

Living Income Community of Practice

State of Play 2021 webinar series

The Living Income Community of Practice



**Living Income State of Play July edition: workshop takeaways and
agricultural sector perspectives**

14th July 2021

14:00-15:00 BST (GMT +1)

Today's Facilitators



Rita Mendez
Senior Coordinator, Impacts
ISEAL



Anja Norwig
Project Support
ISEAL

Housekeeping Rules

THIS SESSION IS BEING RECORDED

- A link will be shared post this webinar
- A copy of the slide deck and recording will be available on our website within 2 weeks.

HOW CAN I ASK A QUESTIONS/COMMENT?

You will be kept muted throughout main session so,

- Raise your virtual hand (organizers shall unmute you)
- Type your question on the question box

TECHNICAL DIFFICULTIES ? Reach out to anja@isealalliance.org

Anti Trust Statement

As participants in this group, we need to be mindful of constraints of antitrust laws. During both the formal and informal parts of this meeting, participants shall not enter into discussions, agreements or concerted action that may have as their object or effect the restriction of competition. This prohibition covers the exchange of competitively sensitive information including, but not limited to, information concerning individual prices, production, sales, capacities, costs, rates, coverages, market practices, claims settlement practices, company level investments, or any other competitive aspect of an individual company's operation.

Each participant is obliged to speak up immediately for the purpose of preventing any discussion falling outside these bounds.

Thank you!

Agenda

- 5 min** Welcome & LiCoP Introduction
- 25 min** Living Income Community of Practice
Workshop updates
- 20 min** Sector updates
 - Rubber sector, Gerhard
 - Herbs & spices, Roberto
- 10 min** Discussion and Q&A



Living Income Community of Practice News

The Living Income Community of Practice



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Increase understanding
of living income
measurement and the
income gap



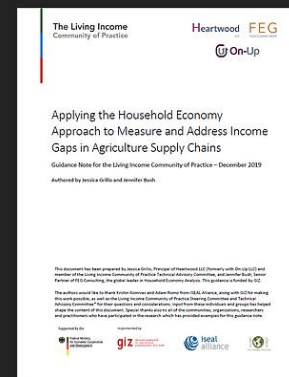
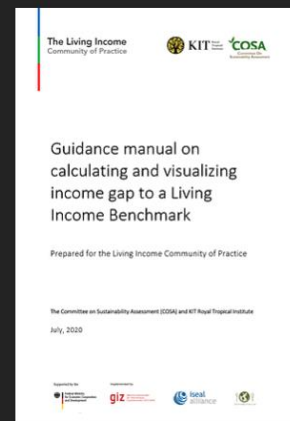
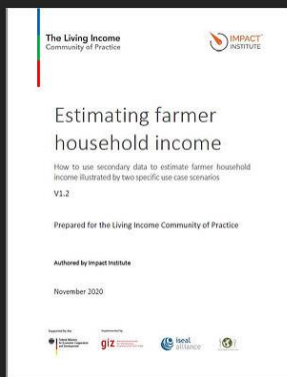
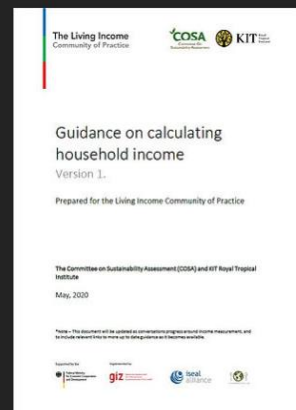
Identify and discuss
strategies for closing
the income gap



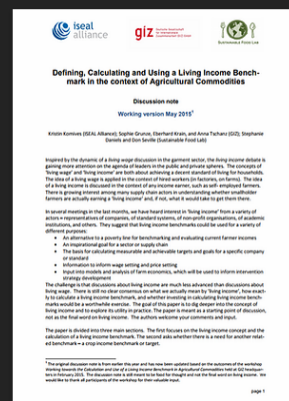
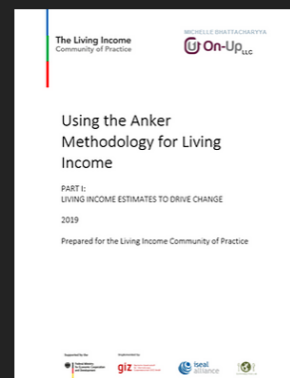
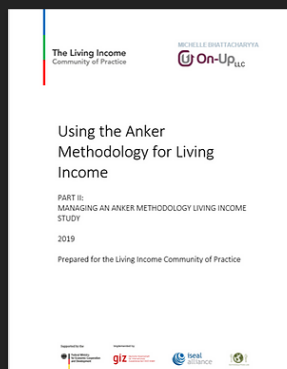
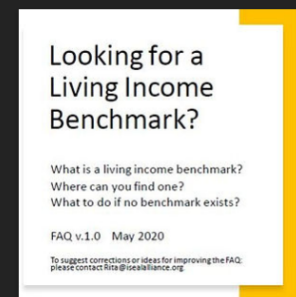
Share learning and
facilitate collaboration
between actors

LICOP RESOURCES

Actual income and income gap measurement



Living income benchmark definition and calculation



Developed with invaluable support from the Technical Advisory Committee composed of technical experts.

Access:

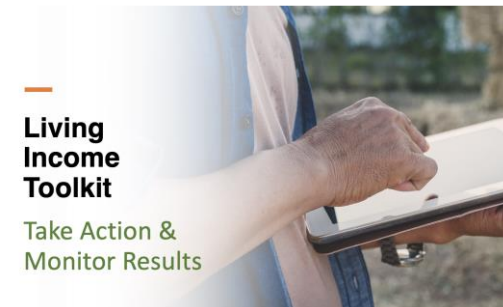
www.living-income.com/licopresources

Toolkit - Guiding steps towards living income in the supply chain

How to mainstream living income in your company's activities



Link to access: www.living-income.com/li-toolkit





ALIGN

Guidance tool on living wages and living income

- ALIGN is a **guidance tool** for agri-food companies, aiming to reduce complexity around the topic of living wage and income.
- ALIGN maintains all updated **living income and living wage benchmarks**
- Source map to learn about the **current state of wages, incomes and working conditions** risks in your supply chains

ALIGN

A platform by:



Living Income State of Play: Agricultural Sector

Perspectives



Recording and
Slides available
on the LICOP
website

www.living-income.com/webinars

1 April 2021
14:00-15:30 BST (GMT +1)

State of Play 2021 LIVING INCOME Workshop

The Living Income
Community of Practice



Speakers



Manuel Kiewisch
Global M&E, Verification
& Learning Manager,
Mondelez



Yuca Waarts
Senior Researcher Sustainable
Value Chain Development,
Wageningen University



Carla Veldhuyzen van Zanten
Senior Advisor Sustainable Livelihoods,
Fairtrade International



Wolfgang Weinmann
Coffee Private Public Task Force
Coordinator,
International Coffee Organization



Don Seville
Executive Director,
Sustainable Food Lab /
Sustainable Vanilla Initiative



Charles Snoeck
Program Manager,
Beyond Chocolate / IDH



Cheryl Pinto
Values Based Sourcing Manager,
Ben & Jerry's



Edwin Rocha
Regional Program Director,
Heifer International



Christina Archer
Senior Advisor
Sustainable Food Lab & UNDP



Heike Ostermann
Regional Program Director,
GIZ

Upcoming engagement opportunities

WEBINAR | Topic specific:
*Living income in small holder
cotton production in Africa*

[Wednesday, 28 July - 2:00 pm - 3:00 pm BST]

Living Income Workshop 19 May 2021

The Living Income Community of Practice



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Empowering action towards improving living income

19 May 2021



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Virtual Living Income Spring 2021 Workshop

Empowering action towards improving living income

19th May 2021

Part 1: Definition and technical concepts on how we define and measure a Living income

Session 1. Build Your Understanding on Living Income

Session 2. Practical insights for choosing the most effective approach to measuring income

Part 2: Closing the Income Gap-Sector advancements, Role of different actors and Challenges faced

Session 3. Living income & Livelihoods

Session 4. Developing a Systems Approach to Living income: What does a LI approach mean for different people in the food and ag system?

