



Living Income

What, why and how

What

In 2021, WBCSD launched the [Business Commission to Tackle Inequality \(BCTI\)](#). This cross-sector, multi-stakeholder coalition aims to mobilize the private sector to tackle inequality and generate shared prosperity for all. **"Pay and promote Living Wages and Incomes"** is one of the 10 actions identified by the BCTI to address mounting inequalities. *This short briefing focuses on Living Income: the what, why and how to enable Living Income for farmers in global supply chains.*

The concepts of Living Wage and Living Income are both about achieving a decent standard of living. Unlike Living Wage, focusing on individual wage workers, **Living Income represents the financial needs of an entire household to afford a decent standard of living.** In particular, the Living Income concept is useful in agricultural supply chains. Living Income is not the goal, but rather a first step on the path to prosperity, and a useful framework to understand the responsibility of a company to support farmers within their supply chains.

Why

The concept of Living Income goes beyond traditional notions of poverty alleviation that are concerned with basic subsistence, and farmer profitability which often only focuses on a single crop and on-farm activities. It puts a strong emphasis on the idea of decency and earning enough income to live comfortably, understanding the drivers of household income.

Living Income strategies can help tackle three key risks:

→ **Complying with Human Rights Legislation**

Previous Human Rights legislation has required companies to eliminate child labor and forced labor, which have a strong correlation to Living Income. *By providing a Living Income, farmers are better able to support their family without the additional labor hours of their children, thus providing an education and breaking the cycle of poverty across generations.*

→ **Reputational Risk**

Consumers and supply chain partners expect increasingly more transparency and expect to find that companies are treating farmers fairly. *Companies who enable farmers to earn a Living Income are better able to capture new customers, increase farmer loyalty, hire better employees, and share powerful farming stories.*

→ **Supply Security**

Supporting farmers to earn a Living Income allows for investment in their farms so that there is a stable

supply of goods now and in the future. *Deforestation and climate change have driven many farmers into even more unprofitable farming operations. When farmers earn a Living Income, they are better able to invest in their farms and protect the natural environment, helping to reduce deforestation and increase climate resilience.*

How

Living Income supports the work you are already doing and should be seen as a cross-cutting goal. It will help you meet several climate change, regenerative agriculture and livelihood goals. If you're interested in learning more, we recommend these steps:

1. **Materiality:** What raw materials will you focus on and in what location(s)?
2. **Partnerships:** Who is already doing this work in the sector & region?
3. **Learn:** Collaborate with colleagues, find data & pilot strategies.
4. **Strategy & Implementation:** What strategies will you use to "close the gap"?
5. **Measurement & Evaluation:** Are strategies working?

Every company within the agriculture and food value chain has a role to play. Join WBCSD [Agriculture & Food Pathway](#) to learn more.

About WBCSD

The World Business Council for Sustainable Development (WBCSD) is a global community of over 220 of the world's leading businesses, representing a combined revenue of more than USD \$8.5 trillion and 19 million employees. Together, we transform the systems we work in to limit the impact of the climate crisis, restore nature and tackle inequality.

We accelerate value chain transformation across key sectors and reshape the financial system to reward sustainable leadership and action through a lower cost of capital. Through the exchange of best practices, improving performance, accessing education, forming partnerships and shaping the policy agenda, we drive progress in businesses and sharpen the accountability of their performance.

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