPRBC), a subsidiary body of the OECD Investment Committee, the OECD Working Party on Agricultural Policies and Markets (APM), a subsidiary body the Committee for Agriculture (COAG), the FAO Committee on Agriculture (COAG), or the ILO Governing Body and ILO Meetings of Experts convened on priority topics from the ILO work programme. At EU level, EU Member States are invited to participate in Expert Groups of relevant Directorate Generals such as Employment, International Partnerships. Trade or Justice, besides their role in the European Council and Council of the European Union.

- **Harness membership in international organisations to put living incomes and living wages high on their agendas:** Relevant international organisations could become the platform for governments to discuss why supporting living incomes and living wages is in the interest of all countries. Through the governing bodies and working groups of international organisations, policymakers can agree on common approaches to enabling living wages and living incomes and broaden political support and buy-in on the topic globally. Member governments of international organisations can also influence their agendas by funding specific actions within their mandates that are of particular interest to a government, such as analytical work, tools or country programmes on enabling living incomes and living wages in the agricultural sector.

- **Use the analytical resources of international organisations to inform national living income and living wage policies:** The secretariats of international organisations employ often highly skilled policy analysts and economists who work to develop international standards or policy recommendations for member and partner countries. They also collect and analyse large repositories of country- and sector-level data and statistics that can be used by member governments to inform their own policy-making, for example on the setting of minimum wages or the estimation of living wage and income gaps. Policymakers should use these country-level data, economic analyses, and subject-matter expertise of International Organisations to build their knowledge and support evidence-based policy making including on their national living income and living wage policies.

5. Concluding remarks

The recommendations in this Roadmap illustrate the wide range of options available to policymakers to support a decent standard of living for farmers and workers in global agricultural supply chains. Thereby, the role of policymakers is to create the enabling conditions, while concurrent action from business is needed. But if both policymakers and companies collaborate and take decisive action within their respective sphere of influence, the goal of achieving living incomes and living wages in global supply chains can be attained. This Roadmap highlights the policy options within the sphere of influence of governments.

Implementation of the recommendations given in this Roadmap requires differentiation between the position of a country in global agricultural supply chains (i.e. whether it is a producer or consumer of agricultural commodities) and its level of advancement in the journey towards achieving living incomes and living wages. Moreover, the recommendations vary in the modes of their implementations, the required resources and needed timeframes.

In order to better differentiate the options presented to policymakers in this Roadmap according to these considerations, all recommendations are summarised in Table 1, together with information on how, when and by whom they can be implemented. The table distinguishes between the EU and its member states, consumer countries in general, producer countries and international organisations as the different target groups of the recommended actions. It also specifies whether implementation of a recommendation requires parliamentary involvement or cooperation with other partners, or whether the objectives of the recommendation can be achieved through administrative action. The summary table also indicates how demanding the implementation of a recommendation is and how advanced a government should be in its journey towards a living income and living wage in order to implement it. Finally, the table provides information on the relative timeframe for implementation, i.e. whether a recommendation can be implemented and become effective in the short, medium or long term.

It is hoped that the table will be a useful additional tool for policymakers to prioritise the recommended policies and actions and to develop their own national policy roadmap with the actions they are prepared to take to enable a living income and living wages in global agricultural supply chains.