Previous workshops

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Virtual Living Income Spring 2021 Workshop

Empowering action towards improving living income

19th May 2021

Workshop sessions resources

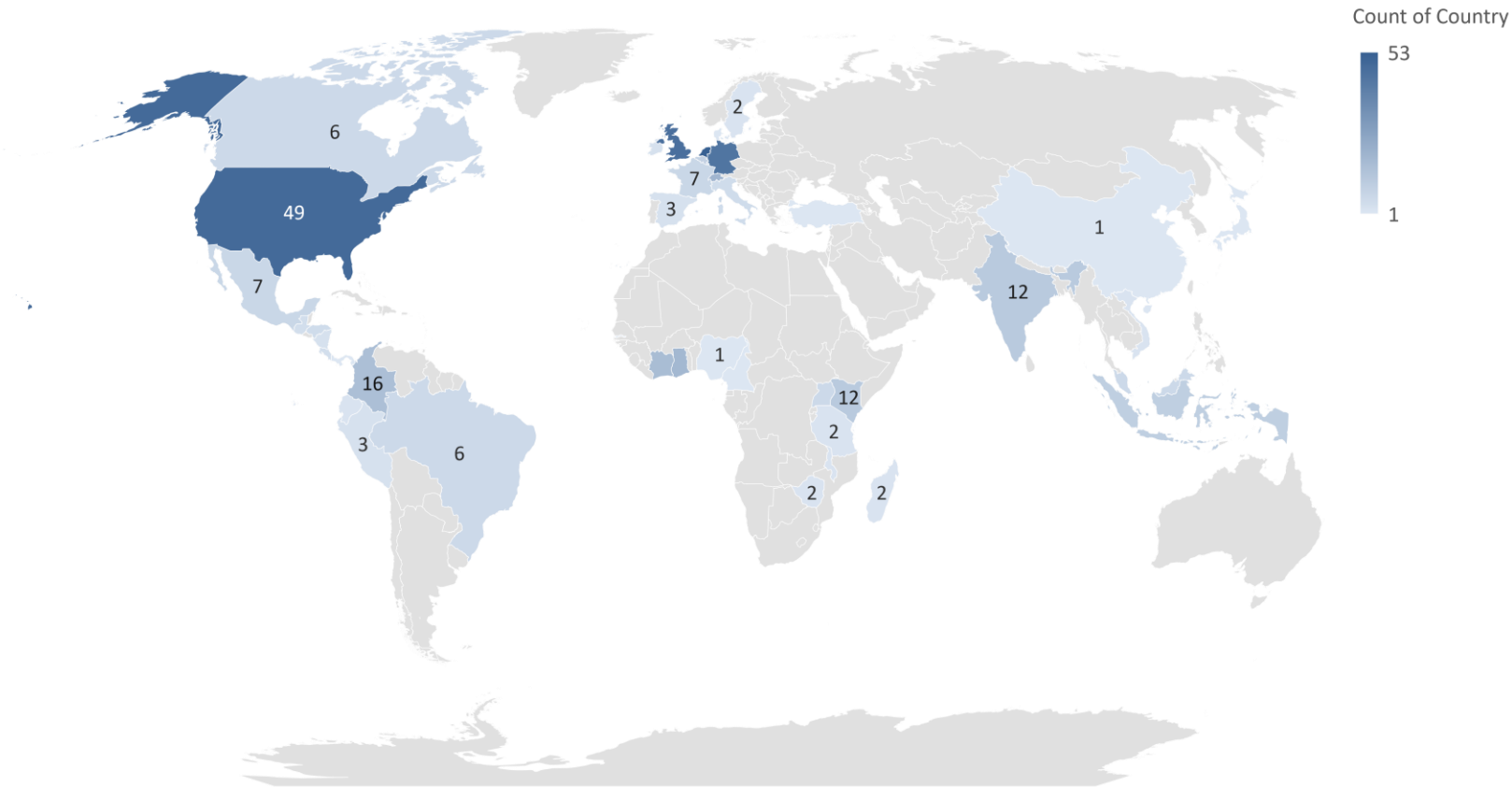
Part 1: Definition and technical concepts on how we define and measure a Living income

This session introduced the definition and technical concepts on how we define and measure a Living income. We introduced the concept of Living income and discussed different approaches towards measuring and gaining insights on actual household income. This interactive session allowed participants to raise questions, to request clarity around concepts, and to discuss challenge areas.

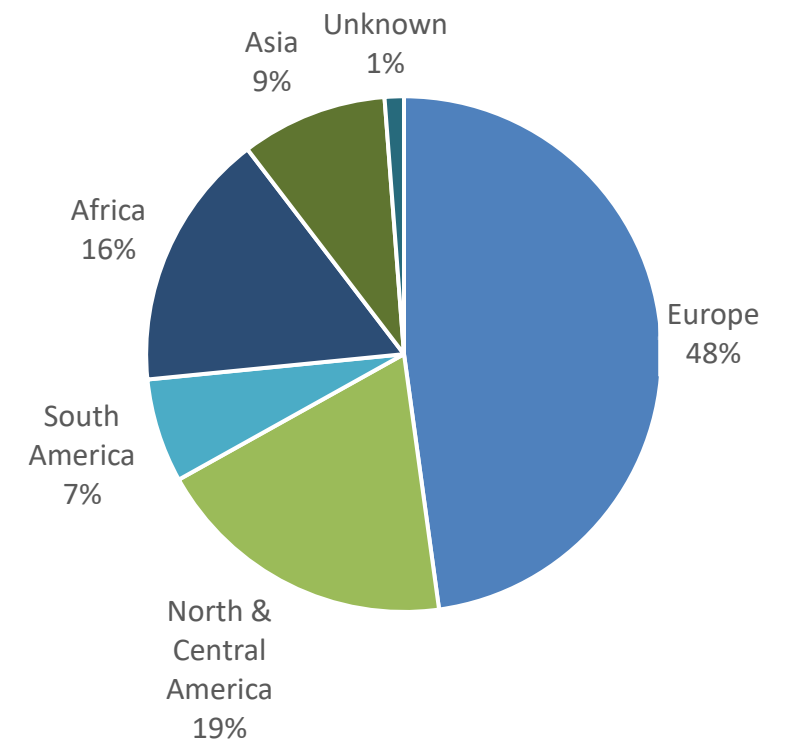
Audience Profile

- 414 registered through the website, 32 expressed interest via email

Country of registered Participants (n=406)



