

# A Shared Approach for Smallholder Performance Measurement

Who are the farmers who grow our coffee, our tea, and our vanilla? And are there risks to their farming systems or the wellbeing of the farming families? Are there risks to the supply and the reputations of companies that are buying their products? Are things getting better where farmers are getting certified, where they are trading with global companies, where investments are being made to improve access to credit, training, and agricultural inputs?

These questions reflect a growing desire from many stakeholders—companies, donors, lenders, NGOs, certification organizations, and farmer groups—to know more about who the farmers are and whether conditions are improving as a result of trade and investment projects. Answering these questions in supply chains that are characterized by diverse and often remote small-scale producers, where information systems and literacy cannot be assumed, is challenging. It can be difficult to know what to ask, and how to ask in ways that are credible, reliable, and affordable. Yet, without good measurement systems, we cannot have the necessary feedback loops between growers and buyers, between farmers and NGOs that help us understand the priority problems and know whether things are improving.

As part of promoting the sustainable development impacts of global supply chains, the Sustainable Food Lab facilitates a community of practice on performance measurement in smallholder supply chains. The community of practice brings together companies, development organizations, lenders, and certification organizations to share cases and lessons and to develop consensus on a common approach to smallholder performance measurement.



“I think there is real value in a group of companies engaged in measuring the status of their smallholder supply chains to come together and learn from one another about what is working and what’s not. By sharing our learning, and by collaborating to develop a shared approach to performance measurement we can avoid duplication of efforts and gather more actionable data more efficiently.” -Duncan Pollard, Nestlé

This collaboration of companies, NGOs, lenders, voluntary standards, and donors is developing and testing a shared approach to performance measurement that builds on the multi-stakeholder work by leaders in the field, like COSA and ISEAL. The goal is to identify a credible and appropriate set of learning questions and indicators that can form a common framework for assessing and tracking improvements in the sustainability of smallholder agricultural supply chains. While the design of specific studies should be driven by the goals of that measurement effort, having a consistent and common framework to guide the choice of indicators and metrics can increase pre-competitive learning across studies, reduce costs, waste, and confusion for suppliers and farmers, and improve study design by building on good practices and tested metrics. While this framework can provide common indicators for all types of studies, the metrics have been identified to support performance measurement, which is an approach that focuses on cost effectively tracking change over time rather than detailed studies to quantify attributable impacts of specific interventions.

Specific activities of the community of practice include:

- Workshops and peer to peer discussions on measurement that focus on sharing what works and what doesn't when assessing the sustainability of smallholder supply chains;
- Development of the framework called A Shared Approach to Smallholder Performance Measurement; and,
- Fieldwork to test indicators and metrics.

What does it mean to use this Shared Approaches Framework? In practice, this means drawing on the framework as a resource when choosing indicators, using the same metrics when asking the same questions whenever possible, and sharing experiences about what works and what doesn't to improve the learning and effectiveness made possible with this measurement framework.



## Shared Approach Framework For Performance Measurement

Impact Areas	Guiding Question	Indicator Area	Rationale
Livelihood and Well Being	Are farmers meeting basic needs and seeing improvement?	Food Security: Access to sufficient food	Food security is a key component of sustainable livelihoods, understood by many as a basic right, and is a CSR and sustainability risk. It is important to measure separately where possible because of cases where gains in income didn't lead to gains in food security.
		Income	Household revenue can show whether the household is above a poverty line and whether overall revenue is improving with crop income. But household income can be difficult to estimate in a quick survey. One approach is the Progress out of Poverty Index (PPI). The PPI is a 10 question, country-specific survey developed by the Grameen Foundation. It measures the likely percent of producers above an absolute poverty line, or above local poverty line.
		Assets	Measurement of a few key assets like land-holding, bank accounts, access to electricity, ownership of a form of transportation, or communication device, and type of cooking fuel used allows us to learn more about the farmer's living conditions and is complementary to efforts to measure wealth.
		Perceived Well-Being	Farmer perception of well-being can be equally as important as other livelihood indicators as it gives a sense of whether farmers believe their basic needs are being met and whether they will continue with this crop.
Gender	What are gender roles and benefits in this crop?	Participation	It is important to understand the role of women in the supply chain in order to better target training and other interventions.
		Benefits	If women are doing the work of the crop, but not going to trainings, trading, or involved in decision-making, there may be opportunities for improving inclusivity of women. It is also important that data is collected in a way that enables users to disaggregate finding by the gender of the head of household so outcomes can be examined by gender.
Environmental Stewardship	Are natural resources well stewarded?	Adoption of conservation practices	Identify 3-5 key conservation practices appropriate to the system being examined, such as cover cropping, no till, drip irrigation, etc. Where practical also look for outcome based indicators that fit within the scope of performance measurement.
Farm Productivity	Are farmers realizing the potential of their farm?	Adoption of best practices	Training only has benefits if the new practices are adopted. Typical approaches look at 3-5 key practices that drive productivity or quality. Specific practices must be identified for each crop. Adoption signifies an investment on the part of the farmer and that they are following practices most likely to result in good productivity.
		Estimated Productivity	It is important to measure productivity to track improvements in farming outcomes independent of price volatility. Look at farmer recollection of productivity through survey questions about 1) yield and 2) land area planted.
		Crop Revenue	Crop revenue (production times price) tracks the revenue contribution of the crop. Net crop income is much better whenever possible because profits are dependent on production costs. Typical key costs to measure are hired labor and inputs costs.
Access to Services	Do farmers have access to services?	Access to credit, training and inputs	Access to services like training, credit and inputs is critical for farmer success.
	Are farmers using these services?	Use of credit, training, and inputs	Use of services measures the functional attractiveness of the services. Only if farmer use the services can they improve farm outcomes.
Trading Relationships	Are farmers experiencing good trading relationships?	Organization	While participation in a farmer org is not necessary for good trading relationships, it is one indicators that farmers are organized and therefore have potential for better negotiating power. The capacity of the farmer organizations matters and should be included for in depth studies. <a href="#">See COSA's PO Index here.</a>
		Loyalty	When farmers have options of who to sell to, loyalty —the choice of farmers to sell to a specific buyer —is the best “voting with your feet” indicator that the trading relationship is valued
		Transparency	Where farmers have access to information—prices, price structures, quality grades, etc.— they are better able to make informed choices about market participation and investing in their production. Contracts are one vehicle for transparency.
		Producer Perception	Relationship and to some degree, his/her likelihood to continue farming the crop/ selling to the primary buyer.
Next Generation Farmers	Is the supply chain cultivating a next generation of farmers?	Attractiveness of Growing Crop as Profession	Youth are the future of a secure global food supply and as such, those investing in agricultural development initiatives would do well to monitor progress in this area in a common way in order to compare and share learning, adapt strategies and speed up progress and innovation.