

MEETING REPORT
LIVING INCOME: A Discussion on Methodology and Use
Co-hosted by GIZ and Sustainable Food Lab
20 May 2015
GIZ, Berlin

INTRODUCTION, OBJECTIVE OF THE MEETING AND CONTENT

Inspired by the dynamic living wage discussions in the garment sector, the living income debate is gaining more attention on the agenda of leaders in the public and private spheres. The concepts of 'living wage' and 'living income' are both about achieving a decent standard of living for all. The idea of a living wage is applied in the context of hired workers (in factories, on farms) while living income can apply to any income earner. Finally, unlike the case of living wage, there is not yet a shared definition of 'living income', how exactly to calculate a benchmark, and the possible usage of such a benchmark.

The discussion meeting 'Living income: a discussion on methodology and use' follows up on a workshop on Living Income hosted by GIZ and ISEAL in February 2015. The goals of the meeting were:

- Discuss expectations, common interests and potential for joint collaboration on Living Income (objective and roles)
- Update stakeholders on recent work by GIZ, ISEAL, SFL and others on Living Income
- Define focus areas for working groups on Living Income methodology and use for 2015
- Discuss potential uses for living income benchmarks and options for collaborative pilots

The meeting started with a recap on Living Income concept and the GIZ/ISEAL Living Income meeting in Feb 2015 (see presentation attached). In a next step a discussion on interests, needs and use of the LI concept took place before breaking into three working groups:

- Potential uses of the LI concept
- Linkages with ISEAL Living Wage Working Group
- Measuring actual household income

Before ending the meeting, the presentation of the results from the working group as well as defining next steps took place.

Main discussions and outcomes are summarized in the following paragraphs.

CONCEPT AND TERMINOLOGY

- Decent income is a key element of sustainability. There is the need to know more about income and especially DECENT income.
- LI is also a question of value distribution within the supply chain.

- Income is influenced by many factors, greatly but not exclusively by the price of a commodity. Access to basic services and infrastructure can have a great influence on the actual net income.
- The role and responsibility of governments for providing access to basic needs and infrastructure (schooling, health care, housing etc.) should not be neglected.

There was discussion that 'living income' could be a confusing term and that another term, such as 'Decent Livelihoods' would be more clear and accurate.

The following PROS for 'living income' as a term were mentioned:

- Use of this term helps to be consistent with the methodology derived from the Living Wage work.
- Decent livelihoods is a holistic approach (including many other issues), but the living income concept focuses on income and economics specifically, aspects which have been often neglected in the past.

The following CONS for 'living income' as a term were mentioned:

- Decent livelihoods may be a better representation of the concept but not as focused on income. The term broadens the focus into more aspects of smallholders' livelihoods.

POTENTIAL USES OF LIVING INCOME CONCEPT

- The concept can help to demonstrate the limited impact of a 'productivity-only' approach.
- There is an interest in how the living income concept and benchmarks can contribute to setting base prices for crops in Fairtrade
- The concept and its application could be used for policy advocacy and advisory work, e.g. for better access to services and infrastructure
- LI could be used as a tool for empowering farmers and strengthening their negotiating position

LINKAGES WITH ISEAL LIVING WAGE WORKING GROUP

- Sharing the methodological approach lends credibility and offers opportunities for efficient use of resources for data collection and benchmark studies.
- The data collection on costs of living done in rural areas for LW can be used for living income benchmarks.
- The living wage methodology is still being fine-tuned by Richard and Martha Anker and the ISEAL LW working group.
- Best route forward is to wait for the living wage benchmarks to come out before starting something new.

MEASURING ACTUAL HOUSEHOLD INCOMES

- Challenge with accounting for household labor
- There are tools and approaches to measure HH income (eg. COSA questionnaire) but the data results is diverse and not necessarily comparable

- Once we have this data, whose responsibility is it
- Link to ISEAL M&E working group could be helpful to exchange experiences

DATA ACCESS

- There is a need for better coordination of studies and sharing of data on smallholders' income and clarity of the conditions under which companies in particular can share data from their proprietary studies.

OTHER ISSUES

- A broader coalition is needed to work on this concept.
- The business case for LI will need to be elaborated.
- How to operationalize and scale to a larger group of farmers remain crucial questions.
- The Dutch government has recently put out a call for living incomes to be guaranteed in public procurement.

NEXT STEPS

- ISEAL will approach its membership to clarify the level of interest and whether or not they have a mandate to start a working group on this topic.
- A proposal and kick of meeting working groups to foster discussion on more specific topics will be done by ISEAL/GIZ/SFL.
- GIZ will verify and communicate its ability to host a follow-up in person meeting towards the end of 2015/beginning of 2016.