Region of registered Participants

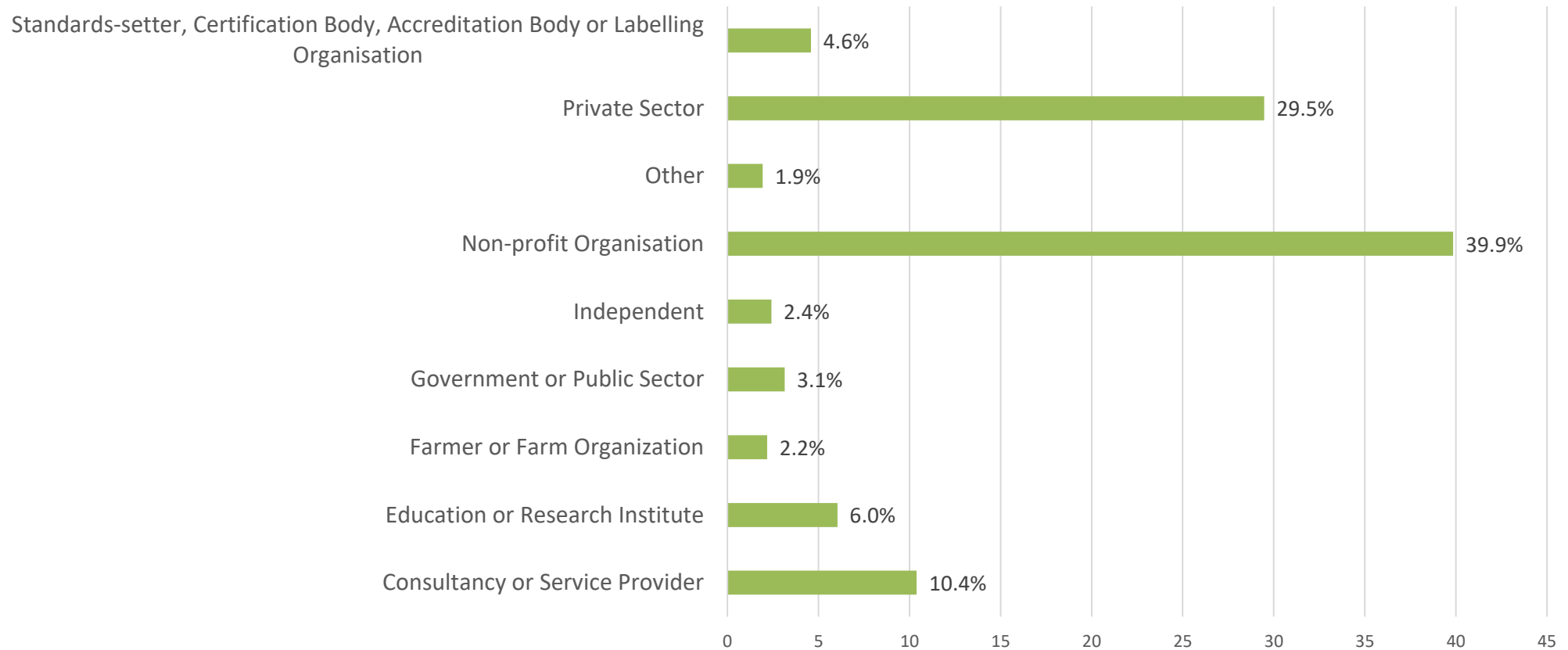


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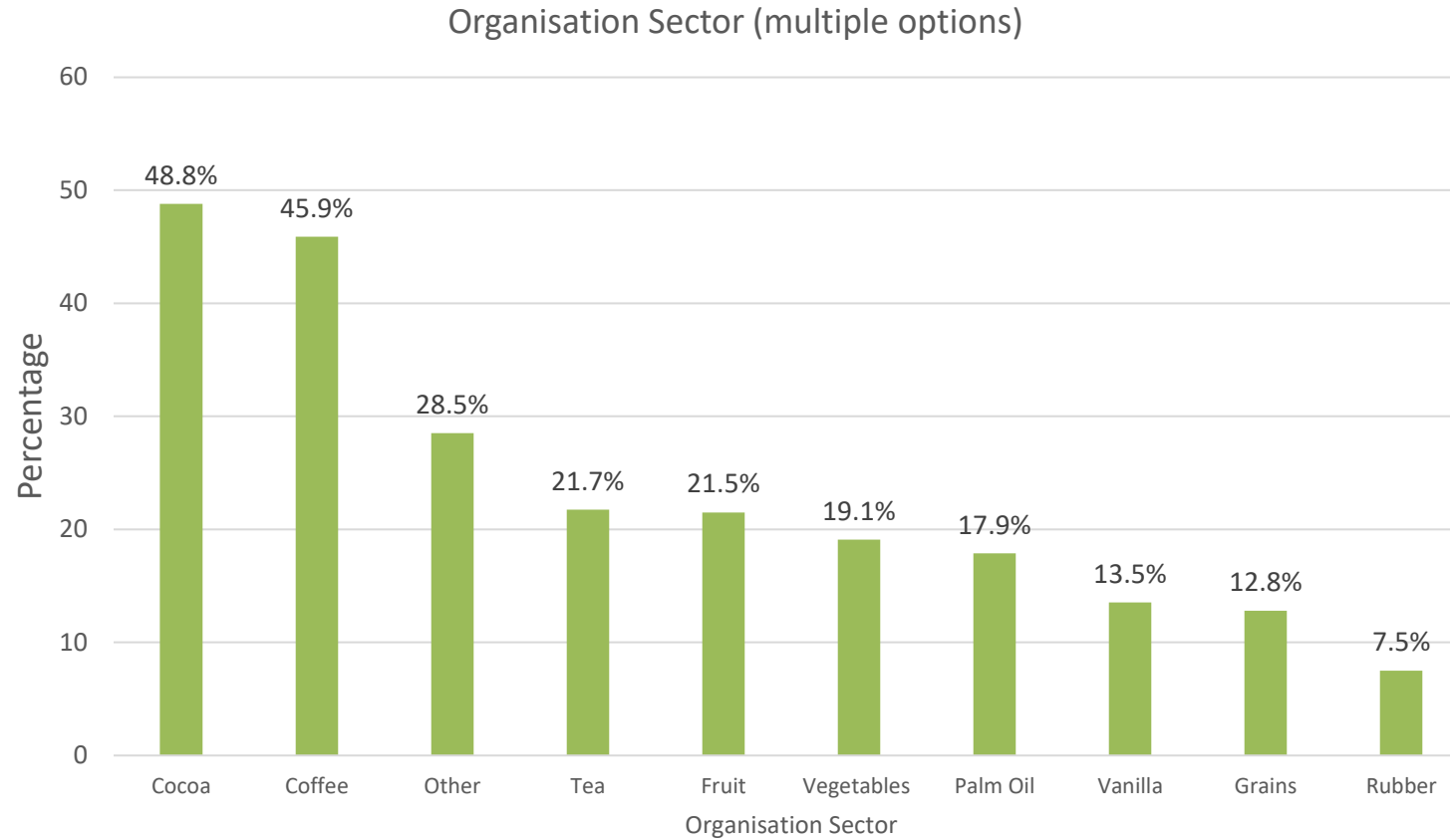
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Audience Profile

Type of Organisation (n=414)



Audience Profile



Practical insights for choosing the most effective approach to measuring income

LICOP Moderator



Kristin Komives
Director of
Programmes
ISEAL



Kealy Sloan
Sustainable Food Lab



Yves Pascal Suter
Olam



Henk Gilhuis
Rainforest Alliance



Matt Bare
Rainforest Alliance



Kirby Richardson
Heifer Intl



Michiel Kuit
Agrilogic



Jessie Grillo
Heartwood LLC

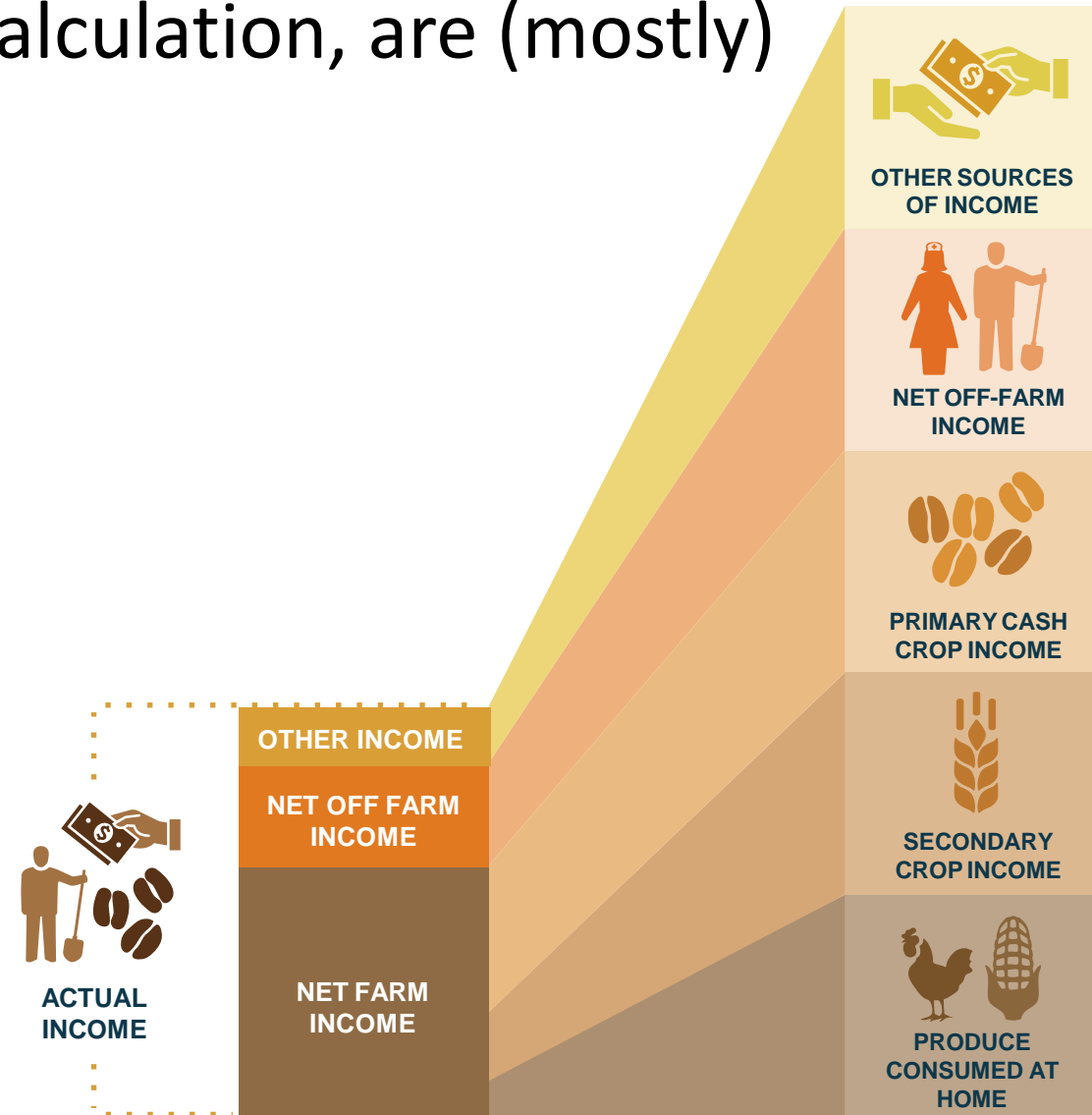
The basic principles of how to define farm household income, and what elements to include in the calculation, are (mostly) clear.

In practice, there are many choices to make

- Choice of data collection and estimation approach (income measurement vs. income estimation)

Other important choices:

- Level of detail about income sources
- Precision needed
- Focus on average farmer, types of farmers, or every farmer
- Degree of alignment in indicators and approach -- with other initiatives, or across sites and projects
- Level of investment in new data collection vs. using existing information



How to choose?

- **Your use case** – What is your purpose? What are you trying to do and learning? What do you want to say on the basis of your results?
- **Your starting point and capacity** (incl. time and budget constraints) – What income related data do you already have? Do you have capacity to collect data? What have others done that you could leverage?
- **The operational context** –How varied is the situation of farming households in your area of interest? What are key components of income in the area?

Three types of use cases

1. Understanding where you stand: the current situation

- What is the current income gap (on average, or for specific farmers)
- Living income gap 'hot spot' analysis
- Inform program design
- Inform estimation of a living income reference price

2. Monitor improvement over time

- Are we closing the gap?
- Are the incomes of specific farmers or types of households improving?

3. Which of our interventions are most effective?

- What is really making a difference?

Practical insights for choosing the most effective approach to measuring income.

The baseline survey or assessment

- Baseline surveys or assessments provide a useful framework that can be leveraged and referred to for income and living income gap measurement and calculation
- Understanding what exactly you want to learn in the baseline assessment is key – Is the datapoint necessary?
- Important to triangulate info/data.

Combining data sources, adding modelling to inform strategy

- Collecting data sets on a regular basis is very costly so sampling becomes essential.
- Finding the relationship between income and other variables is key to use modelling
- Farm size, productivity are key factors o model the impact on income.
- Monitoring top level metrics can help facilitate faster, top level analysis of which origins to focus on

Combining data sources, using existing data to model and track income change

- It is important to spend a good amount of time understanding what information you already have. Who are the different stakeholders in the area and what information do they already collect.
- Certifications can help provide income information.
- Using data from previous years depends on the commodity and location.

Evaluating what has worked, comparing effectiveness, value and impact)

- What do you really want to learn and know?
- Study design is very important for this use case.
- It's not just about the data you collect but also about sample size, control or comparison groups...

What questions do you have about measurement? What are the greatest challenges you are facing with measurement?



