Living Income – Example questions for data collection, results, and embedding the concepts

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Agenda

• Review Living Income concepts and distinctions
• Look at questions & answers from an Impact Assessment
• Highlight analysis of household labor & income
• Discuss embedding the concepts of ‘decent standard of living’
• Questions and reflections
**Definition**

*Living income* is the net income of a household earned/generated under conditions of decent work, sufficient to enable all members of the household to afford a decent standard of living.

Elements of a *decent standard of living* include:

- Food
- Water
- Housing
- Education
- Health care
- Transport
- Clothing
- Other essential needs including provision for unexpected events
- *...And for reinvesting in the farm and/or family business.*
Two Questions, Two Equations

1. Are [cocoa] farmers receiving living wage equivalent income from the sales of their cocoa?

Revenue from sales of cocoa  -  Financial costs for cocoa production

Total days of household labor spent on cocoa production

Compared to living income benchmark for a day of work
Two Questions, Two Equations

2. Can the farming household afford a **decent standard of living**?
Calculating household income

Net income from all farm products

Net value of self produced and consumed farm products

Net off farm income

Value of gifts, remittances, interest, etc.

Total household net income
## Two Questions, Two Equations

### 2. Can the farming household afford a **decent standard of living**?

<table>
<thead>
<tr>
<th>+</th>
<th>-</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue from sales of all farm products</td>
<td>Financial costs of production</td>
</tr>
<tr>
<td>Replacement value of goods produced for hh consumption</td>
<td>Business operating costs</td>
</tr>
<tr>
<td>Earnings from business ventures</td>
<td>Employment related expenses (transport, uniform, etc.)</td>
</tr>
<tr>
<td>Off-farm wages</td>
<td></td>
</tr>
<tr>
<td>Gifts, remittances, gvt. transfers, interest, etc.</td>
<td></td>
</tr>
</tbody>
</table>

*Over a full year, compared to living income annual benchmark*
COSA Questions

- Revenue from sales of coffee
- Costs for physical inputs: e.g., fertilizers, pesticides, seedlings
- Costs for processing, marketing, transportation, and renovation
- Payments to hired laborers, including any meals, social security & transportation offered to workers*

- Family labor
- Other income
1. Are coffee farmers receiving living wage equivalent income from the sales of their coffee?

2. Can the farming household afford a decent standard of living?

Economic Indicators from IA conducted in Jinotega & Matagalpa in Nicaragua
<table>
<thead>
<tr>
<th>Farm Household Characteristics</th>
<th>Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Head of Household age</td>
<td>43</td>
</tr>
<tr>
<td>% of households headed by women</td>
<td>25%</td>
</tr>
<tr>
<td># of household members</td>
<td>5</td>
</tr>
<tr>
<td>Years of school completed by Head of Household</td>
<td>4</td>
</tr>
<tr>
<td>Max years of school in household</td>
<td>9</td>
</tr>
<tr>
<td>Household dependency ratio</td>
<td>34%</td>
</tr>
<tr>
<td>Year experience farming coffee by head of household</td>
<td>14</td>
</tr>
<tr>
<td>% of household members who work on coffee production</td>
<td>61%</td>
</tr>
<tr>
<td>Economic Indicators</td>
<td>Average</td>
</tr>
<tr>
<td>-------------------------------------------------</td>
<td>---------</td>
</tr>
<tr>
<td>Yield</td>
<td>15.7</td>
</tr>
<tr>
<td>Quantity produced</td>
<td>97</td>
</tr>
<tr>
<td>Total labor for coffee production</td>
<td>653</td>
</tr>
<tr>
<td>Cost of paid labor</td>
<td>50,000</td>
</tr>
<tr>
<td>Family labor / total labor</td>
<td>47%</td>
</tr>
<tr>
<td>Net income from coffee</td>
<td>131,700</td>
</tr>
<tr>
<td>Net income from other farm products</td>
<td>10,000</td>
</tr>
<tr>
<td>Net income from off farm work</td>
<td>55,000</td>
</tr>
<tr>
<td>Total net income</td>
<td>196,700</td>
</tr>
</tbody>
</table>
1. Are coffee farmers receiving *living wage equivalent* income from the sales of their coffee?

**SOURCES OF HOUSEHOLD INCOME**

- Off farm work, 28%
- Other farm products, 5%
- Coffee, 67%

- C$ 131,700 net income from coffee
- 307 days of household labor on coffee
- C$ 429 per labor day
- $ 15.90 per labor day
2. Can the farming household afford a **decent standard of living**?

