Living income workshop - An update and next steps

July 11, 2016
Living income workshop

Goals

• Share experiences and identify opportunities and challenges for different actors in applying the living income concept in their work
• Explore with concrete examples the use of living income benchmarks, farm economics models and survey data to inform work with farming households
• Develop concrete ideas on where and how this community of practice could be useful in taking forward work in this area
Key messages

Calculating household income, understanding the income gap and testing farm economic models
A living income benchmark

The Anker’s methodology: living income as part of the calculation of living wage

› Rigorous
› Combines local data collection with use of national statistical data
› Concept of ‘basic but decent’ standard of living, based on international and national norms
› 20 + benchmarks in different areas

1. Components of a basic but decent life for a family
Complex but feasible

We all agree on the degree of complexity

› Actual incomes—gathering data, calculating incomes, transparency in reporting; and,

› Understanding solutions to closing the gap between current incomes and the living

there is enough information available to have a sense of the potential gap between actual incomes and a reference benchmark such as a poverty line or a living income benchmark.
Kenya case

- Data from a baseline impact evaluation
- Small coffee farmers - typical farmer 0.5 to 1.5 ha land
  - For those the Av. Land dedicated to coffee is 0.26 ha
  - Revenue from coffee around 13% of household income – BUT cash from coffee at important timing
- Scenarios showed that those strategies will only get farmers closer to the Kenyan poverty line, but still below living income

Scenarios
1) doubled the quantity sold
2) higher price
Cote d’Ivore case

- Data from a number of studies (reports), prior to project baseline
- Cocoa farmers 3.5 ha of land in cocoa
  - Dependency on cocoa is 90%
- At 10%, farmers reach a living income in 12 years.
- At a rate of 25% annually, farmers reach living income in 8 years.

Scenario:
1) an initial (2 year) investment in increased productivity through fertilizer and pruning AND
2) Renovation plan – option a) 10% renovation rate and option b) 25%
# Uses of farm economic modelling and living income

<table>
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<tr>
<th>Fairtrade International</th>
<th>Tony Chocolonely</th>
<th>Ben &amp; Jerry’s</th>
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<td>• Gap analysis with Living Income benchmarks</td>
<td>• Determine the premium they can pay on top of farm gate prices to help close the gap between actual and living income</td>
<td>• Understand how the Producer Development Initiative might design and invest in a productivity program in cocoa to bring producers to a living income</td>
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<td>• Understand the impact of Fairtrade Prices</td>
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<td>• Provide inputs for FT’s work on Living Income</td>
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Actual income & testing farm economic models

› Transparency in how we measure and report on current farmer incomes
› Choices in terms of how to present the data
› Towards generally accepted indicators, metrics, and models for getting to actual incomes
› Modelling with various levels of rigor depending on time and budget available
  • Guidance on how to define realistic scenarios or how to take shocks or market price fluctuations into consideration.
Closing the gap

› Solutions must be systemic. There’s no “silver bullet”

› Thorny questions

• Are there farmers that will never achieve a living income? Why? What is the role of a corporation in that context? And the role of a government? What types of interventions work best for certain types of groups?

› Ultimately farmers should decide how/whether to invest in agriculture.
Exploring roles and opportunities for different actors
Companies

› What can be done when the “target crop” is only a small percentage of the household income?
› And what should be done when we see that a farming household will never achieve a living income given land/household constraints?
› Should companies be involved in setting living income targets? Alone or with others?
› How can companies partner with other sectors to address producer incomes?
› How can we best understand what type of intervention is appropriate for specific crops/regions?
› Can we gather and share baseline data in a pre-competitive way to better understand actual incomes? What is best practice for using existing data?
Governments

- Need to be part of the discussions
- Linked to other sectors such as infrastructure, education etc.
- Public sector can play a key role in providing basic services and infrastructure and creating an enabling environment (including rules and regulations) for producers.
- Sector wide strategies to help those who “will never reach a living income”
- Growing interest and commitment of governments in consumer countries – lobby?
Implementers and producers

› Producers do have a role and need to be brought into the discussions on living income.

› Producers should be able to collect and make use of their own data.

› Role of implementing partners in supporting that goal.
Standards systems

› Facilitating the inclusion of producers in the conversations of living income.

› Advocating for actions that will help improve farmer incomes.

› Finding solutions for specific barriers to improving farmer income.

› Pulling research together

› Promoting BMP that can lead to better farming conditions
Next steps for those interested in using the concept of living income
Proposed activities

1. Development of a **generic farm economic model accompanied by metrics and guidance for measuring and reporting on actual farm and household income**.

2. **A series of white papers to discuss thorny issues** such as, "What should be done for the farmers who, given their farm size or other constraints, will likely never achieve a living income from the focus crop?".

3. **Impact evaluation(s) of a company initiative to address living income at origin** could provide the community lessons on what works, why, and to what impact in a specific context.

4. **Guidance for how to use/adapt the living wage methodology** developed by the Ankers in the context of living income.
Let’s hear from you! Your time to vote
Stay informed!

Living income
http://www.isealalliance.org/LivingIncome

http://www.sustainablefoodlab.org/performance-measurement/tools-resources/living-income/

Living wage

SIGN UP FOR GLWC BENCHMARK RELEASES

Questions? Email us at:

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And remember to add your upcoming, ongoing and finalised studies to the Sustainability Impacts Learning Platform

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Tobago hillside © Jerry Rabinowitz, 2002, Rainforest Alliance
Thank you!

Time for discussion

Drying coffee beans in Vietnam © UTZ