The baseline survey or assessment

- If a company wants to collect data on living income and calculate the living income gap tomorrow – which manual/book/resource to use?
- How can you easily collect reliable data on production costs?
- What sample size is acceptable when combining quantitative and qualitative data?
- What are the best additional sources of data to triangulate with?
- How to efficiently use the historical data and public data into the context?
- How do you ensure that your data is of good quality?
- How frequently should we collect data on incomes, production costs without making it super expensive?



Combining data sources, adding modelling to inform strategy

- When is an estimate of household income enough (versus a careful measurement of actual income for each farmer)?
- Decent level of attribution of your project to the changes that you see over time - do you always need controls?
- Do we need a **control group**?
- What are **other key factors** to monitor that impact on income?



Combining data sources, using existing data to model and track income change

- How do you use the Farmgate price as a variable to understand farmer income?
- How can change over time be allocated to different interventions?
- How do we understand the cost of "family labor" from another household, i.e. extended family hired on the farm. Does this data exist?
- Can the data from a previous year, really be used for data of the current year?
- When is a modelled estimate of household income enough (versus a measured estimate of household income for each farming family)?
- What is best available 'cost of living' scale for regions of the countries where suppliers are located? Is there a world-wide option?



Evaluating what has worked, comparing effectiveness, value and impact)

- Having comparable results across intervention cases is helpful, but do you also lose something by focusing on alignment rather than the different context of each case?
- Considering the inherent challenges of measuring and attributing impact to rather limited interventions and investment levels, what is the "best fit" to measure income effects?
- Poverty is multi dimensional. What indicators, besides income, could we use to measure poverty and progress out of poverty?
- How to deal with external variables, e.g., climate, politics, pandemics?
- How to attribute financial "value" to essentially nonfinancial interventions?

Living Income & Livelihoods – emerging topics

Group 1 Gender Empowerment and Living income	Group 2 Savings and financial capital for improved and diversified income	Group 3 Farm Services to improve productivity	Group 4 Youth and inspiring the next generation of farmers
Discussant	Discussant	Discussant	Discussant
<p>Anna Laven (KIT)</p>  <p>Inge Jacobs (Mars)</p>  <p>Blanca Castro (IWCA)</p> 	<p>Abdulahi Aliyu (Rikolto)</p>  <p>Gael Lescornec (IDH)</p> 	<p>Ashlee Tuttleman (IDH)</p>  <p>Paul Stewart (Technoserve)</p> 	<p>Gerardo Patacconi (ICO)</p>  <p>Jenny Hanbert (Hanns R. Neumann Stiftung)</p> 

Living Income & Livelihoods – emerging topics



Gender Empowerment and Living income

- Often we don't understand the underlying causes of gender inequality and disempowerment.
- In cocoa, women are usually excluded from trade and services. They are also not targeted in living income strategies
- Creating equality is a journey and will take time. Girls should be an important focus.
- One promising strategy is to focus on capacity building



Savings and financial capital for improved and diversified income

- Access to finance is an important element for driving income improvements.
- Investing in smallholder farmers is perceived as high risk to financiers.
- Financial services need to be catered to the needs of farmers, but also be facilitated by initiatives that support payment and include multistakeholder solutions.
- Need to think broader about financial solutions and products beyond what is typical.



Farm Services to improve productivity

- We need to look at productivity improvements as *part of* the smart-mix strategy that goes beyond productivity/yield
- we need to structure farm service offering in ways that appeal to different kinds of farmer to use the services and adopt new practices
- We require reliable data and analysis is needed to bring transparency and to be able to define strategies and inform where investment is needed.



Youth and inspiring the next generation of farmers

- Youth being involved in the process / being the main actor.
- It's more about involving many actors to make a community a home for young people.
- Benchmarking is very important, and measurement to differentiate by age

Developing a Systems Approach to Living income: What does a LI approach mean for different people in the food and ag system?

Moderator



Carla Veldhuyzen van Zanten
Senior Advisor Sustainable Livelihoods
Fairtrade International

Farmer Voices

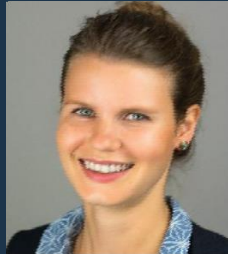



Deborah Osei-Mensah
Asunafo North Cooperative Cocoa
Farmers And Marketing Union Ltd,
Ghana