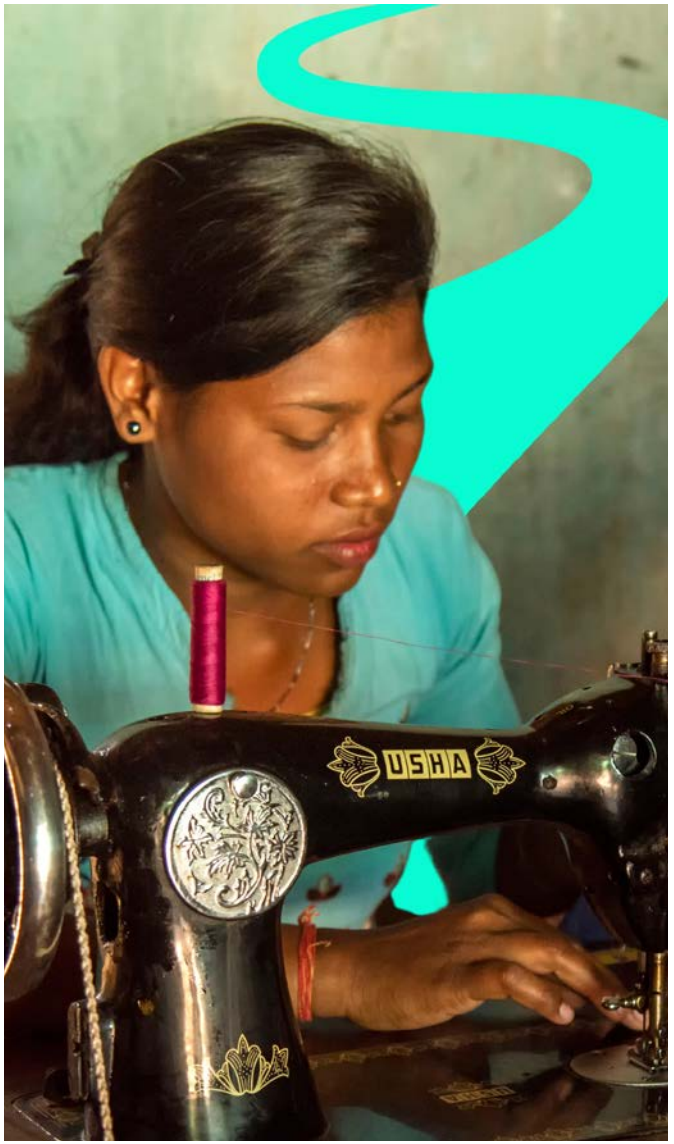


Table 1: Summary of recommendations differentiated by target group, implementation modality, budgetary implications, level of advancement and timeline

Governments as Regulators and standard-setters								
Policy Area	**Recommendation**	**Targeted at**	**Parliamentary involvement**	**Admin. action**	**Collaboration**	**Budgetary implication**	**Level of advancement**	**Implementation timeline**
Mandatory human rights due diligence & transposition of the EU CSDD Directive	Strengthen the National Supervisory Authority (NSA) through adequate resources, transparent procedures and EU-wide collaboration	EU		⊗	⊗	medium	high	short-term
	Strengthen the role of CSOs in supporting enforcement and implementation	EU, (CC)			⊗	low	medium	continuous
	Provide guidance on wage and income related impacts through implementation guidelines	EU, (CC, IO)		⊗	⊗	low	high	Short-term
	Make channels for accessing remedies transparent to rightholders	EU, (CC)		⊗	⊗	low	medium	short-term
	Balance harmonisation and ambition in the transpoosition of the CSDD Directive	EU	⊗	⊗	⊗	low	high	short-term
	Support and engage with producer countries	EU, (CC), PC		⊗	⊗	medium	medium	continuous
	Raise awareness among consumers about the true price of agri-food products	CC		⊗	⊗	low	medium	continuous
	Monitor the impact of the CSDD Directive with regard to wages and incomes	EU		⊗	⊗	low	high	continuous

Policy Area	Recommendation	Targeted at	Parliamentary involvement	Admin. action	Collaboration	Budgetary implication	Level of advancement	Implementation timeline
Labour policies	Create an enabling legal framework and support structures to protect union rights and enable collective bargaining	PC, (CC)	⊗	⊗	⊗	medium	high	short-term
	Set adequate minimum wages, based on the ILO Minimum Wage Fixing Convention C131 as first step towards establishing a living wage	PC, (CC, IO)	⊗	⊗	⊗	low	medium	continuous
	Review and update minimum wages regularly	PC, (CC)		⊗	⊗	low	high	Short-term
	Monitor and enforce minimum wages	PC, (CC)		⊗		low	medium	short-term
Competition policy	Exempt from competition law agreements between companies on sustainability-related objectives including collective action on living incomes and wages	CC	⊗	⊗		low	high	short-term
	Provide credible assurances on the harmlessness of pre-competitive sustainability agreements that help enable living incomes and living wages	CC		⊗		low	high	short-term
	Align competition policy with sustainability goals	CC	⊗	⊗	⊗	low	high	long-term
	Strengthen the EU Unfair Trading Practices (UTP) Directive	EU	⊗	⊗		low	high	short-term