**SOURCES OF HOUSEHOLD INCOME**

- **Coffee, 67%**
- **Off farm work, 28%**
- **Other farm products, 5%**

**C$ 196,700 net household income**

365 days per year

**C$ 539 per day**

**$ 19.96 per day**
Income and the role of coffee

Per-capita income is $118 month

61% of households live on less than $2 per day

31% of households live on less than $1 per day

Sources of household income:
- Coffee, 67%
- Off farm work, 28%
- Other farm products, 5%
What if?
Embedding the concepts of ‘decent standard of living’

Elements of a **decent standard of living** include:
- Food
- Water
- Housing
- Education
- Health care
- Transport
- Clothing
- Other essential needs including provision for unexpected events
- ...And for reinvesting in the farm and/or family business.
The multidimensional poverty assessment tool (MPAT): Resources

The MPAT brochure explains what MPAT is; how MPAT works; when to use MPAT and why; how to use MPAT and what resources are available for implementing MPAT.

- MPAT brochure (2014)
  Web version | Print version
## MPAT Household Survey

**Enumerator:**

**Time:**

**Date (YY/MM/DD):**

**Village:**

**Household ethnic group (optional):**

**Household type (optional):**

**Household code:**

**Consent:**

### Respondent's age:

**Gender: M(1) | F(2)**

### Head of household's age:

**Gender: M(1) | F(2) | M&F(3)**

**Head of household's marital status:**

- Married(1)
- Single(2)
- Divorced(3)
- Widowed(4)

<table>
<thead>
<tr>
<th>Question</th>
<th>Options</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Can the head of the household read a newspaper?</td>
<td>No (4)</td>
</tr>
<tr>
<td>2. During the last 12 months, how many adults (age 15 and older) lived and slept in your home for 9 or more months?</td>
<td>Female adults</td>
</tr>
<tr>
<td>3. During the last 12 months, how many adults lived and worked outside your home for 3 or more months?</td>
<td>Adults</td>
</tr>
<tr>
<td>4. During the last 12 months, how many children (age 14 and younger) lived and slept in your home for 9 or more months?</td>
<td>Female ≤5</td>
</tr>
<tr>
<td>5. [If there are no school-age children (age 5 to 14) in the household, skip to question 7] During most of the year, how long does it take, in minutes, for the school-age children (age 5 to 14) in your household to go to school (one-way, by any means; for example, walking, bicycle, scooter, bus)?</td>
<td>No. of minutes =</td>
</tr>
<tr>
<td>6. Can your household afford your children's school fees and school supplies?</td>
<td>No (1)</td>
</tr>
<tr>
<td>7. What is the highest level of schooling the female children (0 to 14) in your household will likely complete?</td>
<td>No female children (4)</td>
</tr>
<tr>
<td>8. What is the highest level of schooling the male children (0 to 14) in your household will likely complete?</td>
<td>No male children (4)</td>
</tr>
</tbody>
</table>
Village 1

[Table and graph as described in the image]

MPAT (2014) Subcomponents

Scores across households

1. Food & Nutrition Security
   - Consumption
     Average: 98.2 [88.0, 100.0]
   - Access Stability
     Average: 100.0 [100.0, 100.0]
   - Nutrition Quality
     Average: 72.5 [43.8, 91.3]

2. Domestic Water Supply
   - Quality
     Average: 70.0 [35.5, 96.9]
   - Availability
     Average: 95.9 [73.0, 100.0]
   - Access
     Average: 97.1 [86.0, 100.0]

3. Health & Health Care
   - Health Status
     Average: 84.8 [51.0, 97.5]
   - Access & Affordability
     Average: 81.0 [63.0, 100.0]
   - Quality
     Average: 78.4 [62.3, 86.9]
Food

• During the last 12 months, how often did the majority of your household eat the following foods?
  • Grains (cereals, bread, rice, pasta)
  • Roots &/or tubers (potatoes, cassava, etc.)
  • Vegetables/greens
  • Fruits
  • Dairy &/or eggs
  • Meat &/or fish/seafood
  • Nuts &/or legumes (and/or derivatives, tofu, etc.)

• During the last 12 months, did any member of your household eat fewer meals, or smaller portions, than usual because there was not enough food? [If ‘Yes’, for approximately how long?]

• During the last 12 months, did any member of your household go to sleep at night hungry? [If ‘Yes’, how often did this occur?]

• During the past 12 months, did your household experience a period of time longer than 2 weeks when there was not enough food? [If ‘Yes’, how many such periods?]
What is the **primary source** (meaning the source that water comes from immediately before being used) of the water your household uses for drinking and cooking inside the home?