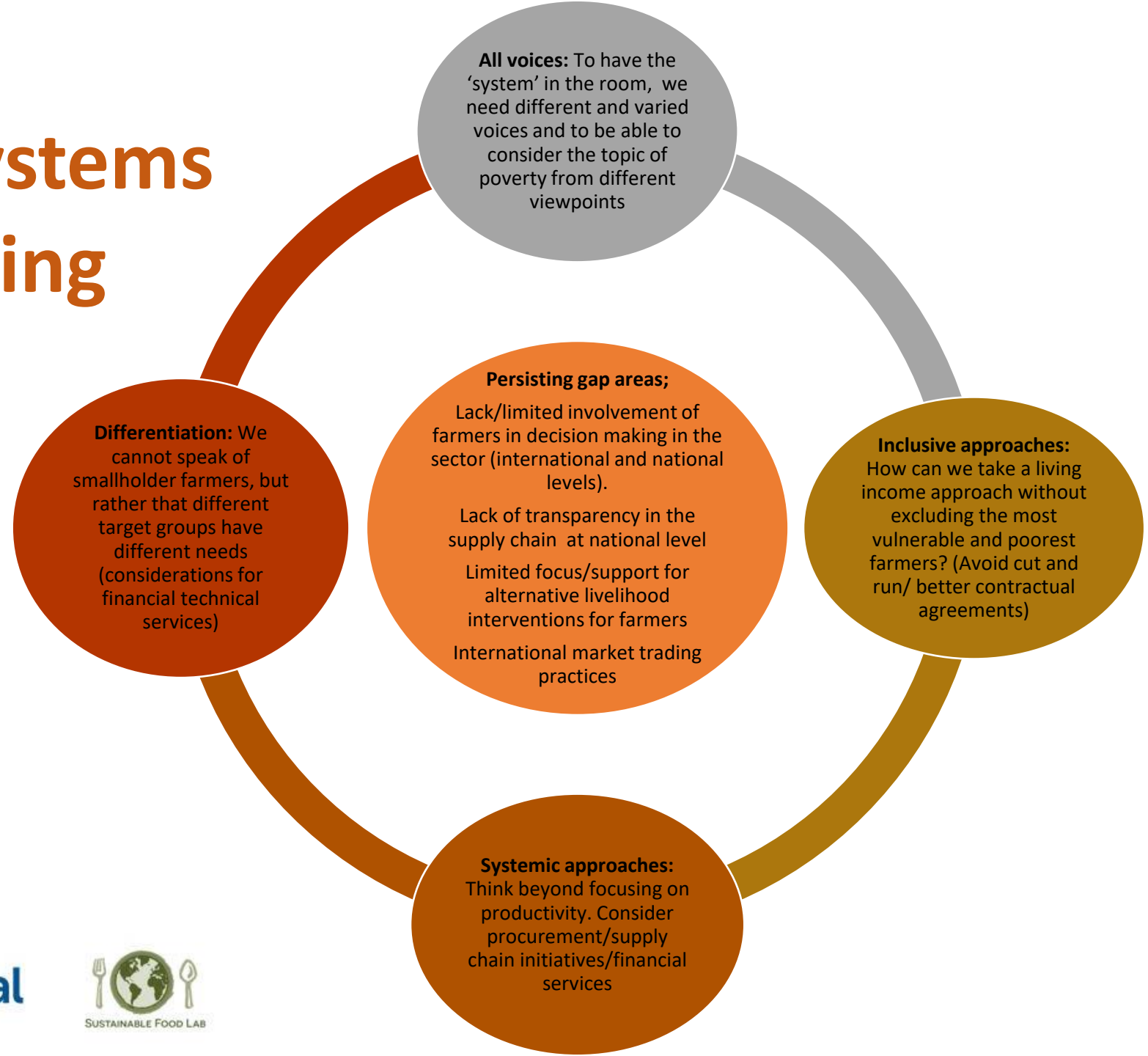


Camilo Enciso Suarez
ASOPEP, Colombia

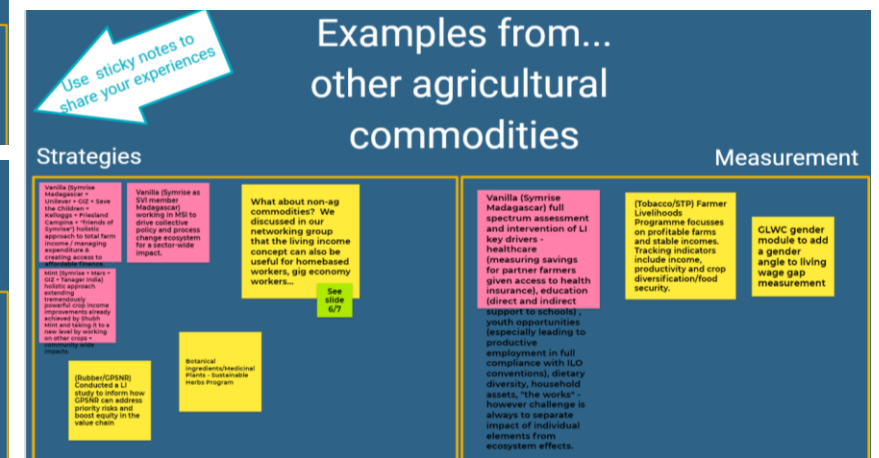
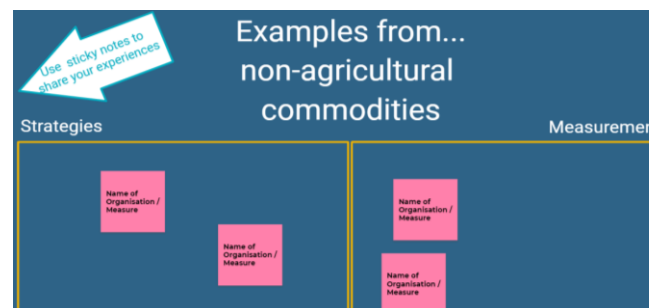
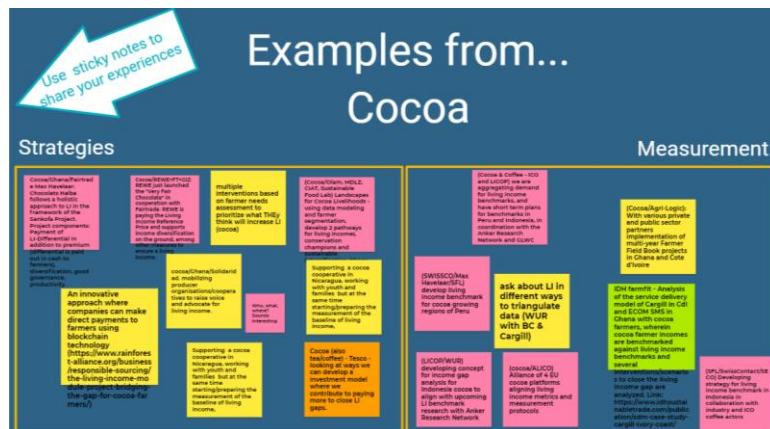
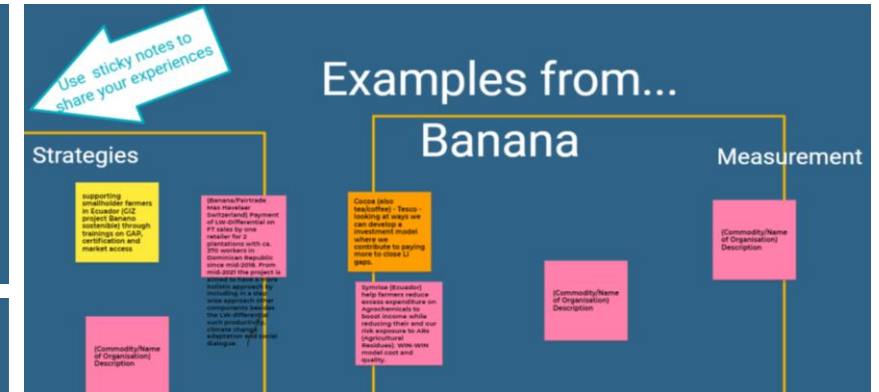
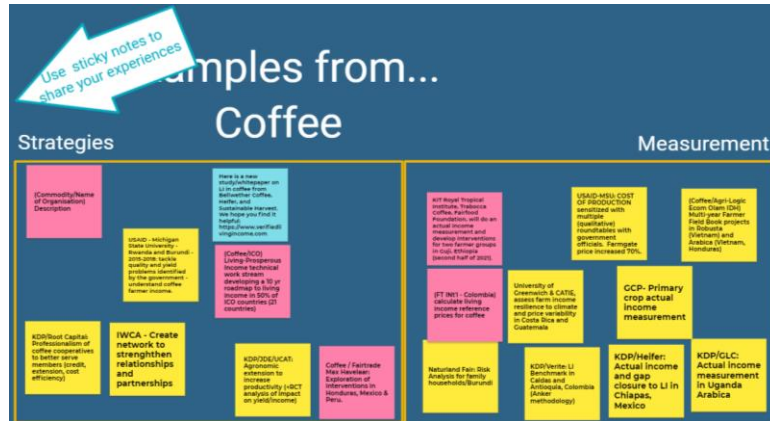
Breakout Options

Group 1 Financial Services viewpoint	Group 2 Civil Society viewpoint	Group 3 Retailer viewpoint	Plenary Role of Farmer Organisations
<p>Discussant</p> <p>Sophie Falsini (CGAP)</p> 	<p>Discussant</p> <p>Sandra Sarwah (SEND)</p>  <p>Friedel Huetz Adams (Suedwind)</p> 	<p>Discussant</p> <p>Nina Kuppetz (GIZ)</p>  <p>Laura Kent (Tesco)</p> 	<p>Open Q&A</p> <p>Deborah Osei-Mensah Asunafo North Cooperative Cocoa Farmers And Marketing Union Ltd, (Ghana)</p> <p>Roland Waardenburg (Inclsve)</p> <p>Carla Veldhuyzen van Zanten (Fairtrade International)</p>

Developing a Systems Approach to Living income



Living Income & Livelihoods - what is happening at the sector level?



State of Play in Living Income

Sectors Updates from Natural rubber and Herbs/Spices

TOWARDS A DECENT STANDARD OF LIVING FOR SMALLHOLDER FARMERS

Rubber



Dr. Gerhard Langenberger

Advisor

SV Programme Sustainable Agricultural
Supply Chains and Standards

Living income in natural rubber

Results from Thailand and Indonesia

Tim Loos & Gerhard Langenberger

What is a living income?

Definition

"The **net annual income** required for a household in a **particular place** to afford a **decent standard of living** for all members of that household."

Based on **international norms & local standards**



=



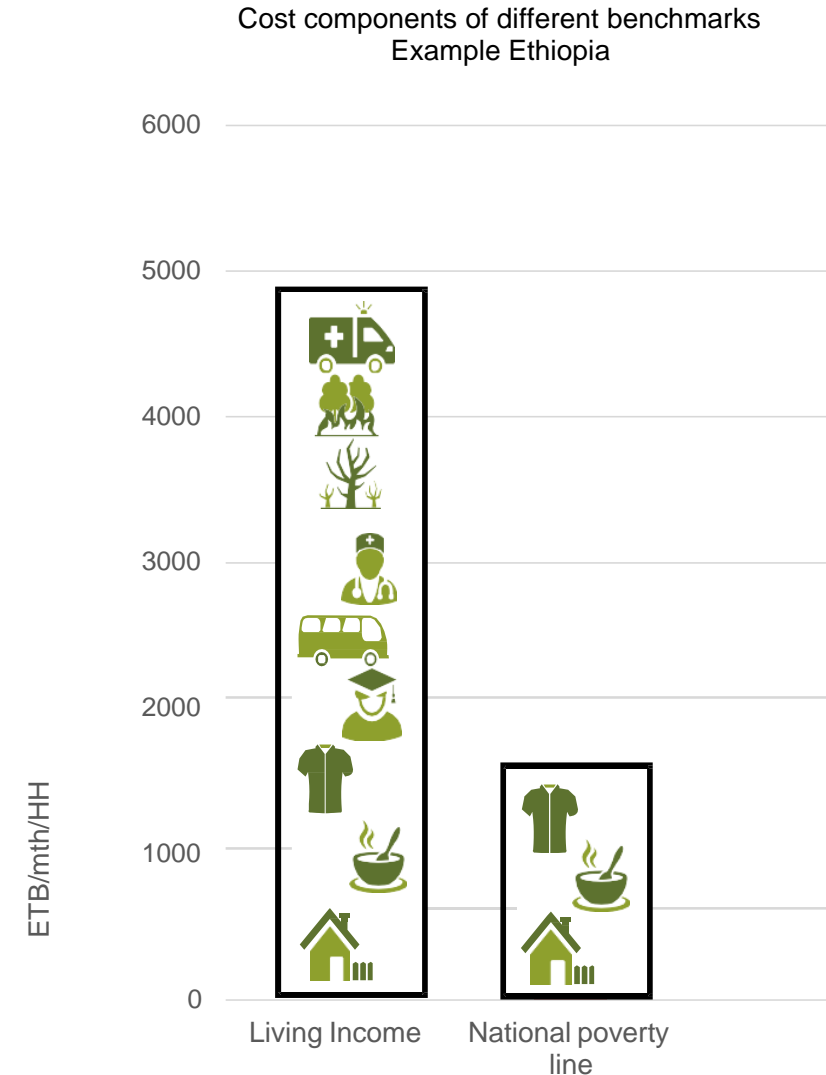
Why do we need living income?