Policy Area	Recommendation	Targeted at	Parliamentary involvement	Admin. action	Collaboration	Budgetary implication	Level of advancement	Implementation timeline
Trade policy	Apply sustainability-related trade policies to wage- and income related product characteristics	CC	⊗	⊗		low	high	medium-term
	Strengthen the effectiveness of unilateral trade preference schemes and free trade agreements for promoting fair prices and wages	CC, (PC)	⊗	⊗	⊗	low	medium	medium-term
	Advocate for reformed WTO rules that facilitate sustainable trade policies	CC		⊗	⊗	low	medium	medium-term
	Turn sustainable agricultural production into a competitive advantage in view of increased export market requirements for HREDD	PC	⊗	⊗	⊗	low	medium	long-term
Investment policy	Use investment facilitation instruments to stimulate investments into sustainable agricultural practices and technologies	EU, CC (PC)	⊗	⊗	⊗	low	medium	medium-term
Industrial policy	Use industrial policy to restructure the distribution of value in global supply chains	PC, CC		⊗	⊗	high	high	long-term

Policy Area	Recommendation	Targeted at	Parliamentary involvement	Admin. action	Collaboration	Budgetary implication	Level of advancement	Implementation timeline
Tax policy	Use the tax system to reflect the true cost of production and to achieve fair prices for farmers while eliminating harmful subsidies for agricultural commodities	CC	⊗	⊗		medium	medium	medium-term
	Use the tax system to incentivise sustainable production	PC		⊗		medium	high	medium-term
	Promote formalisation in the agricultural sector	PC		⊗	⊗	low	medium	long-term
	Make tax collection transparent and reinvest revenues to benefit farmers	PC, CC		⊗		low	medium	continuous
Pricing of agricultural commodities in producer countries	Define a reference price for specific agricultural commodities as a starting point towards a living income	PC, CC	⊗	⊗	⊗	medium	medium	medium-term
	Consider floor prices for selected commodities	PC, CC		⊗		medium	medium	short-term
	Evaluate how supply can be managed through long-term commercial relationships	PC, CC			⊗	low-medium	high	long-term

Policy Area	Recommendation	Targeted at	Parliamentary involvement	Admin. action	Collaboration	Budgetary implication	Level of advancement	Implementation timeline
Considerations beyond pricing for producer countries	Support farmers to diversify and move up the agricultural value chain	PC, (CC)		⊗	⊗	medium	high	long-term
	Support the formalisation of farms and improve business skills of farmers	PC, (CC)	⊗	⊗	⊗	medium	medium	long-term
	Support farmers through extension services, access to affordable financing, infrastructure investments, land tenure and human capacity	PC, (CC)		⊗	⊗	high	medium	medium-term
	Support farmers in transitioning to agroecological practices	PC, (CC)	⊗	⊗	⊗	medium	medium	long-term
Policy coherence	Align wage and income related policies with international standards	CC, IO	⊗		⊗	low	medium	continuous
	Achieve a coherent global level playing field for companies through international policy and regulatory cooperation	CC, IO			⊗	low	medium	long-term
	Promote international cooperation and alignment on methodologies, approaches and criteria used to develop living income and wages benchmarks	CC, (PC), IO		⊗	⊗	low	medium	short-term
	Use cross-sectoral plans to foster coherence of actions to promote living incomes and living wages	CC, PC		⊗	⊗	low	low	medium-term
	Nominate national Living Income and Living Wage Focal Points to facilitate policy coherence	CC, PC		⊗	⊗	low	low	short-term
	Ensure coherence among the support offerings at national, regional and international levels	CC, IO		⊗	⊗	low	low	continuous

Policy Area	Recommendation	Targeted at	Parliamentary involvement	Admin. action	Collaboration	Budgetary implication	Level of advancement	Implementation timeline
Equal rights for women across all sectors	Ensure that laws and regulations guarantee equal rights for women	PC	⊗	⊗		low	medium	long-term
	Support the inclusion of women farmers to enhance farm profit-ability	PC		⊗	⊗	low	medium	
Valuing data and uptake of digital tools	Find ways to compensate farmers for the provision of farm-level data	PC, CC		⊗	⊗	medium	medium	long-term
	Improve the quality and availability of data for living income and living wage estimations	PC, CC, IOs		⊗	⊗	low	high	medium-term
	Promote the use of digital tools through training and support	PC, CC			⊗	low	medium	medium-term