*If the household uses different water sources for drinking and cooking, only record the drinking water source*

<table>
<thead>
<tr>
<th>Source Description</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Piped from water treatment plant (chlorinated)</td>
<td>1</td>
</tr>
<tr>
<td>Piped from water treatment plant (not chlorinated)</td>
<td>2</td>
</tr>
<tr>
<td>Borehole (&gt; 20m deep)</td>
<td>3</td>
</tr>
<tr>
<td>Borehole (&lt; 20m deep)</td>
<td>4</td>
</tr>
<tr>
<td>Private well (&gt; 20m deep)</td>
<td>5</td>
</tr>
<tr>
<td>Private well (&lt; 20m deep)</td>
<td>6</td>
</tr>
<tr>
<td>Communal well (&gt; 20m deep)</td>
<td>7</td>
</tr>
<tr>
<td>Communal well (&lt; 20m deep)</td>
<td>8</td>
</tr>
<tr>
<td>Protected (‘box’) spring</td>
<td>9</td>
</tr>
<tr>
<td>Unprotected spring</td>
<td>10</td>
</tr>
<tr>
<td>Rainwater harvesting container (closed)</td>
<td>11</td>
</tr>
<tr>
<td>Rainwater harvesting container (open)</td>
<td>12</td>
</tr>
<tr>
<td>Water vender with tanker truck</td>
<td>13</td>
</tr>
<tr>
<td>Water vender with cart or small tank</td>
<td>14</td>
</tr>
<tr>
<td>Large dam (built &amp; managed by government, company or collective)</td>
<td>15</td>
</tr>
<tr>
<td>Small dam (built &amp; managed by households, village or collective)</td>
<td>16</td>
</tr>
<tr>
<td>Stream</td>
<td>17</td>
</tr>
<tr>
<td>River</td>
<td>18</td>
</tr>
<tr>
<td>Pond, lake (or other still water body)</td>
<td>19</td>
</tr>
<tr>
<td>Irrigation canal</td>
<td>20</td>
</tr>
<tr>
<td>Bottled water (delivered by vender)</td>
<td>21</td>
</tr>
<tr>
<td>Bottled water (collected by household)</td>
<td>22</td>
</tr>
<tr>
<td>Other (specify):</td>
<td>23</td>
</tr>
</tbody>
</table>

[‘Private’ means used primarily by the household, but may also be shared with 2-4 other households, and is located within 100 metres of the household. ‘Communal’ means it is shared by 5 or more households.]
Water

• Approximately how much time (in minutes) does it take your household to collect enough water for your household’s drinking and cooking needs for a normal (average) day?

• Does your household treat water before drinking it (any treatment method: boiling, allowing to settle, filter, chemical treatment, etc.)?

• During the last 12 months, for how many months was your household’s main source of water sufficient to meet your household’s drinking and cooking needs?

• How often do you worry there will not be enough water from your household’s main water source to satisfy your household’s drinking and cooking needs?

• Can your household usually afford to pay the fees (direct payments only, not maintenance fees) for using water from your household’s main water source?

• Generally, what do you think the quality of your household’s drinking water is (before any treatment)?
### Housing

[Information to be collected by enumerator while in the household (ask only if unable to determine answer visually)]

What is the **primary** construction material of the housing unit’s exterior walls?

<table>
<thead>
<tr>
<th>Reinforced concrete (1)</th>
<th>Stone &amp; mortar (2)</th>
<th>Cement blocks (3)</th>
<th>Brick (fired/burned) (4)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Metal sheeting (5)</td>
<td>Logs or thick wood (6)</td>
<td>Thin wood (7)</td>
<td>Bamboo (8)</td>
</tr>
<tr>
<td>Brick (mud or earth) (9)</td>
<td>Mud &amp; straw (10)</td>
<td>Earth or adobe (11)</td>
<td>Reeds/thatch (12)</td>
</tr>
<tr>
<td>Thick plastic (13)</td>
<td>Fabric or thin plastic (14)</td>
<td>Other, specify: (15)</td>
<td></td>
</tr>
</tbody>
</table>

[Information to be collected by enumerator while in the household (ask only if unable to determine answer visually)]

What is the **primary** construction material of the housing unit’s main roof?

<table>
<thead>
<tr>
<th>Roofing shingles (1)</th>
<th>Ceramic tiles (2)</th>
<th>Synthetic roofing (3)</th>
<th>Metal sheeting (4)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cement or concrete (5)</td>
<td>Thin wood (6)</td>
<td>Thick wood (7)</td>
<td>Bamboo (8)</td>
</tr>
<tr>
<td>Thick plastic (9)</td>
<td>Thin plastic or fabric (10)</td>
<td>Straw or reeds (11)</td>
<td>Other, specify: (12)</td>
</tr>
</tbody>
</table>
Housing

• Can your home withstand strong winds, severe rain, snow or hail without significant damage?

• What is the **primary** source of light your home uses when it is dark?

• What is the **primary** fuel source your household uses for cooking?

• What is the **primary** fuel source your household uses for heat?

• What type of toilet facility does your household usually use?

• [If the household uses a toilet facility of any kind, ask:] Over the last 12 months, how often was the toilet **usable**? (meaning it was working properly or was available to use)
Education

• During most of the year, how long does it take, in minutes, for the school-age children (age 5 to 14) in your household to go to school (one-way, by any means: for example, walking, bicycle, scooter, bus)?

• Can your household afford your children’s school fees and school supplies?

• What is the highest level of schooling the female children (0 to 14) in your household will likely complete?

• What is the highest level of schooling the male children (0 to 14) in your household will likely complete?

1. No formal education
2. Primary school (age 5 or 6 until age 11 or 12)
3. Junior school (age 11 or 12 until age 14 or 15)
4. High school (age 14 or 15 until age 18 or 19)
5. Technical or vocational school (post junior school or high school, usually 2 years)
6. College or university (post high school, 3 to 5 years)
7. Advanced degree (Master’s, MBA, PhD, etc.)
Health care

• In the last 12 months, how often have members of your household had a non-serious illness (meaning they were sick, but not so sick they had to rest in bed a full day or more)?

• How much time does it take for members of your household to reach the nearest health center that can diagnose simple illness, or treat simple injuries and prescribe basic medicines?

• How often does this health center have enough medical supplies to provide adequate health care?

• How much time does it take for members of your household to reach the nearest health center that can diagnose and treat complicated or serious illnesses or injuries (can perform surgery)?

• Can your household afford professional treatment for serious illness or injury?

• For the majority of the households in your village/area, do you think there is a better chance for women or men to receive health care when needed?

• Are the health-care centers in your village/area (within 2 hours distance from your home) usually able to provide women with adequate health care if they seek it?
Transport, Clothing

• During most of the year, how long does it take, in minutes, for the school-age children (age 5 to 14) in your household to go to school (one-way, by any means: for example, walking, bicycle, scooter, bus)?

• How much time does it take for members of your household to reach the nearest health center that can diagnose simple illness, or treat simple injuries and prescribe basic medicines?

• How many of the people (adults and children) in your household usually have adequate footwear?

• How many of the people (adults and children) in your household have sufficient clothing for severe weather (for example, very hot and sunny, very cold or very wet weather, depending on the area)?
Other essential needs including provision for unexpected events

• Of all the **possible negative events** (natural or socio-economic) that **could** occur in the next 12 months, and that would have a bad or damaging impact on your household, which 3 are you most worried about? (as far as negative impacts on household members, livelihoods, agriculture, livestock, aquaculture ...)

• For these events, **how damaging** would each be for your household? [‘Likely severity’]

• For these events, **how likely** is it that the event will occur in the next 12 months? [‘Likely frequency’]
Other essential needs including provision for unexpected events

- If the worst of the negative events you just mentioned [in question 52] were to occur in the next 12 months, what are the 3 main ways your household would likely react (cope)?

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2. Work more hours or take on other jobs</td>
<td>11. Ask friends to help with farm labour or business</td>
<td>20. Sell livestock</td>
<td>29. Borrow money from relatives</td>
</tr>
<tr>
<td>3. Start a business</td>
<td>12. Ask family to help with farm labour or business</td>
<td>21. Use savings or sell jewelry</td>
<td>30. Borrow money from friends</td>
</tr>
<tr>
<td>5. Reduce alcohol consumption</td>
<td>14. Rely on national government</td>
<td>23. Sell farmland</td>
<td>32. Borrow money from bank or other financial service provider</td>
</tr>
<tr>
<td>7. Reduce fuel consumption</td>
<td>16. Rely on group insurance</td>
<td>25. Sell/leave home (live with relatives in area)</td>
<td>34. Send children to work outside the household</td>
</tr>
<tr>
<td>8. Plant fewer crops next growing season</td>
<td>17. Rely on private insurance</td>
<td>26. Sell/leave home (move to another area)</td>
<td>35. Take children out of school so they can work</td>
</tr>
<tr>
<td>37. Other, specify:</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
What if?
Recap

• Reviewed Living Income concepts and distinctions
• Looked at questions & answers from an Impact Assessment
• Highlight analysis of household labor & income
• Discuss embedding the concepts of ‘decent standard of living’
• Questions and reflections – please feel free to contact Christina at ci@thecosa.org