Commonly used poverty lines:

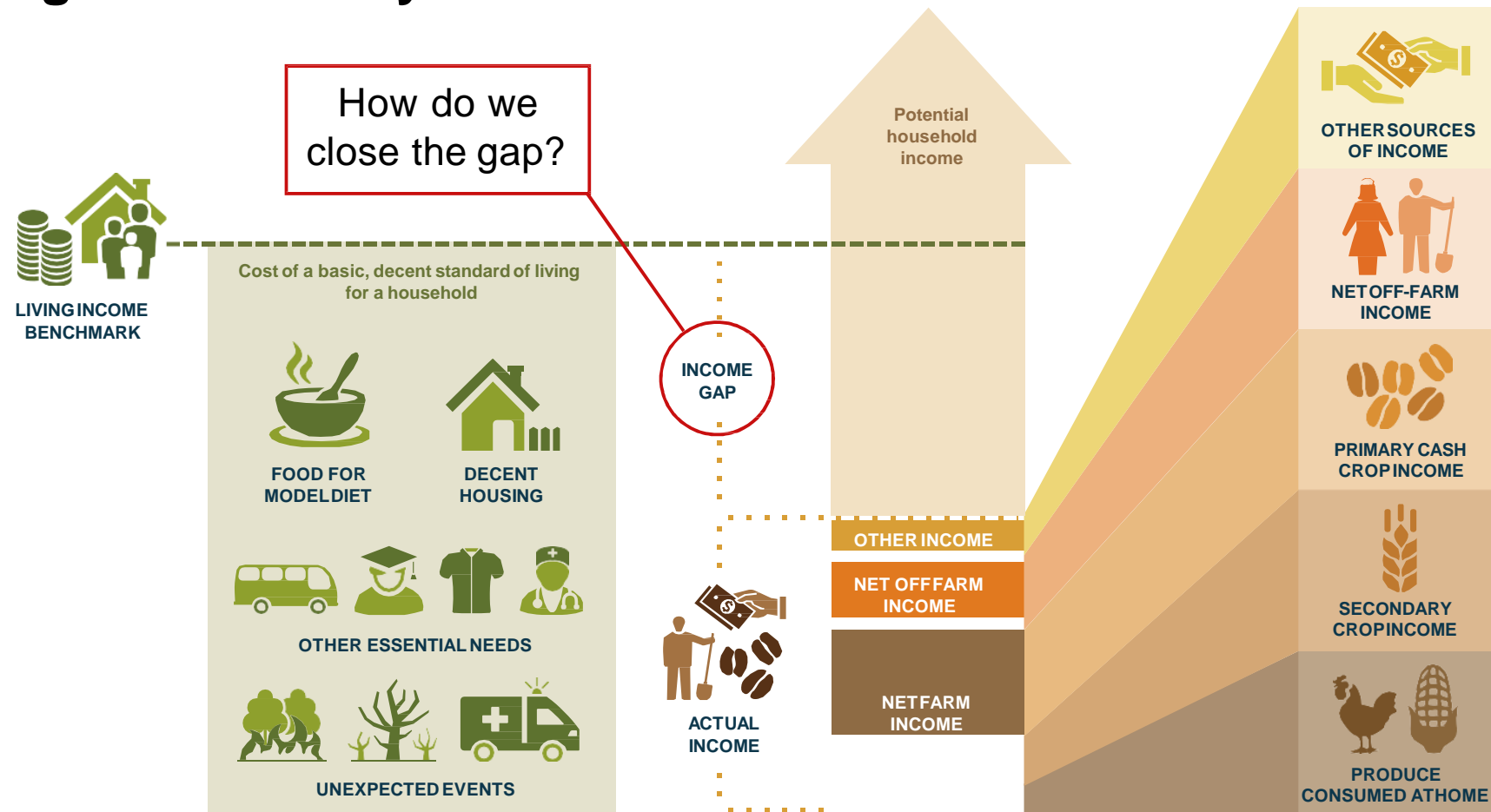
- Consider **subsistence level**
- **Not region-specific** (e.g. urban/rural)

Minimum wage:

- Applies **only in formal employment**, not applicable to self-employed persons, and therefore not to farmers



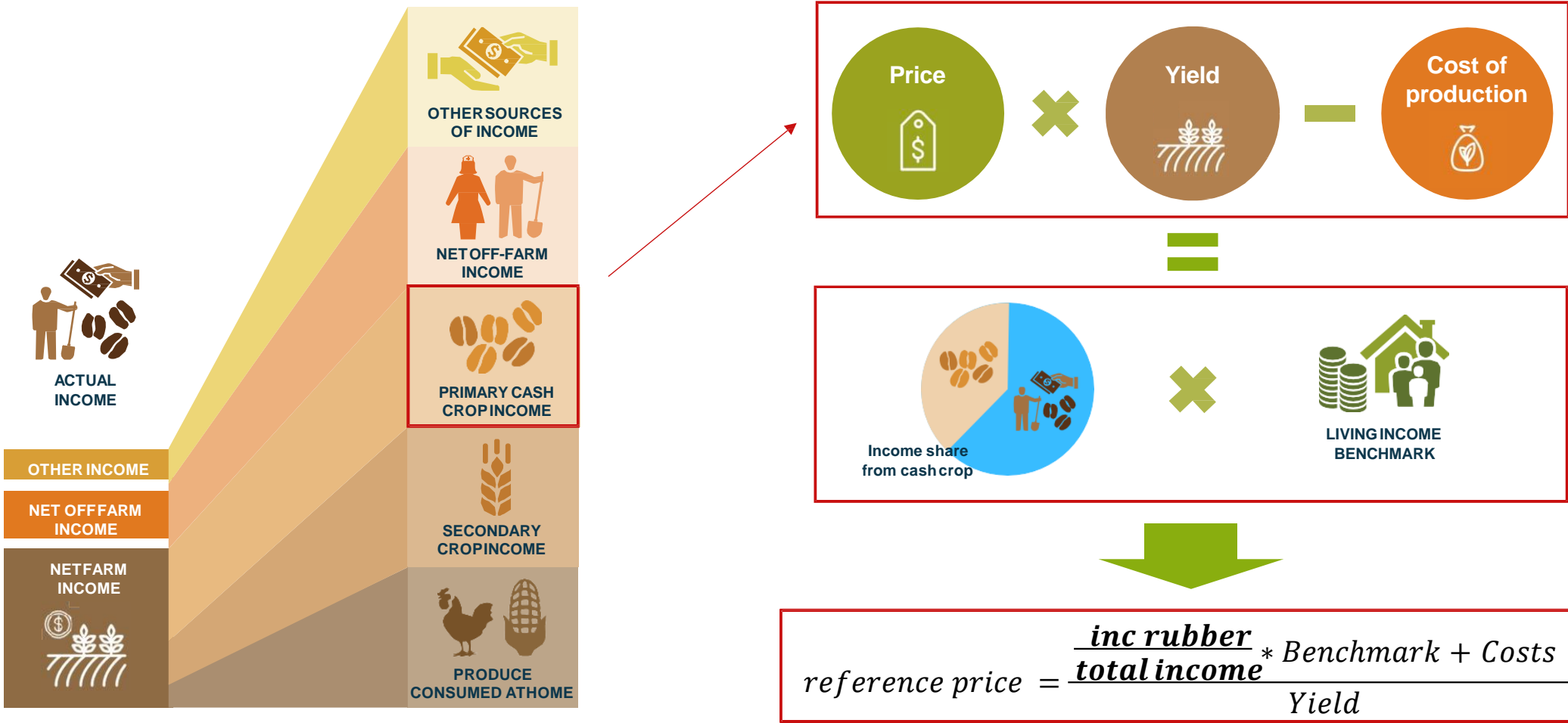
The Living Income Story



The Living Income
Community of Practice

giz

Price as one piece of the puzzle



Living Income Studies in the Rubber Sector in Thailand and Indonesia

Methodology

1. Study: Thailand (main producing regions)
2. Study: Indonesia – Jambi, Riau, South Sumatra

Secondary Data – Desk Research

- Actual income
- Benchmarks
 - World Bank international poverty line
 - National poverty line
 - National minimum wage
 - Living Income Estimate by GIZ

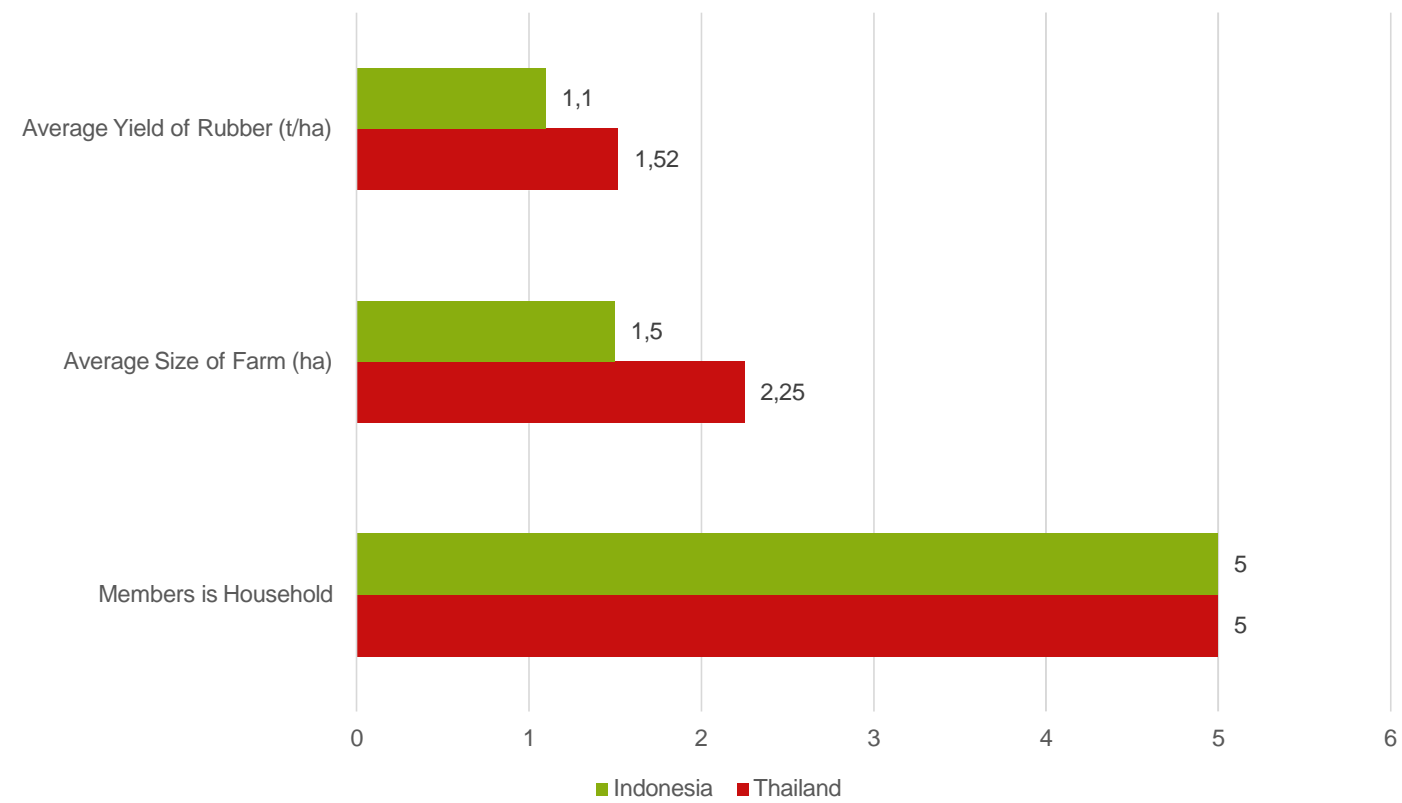
Primary Data

- Interviews and focus group discussions with farmers and stakeholders to verify secondary data

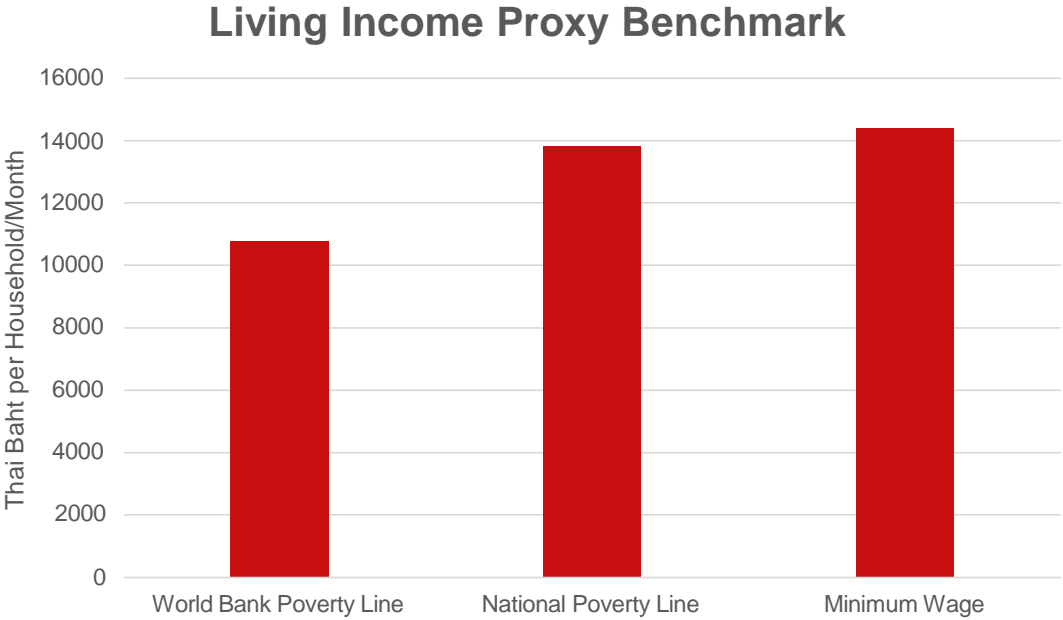
Limitations of the studies

- No official living income benchmarks
- COVID-19 Pandemic
- Time limitations
- Variations in secondary data
- Small sample size of rubber smallholders
- Variations of prices in different regions
- Challenging for smallholders to provide precise information
- Additional incomes vary across locations
- Cost of production varied

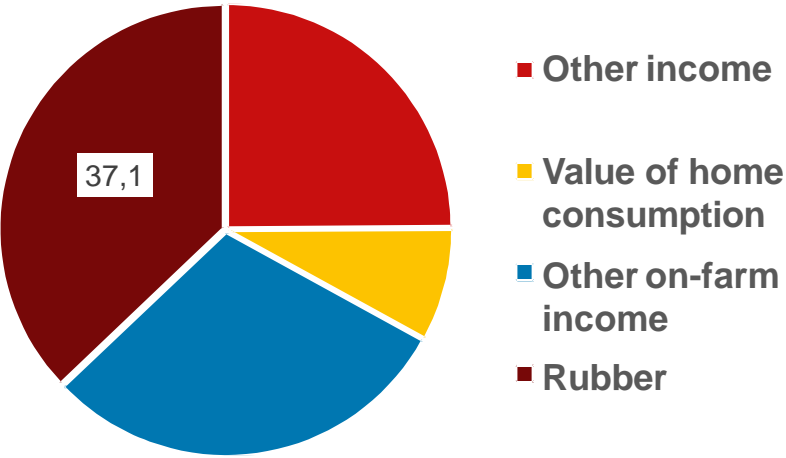
Information on Rubber Smallholders



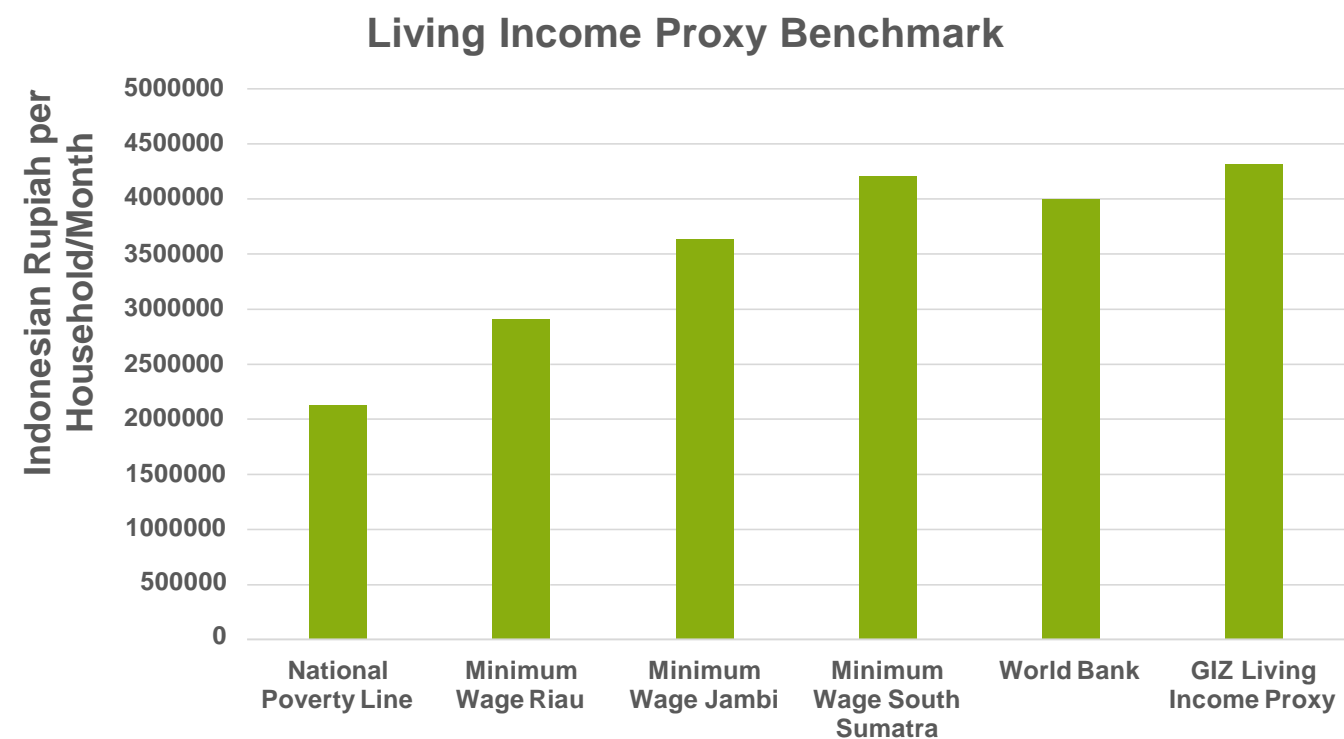
Thailand Living Income Benchmark



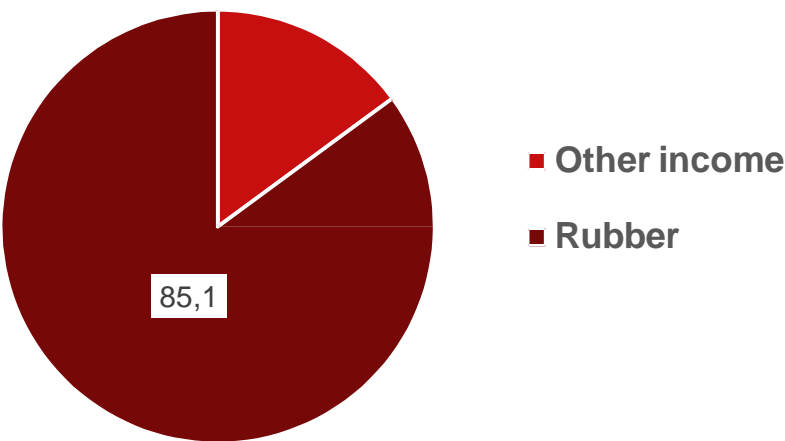
Income distribution



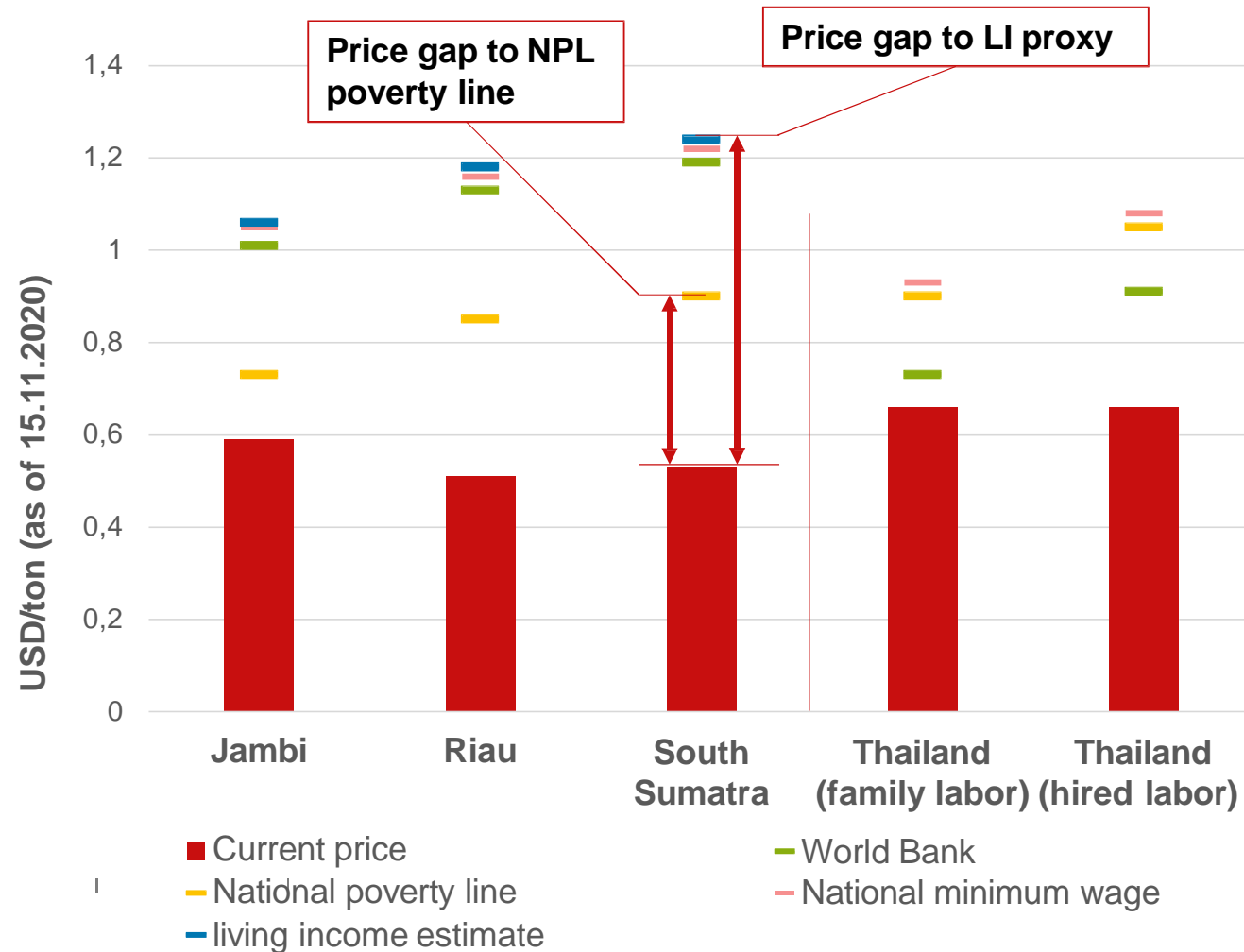
Indonesia Living Income Benchmark



Income distribution



Reference Prices



Calculations displayed are based on income share approach

Labor share approach difficult due to data quality

No data on average farming production or GAP farming production,

- Calculations are based on model production system (not representative) → i.e. no effect of GAP on price visible (assumption that model system is GAP?)
- No investments (fertilizer, etc.) possible in the field due to lack

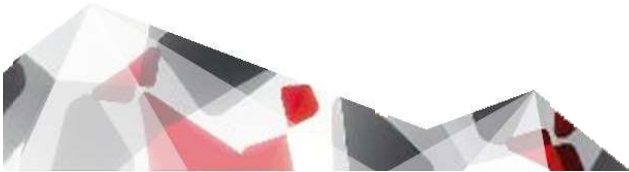
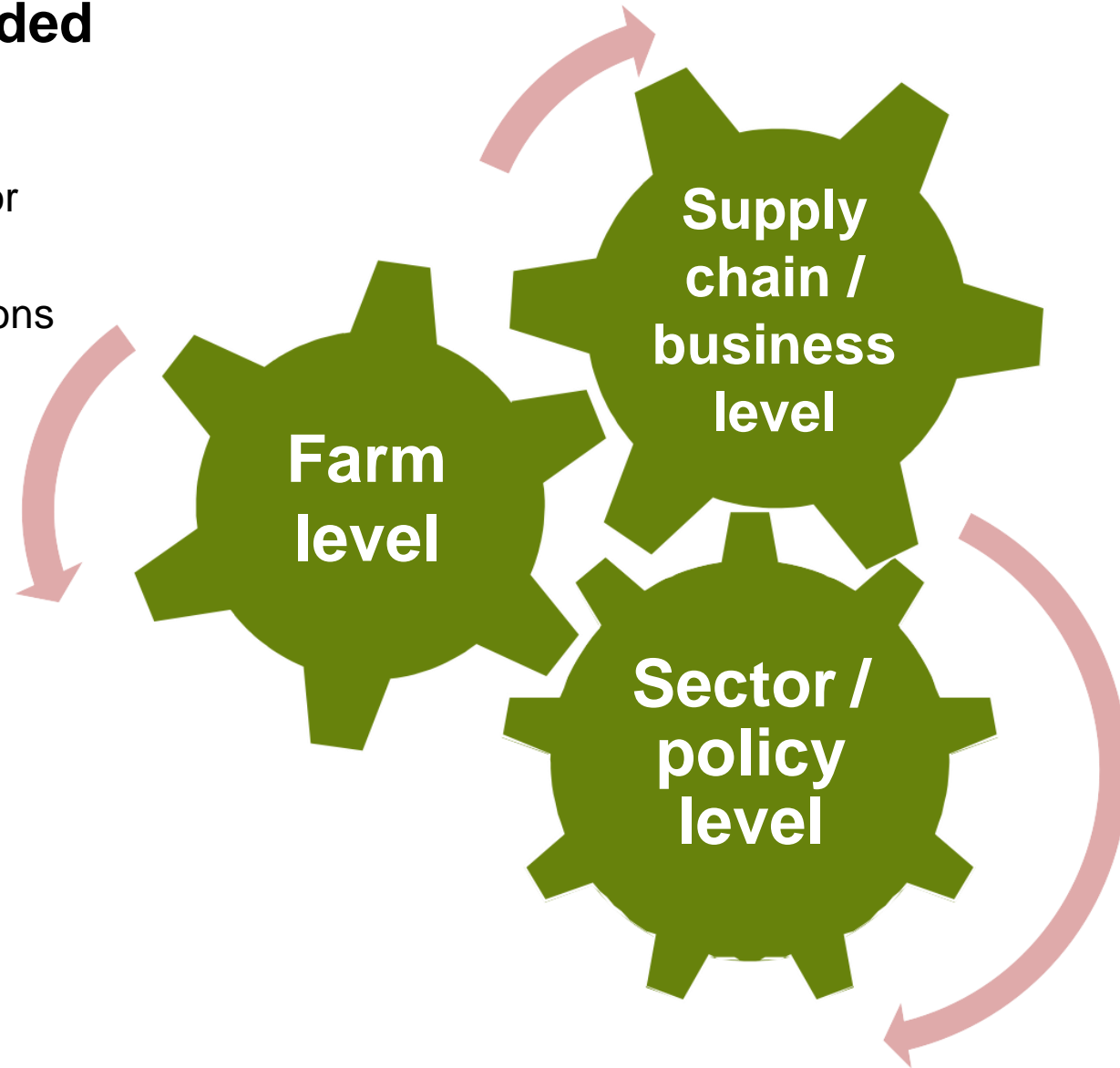
Summary

- While the studies have their limitations, they give a plausible indication of the living conditions in Thailand and Indonesia.
- In both Thailand and Indonesia, there is a gap between the current price and the (LI) reference price.
- Thailand is closer in closing the gap compared to Indonesia as rubber production is more advanced and well established.
- In Indonesia, under current conditions, smallholders are surviving rather than living at a basic level of decency.
- In Indonesia, costs of production are often cut as farmers cannot afford simple inputs like herbicides and pesticides. The result is decreased productivity and quality that again cuts into farmer incomes.



A holistic strategy is needed

- Reaching a **sustainable rubber landscape** and **living income** for smallholder farmers requires a **broader strategy** and interventions at:



Thank you!



Dr. Tim K. Loos

Advisor

Programme Sustainable Agricultural
Supply Chains and Standards

Tim.loos@giz.de

+49 228 4460-4088



Dr. Gerhard Langenberger

Advisor

Programme Sustainable Agricultural
Supply Chains and Standards

Gerhard.langenberger@giz.de

+49 228 4460-4098



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TOWARDS A DECENT STANDARD OF LIVING FOR SMALLHOLDER FARMERS

Herbs/spices



Roberto Duarte
Project Manager
Programme Sustainable
Agricultural Supply Chains and
Standards

Discussion and Q&A



Thank you!



Federal Ministry
for Economic Cooperation
and Development



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