Governments as Economic Actors								
Policy Area	**Recommendation**	**Targeted at**	**Parliamentary involvement**	**Admin. action**	**Collaboration**	**Budgetary implication**	**Level of advancement**	**Implementation timeline**
Public Procurement	Incorporate wage- and income related social objectives into public procurement policies and frame-works	EU		⊗		medium	medium	medium-term
	Reward products that meet fair trade criteria in public procurement	EU, (CC)		⊗		low	high	medium-term
	Acknowledge suppliers' and con-tractors' efforts to pay living incomes and living wages in their award criteria	EU, (CC, IO)		⊗		low	high	medium-term
	Ensure ambitious transposition of public procurement related provi-sions of the EU CS	EU, (CC)	⊗	⊗		low	high	short-term
State Owned Enterprises and the government as employer	Include commitments to living wages and living incomes into policies and business strategies of SOEs	CC		⊗		low	high	medium-term
	Commit to paying public sector employees a living wage	PC, CC		⊗		high	medium	short-term

Policy Area	Recommendation	Targeted at	Parliamentary involvement	Admin. action	Collaboration	Budgetary implication	Level of advancement	Implementation timeline
Industry and trade promotion and internat. development cooperation	Condition economic benefits and incentives for companies on commitments to social objectives	CC		✕		low	medium	medium-term
	Reward company action on living incomes and wages through public trade and investment promotion and development cooperation	CC		✕		low	high	medium-term
	Apply high social safeguards to private-public partnerships and development finance with the private sector	CC, IO		✕		low	medium	medium-term

Governments as partners in multi-stakeholder collaboration and support								
Policy Area	**Recommendation**	**Targeted at**	**Parliamentary involvement**	**Admin. action**	**Collaboration**	**Budgetary implication**	**Level of advancement**	**Implementation timeline**
Accompanying support to supply chain legislation	Consult and inform stakeholders in producer countries about the concept of due diligence	CC, (PC)			⊗	low	low	short-term
	Provide information, guidance and tools to downstream companies	CC, IO, (PC)		⊗	⊗	medium	medium	short-term
	Disseminate information and guidance on upstream supplier rights and access to remedy	CC, PC		⊗	⊗	low	low	short-term
	Empower and build the capacity of suppliers	CC, IO, (PC)		⊗	⊗	medium	low	medium-term
	Creating an enabling policy and support environment in producer countries	CC, IO, PC	⊗ in PC	⊗	⊗	medium	medium	long-term

Policy Area	Recommendation	Targeted at	Parliamentary involvement	Admin. action	Collaboration	Budgetary implication	Level of advancement	Implementation timeline
Enabling multi-stakeholder dialogue and engagement	Actively engage in multi-stakeholder dialogue and consult with partners to find shared solutions to support living wages and living incomes globally	CC, PC			⊗	low	low	continuous
	Provide financial and political support to MSIs	CC		⊗	⊗	medium	medium	medium-term
	Engage through a "whole of government" approach with MSIs	CC, PC		⊗	⊗	low	high	continuous
	Convene roundtables on agricultural commodities, to address living incomes and living wages and other supply chain considerations	CC, (PC)		⊗	⊗	low	medium	continuous
	Promote better alignment of practices across MSIs	CC, IO, (PC)			⊗	low	medium	continuous
	Set up peer-networks to enable a constructive exchange amongst policymakers	CC, PC		⊗		low	medium	continuous
Leveraging membership in international organisations and committees	Harness membership in international organisations to put living incomes and living wages high on their agenda	CC, IO			⊗	low	medium	continuous
	Use the analytical resources of international organisations to inform national living income and living wage policies	CC, IO			⊗	low	low	continuous

Legend

EU	EU Member States
CC	Consumer countries of agricultural commodities (typically from LMICs) incl. the EU and its member states
PC	Producer countries (exporters of agricultural commodities)
IO	International Organisations (excl. EU institutions)
Parliamentary involvement	Involvement of national parliaments is required
Administrative action	The measure can be implemented by public authorities or agencies
Collaboration	Implementation of the recommendation requires collaboration with other stakeholders (other ministries, other countries, companies, CSOs, MSIs etc.)
Budgetary implication	The relative level of cost for the government of implementing the recommendation
Level of advancement	Indication of how advanced a country should be in its journey towards living income and living wages for implementing the recommendation.
Short-term	1-2 years
Medium-term	2-5 years
Long-term	> 5 years

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Annex: Interview partners

We would like to thank the following experts for their willingness to support the Roadmap by participating in an interview:

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Jorge Conesa, Fair Trade Advocacy Office (FTAO)
Guillaume Delautre, International Labour Organisation (ILO)
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Heidi Hautala, former MEP
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