

LI RP



For Arabica Coffee
from Kericho, Kenya
2025



ABOUT THE KERICHO REGION

In the west of Kenya, close to Victoria Lake, you will find the Kericho region. At an average altitude of 2500 meters above sea level, the Kericho region looks like a high plateau full of round-shaped hills. Almost everywhere around you, you can see tea instead of coffee. The Kericho region is one of the most famous tea regions in the world. However, thanks to its black cotton soils, farmers have recently started growing coffee, and successfully so. With the teachings of older coffee regions, the Kericho farmers have started off with existing knowledge.

Despite this head start, the coffee industry of Kericho is not yet developed to a desired standard. Coffee farmers have to deal with unpredictable weather patterns as a result of climate change, the area is highly deforested, and there is a large physical distance between farmers and cooperatives. Beside this, because tea is the main cash crop of the region, there is little space for growing coffee, resulting in an average plot size of 1 hectare. Nevertheless, the coffee farmers from Kericho region are developing at a high speed, by teaching and inspiring each other. Recently, farmers were introduced to organic fertilisers to improve their productivity.

Compared to other parts of Kenya, the Kericho region is one of the more economically developed regions, with a poverty rate of 31%. This figure is slightly below the country average.



4.4 PEOPLE
MAKE AN AVERAGE
HOUSEHOLD

1 HA
AVERAGE FARM SIZE

31 %
OF POPULATION
LIVES IN POVERTY

WHAT THE LIRP?

The FairChain Way Of Thinking

Fact: the global trading system for agricultural products is broken. One of the ways to fix it is to pay our producers a price that affords them a decent and worthy life. We call this price a Living Income Reference Price (LIRP).

To FairChain, the LIRP is the true price that should be paid for a product, so that the farmer and her or his hired laborers earn enough to afford their fundamental human rights: a decent house, good education, healthy food, medical care, and all other costs that are needed for a good life. Furthermore, the FairChain LIRP is based on full-time farming, using sustainable practices and an optimized business model with no negative social externalities.

The route towards this business model is a shared responsibility between the farmer, the buyer, and (local) government. This also means that without efforts to realize such a business model, a living income is not guaranteed. We choose to be radically honest. We therefore encourage companies to come up with strategies and programs to support farming communities to achieve the optimized business model.



Meet the founding farmers



The FairChain-LIRP method has been carefully developed, designed and tested together with a team of local experts: the farmers themselves! A big thank you to: Kusolo George, Watalunga Justine, Weboya Lawrence, and Mauchi Fred.

From Starters Valley KE on behalf of the FairChain Foundation, Jurrian Veldhuizen and Manon Peek have been actively involved in facilitating the process.

HOW WE CALCULATE THE LIRP

The FairChain Method

We do not believe in the traditional methodology that uses complex ways or endless surveys that try to know every detail of a farmer's work and life. We believe that we should include the farmers in both the questions we ask and the answers given.

On the 15th of June and 16th of June we welcomed 6 farmers, 4 field officers, and 2 local coffee experts to our interactive LIRP calculation session held in Mbale, Uganda. Through real-life experiments, practical exercises, interactive dialogues, and consensus-based methods, we collected input using the following parameters used to calculate the LIRP:

1. Sustainable target yield
2. Full-time farmer land size
3. Income from other crops
4. Production costs
5. Farmer's salary



We use the following formula to calculate the LIRP:

$$\begin{array}{c}
 \begin{array}{ccc}
 \text{Farmer's salary} & + & \text{Production costs} \\
 \hline
 \end{array}
 - \text{Income from other crops} \\
 \hline
 \begin{array}{cc}
 \text{Target yield} & \times & \text{Full-time farmer's land size}
 \end{array}
 \end{array}
 = \text{LIVING INCOME REFERENCE PRICE}$$



LIRP ARABICA COFFEE KERICHO

82,10 KSH *

FOR 1 KG OF ORGANIC BERRIES - FARMGATE PRICE

This reference price is based on a optimized business model, meaning that if this price is paid to coffee farmers NOW, most farmers do not receive a living income. The price for 1 kg of coffee to guarantee a living income for most farmers with current farming practices is **130,32 KSH** for 1 KG of organic berries. We therefore encourage companies to come up with strategies and programs to support farming communities to achieve the optimized business model.

MAY 2025

1. YIELD

The sustainable target yield is determined according to a model farm, created by farmers and local experts together.

They determined how many coffee trees fit on 1 acre and how many berries grow on 1 tree on average when adopting sustainable and best farming practices.

Current yield

Currently, the average yield is **2414** KG of berries per acre per year. Why the big gap between the current and target yield? When farmers have access to the right farm inputs and employ good organic practices, their productivity levels can increase a lot.

Target yield

714

TREES PER ACRE

11,5

KG BERRIES PER TREE

8205

KG BERRIES PER ACRE

2. FULL-TIME FARMER'S LAND SIZE

Based on the target yield, this is the average size of land that one full-time farmer can manage.

The full time farmer's land size is based on a hypothetical situation in which the farmer manages all land by themselves, except during harvest time. In reality, we know that most farmers share their work between family, friends, neighbours and hired labourers.

1,27

ACRE



3. INCOME FROM OTHER CROPS

Coffee grows best when it is carefully intercropped. Our method takes into account the generated income from a maximum of 2 other cash crops, under the condition that these cash crops co-exist with coffee (in other words: they have a neutral or positive effect on coffee yield).

According to the farmers and experts, who have the local expertise of farming with the same soil and weather conditions, farmers in the Kericho region use shading trees as a cash crop, by selling the timber when the trees are mature. In this way, farmers earn an extra income from timber while coffee farming.

For a model coffee farm, the farmers and experts believe this should be the target income from other crops:

32.645 KSH

FROM TIMBER PER ACRE PER YEAR

4. PRODUCTION COSTS

The production costs are for organic coffee farming and based on the farmer employing best practices.

The costs shown on the right are the production costs for a full time farmer's land size (2.1 acre).

"Hired labour" refers to the workers that are hired during the harvest time to help with picking and carrying.

Fertilisation costs include costs for applying organic manure.

Transportation costs that are needed to sustain the farm include: transportation of berries to the coop during harvest, personal transport, transport of tools and equipment, and transport of farm inputs.

The other costs include inputs (seeds & trees), pest management, tools & equipment, administration & communication, and unforeseen needs.

265.361

HIRED LABOUR

Included is a living income salary for the hired workers.

43.713

FERTILISATION

35.544

TRANSPORT

22.683

OTHER COSTS



5. FARMER'S SALARY

WHO guidelines, dietary requirements, generalized market prices, we do not believe that we should determine what a farmer needs. The farmer knows best. The salary of a farmer is therefore determined by the farmers themselves, taking into account their needs of a decent house, good education for their children, a preferred diet, the necessary healthcare, the right savings, and all other costs that go hand in hand with a worthy life. During our session the farmers and experts came to a consensus of the following living income benchmark:

44.142 KSH

PER MONTH

Sources used

Fairtrade: Coffee farmers Kenya enthusiastic about Fairtrade
Climate Academy (2021).
Kenya Census Data (2019)
KNOEMA: World Data Atlas: Kericho (2019)

Farmers & local experts

Mauchi Fred
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Was anything unclear?
Do you have feedback?
Want to know your LIRP?
**Or have a chat over a (TRUE-priced)
cup of coffee?**

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A collaboration between:

