

TOWARDS A DECENT STANDARD OF LIVING FOR SMALLHOLDER FARMERS

Living Income – Actual Income Measurement

13:45 – 15:00 BST/GMT +1 (75m)

LICOP Moderator



Kristin Komives



Adam Romo

Presenting



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Session Contributors

Marcelo Tyszler – KIT

Carlos de los Rios – COSA

Yuca Waarts – Wageningen

Andrea Rusman – True Price

Carla Veldhuyzen – Fairtrade

Carla Dalmau – IDH

Jessi Grillo – Heartwood LLC

Living Income Community of Practice Objectives

The Living Income Community of Practice



The Community of Practice on Living Income is open to any entity that is committed to learning on the topic of Living Income and improving the livelihoods of smallholders. We aim to strengthen this open community of practice, in part, by sharing information about the efforts of different actors in the living income space and are incredibly grateful to receive updates on upcoming living income studies, benchmarks or activities that can be shared with the community.

If you are not currently a community member and interested to learn more, I would also recommend visiting our website. Furthermore, if you would like to be added to our mailing list to be kept up to date with new webinars, activities and resources, please visit our website's 'contact' section.

For more information and to join the community
visit: www.living-income.com
Contact: livingincome@isealalliance.org

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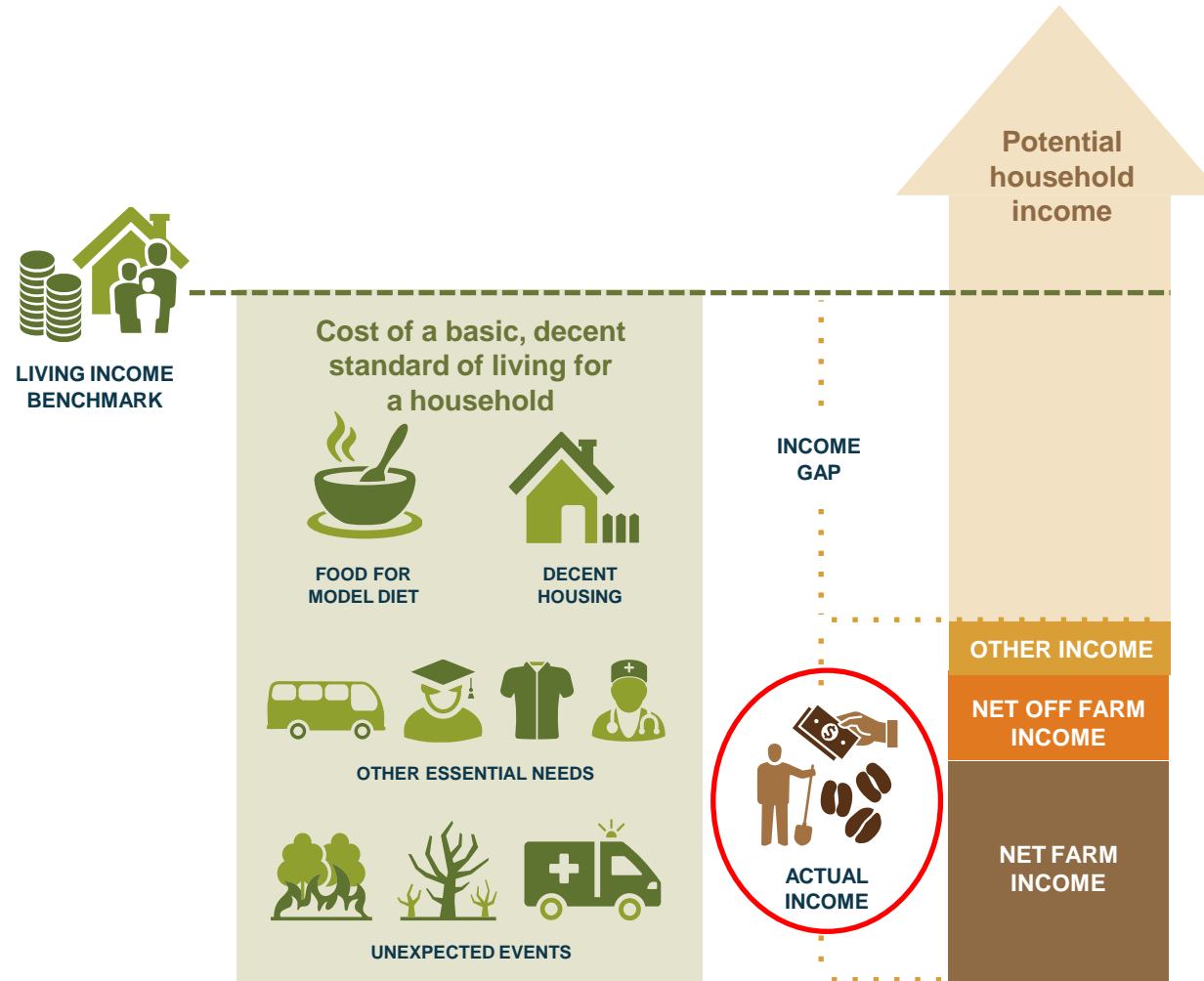
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How are we set up around measurement?

- **Share learnings from the community** through webinars, newsletters and events.
- **Develop guidance** based on these learnings and with technical backstopping.

Technical Advisory Committee



Eberhard Krain
prev. GIZ



Andrea Rusman
Impact Institute



Honore Johnson
IDH



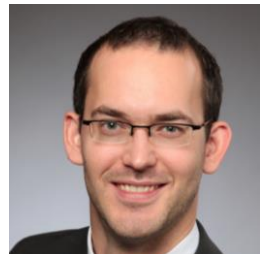
Jessica Grillo
Heartwood LLC



Carlos de los Rios
COSA



Yuca Waarts
Wageningen Uni.



Tim Loos
GIZ



Marcelo Tyszler
KIT



Levison Chiwaula
Uni. of Malawi



Kealy Sloan
SFL

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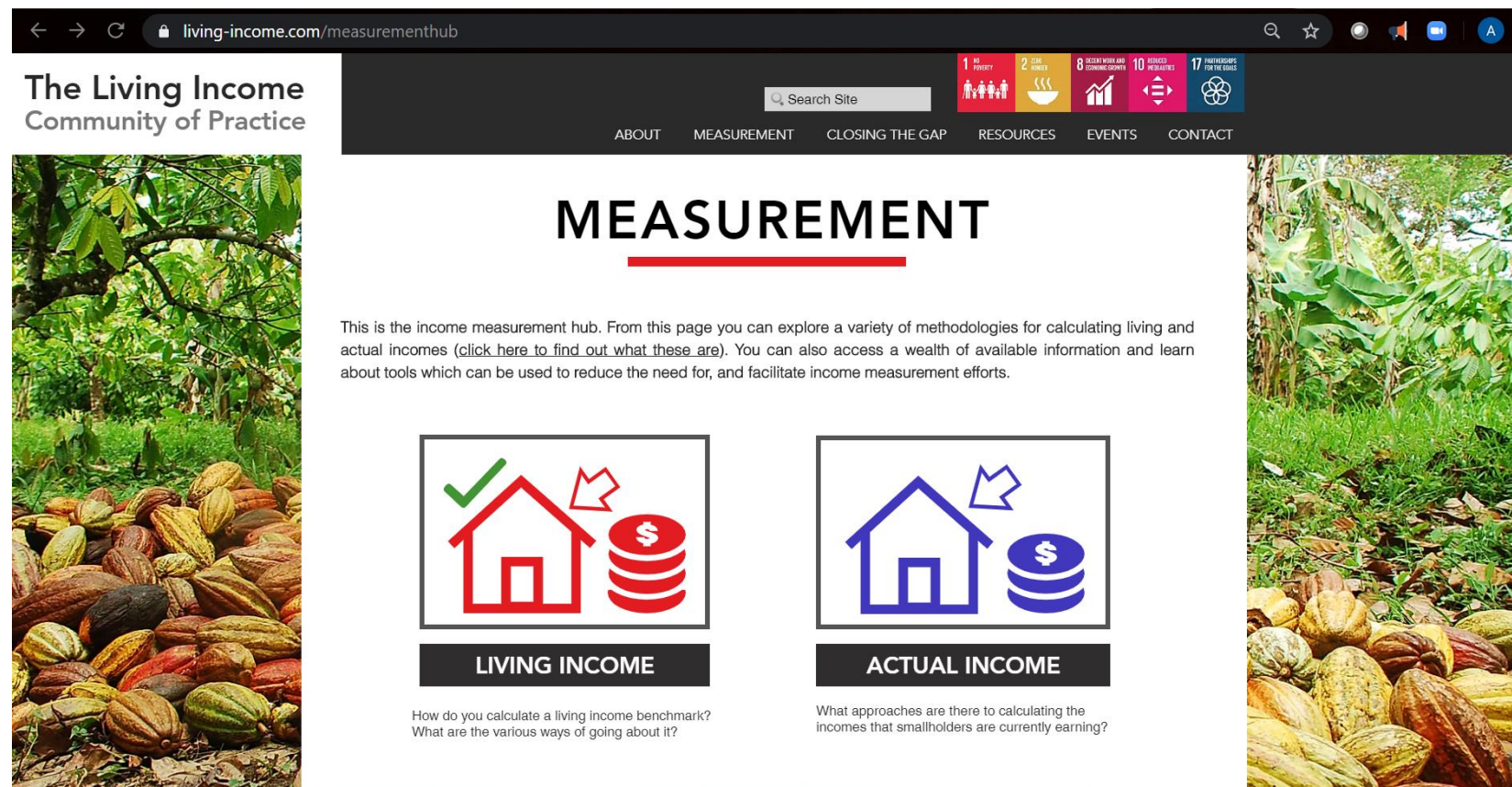


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Website

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LiCoP guidance on actual income measurement

What?

What elements of **income** need to be measured in order to estimate an income gap?

How?

How can those elements be captured in a **household survey**? (with model survey)

How can **survey data** on farmer incomes be used to **calculate and visualize the income gap**? (with STATA model)

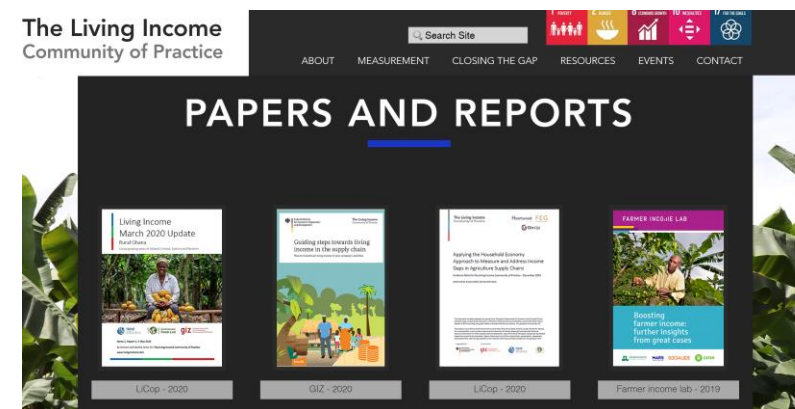
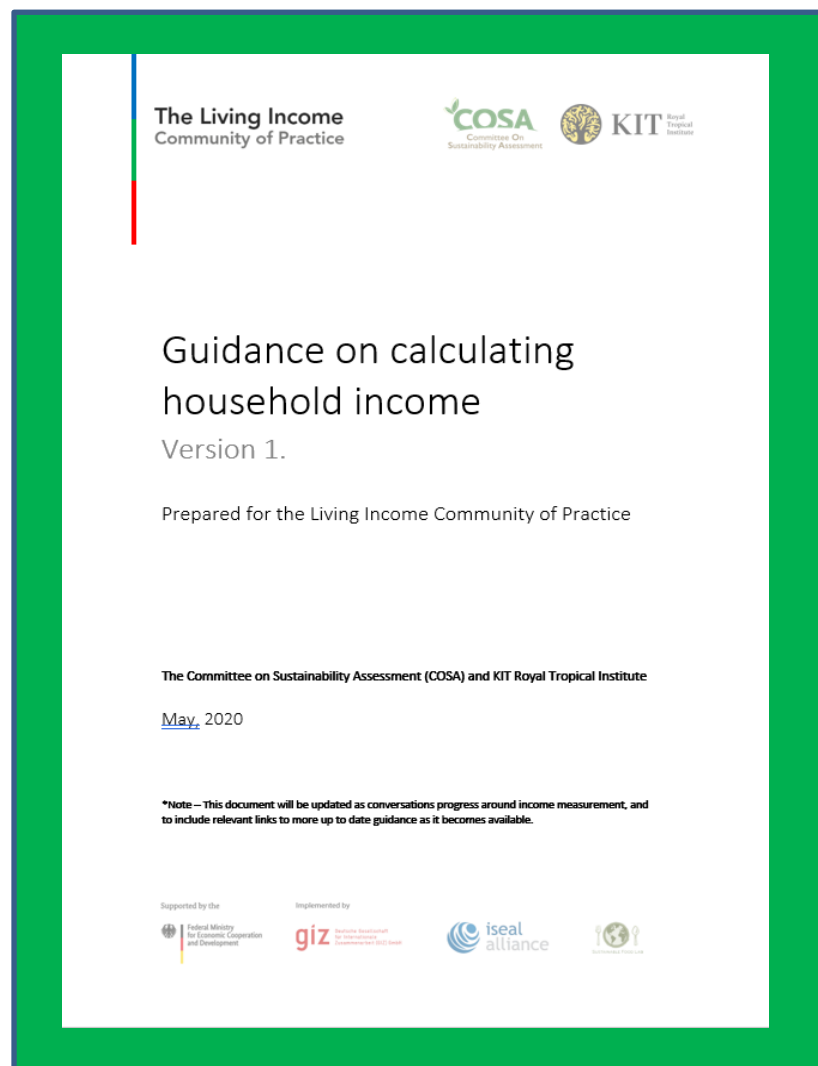
How can the **Household Economy Approach** be used to estimate incomes and approximate the income gap?

What options do you have when you are **missing data on some income elements**?

Focus is primarily on what is different or special about farm household income measurement in the context of a living income framework.

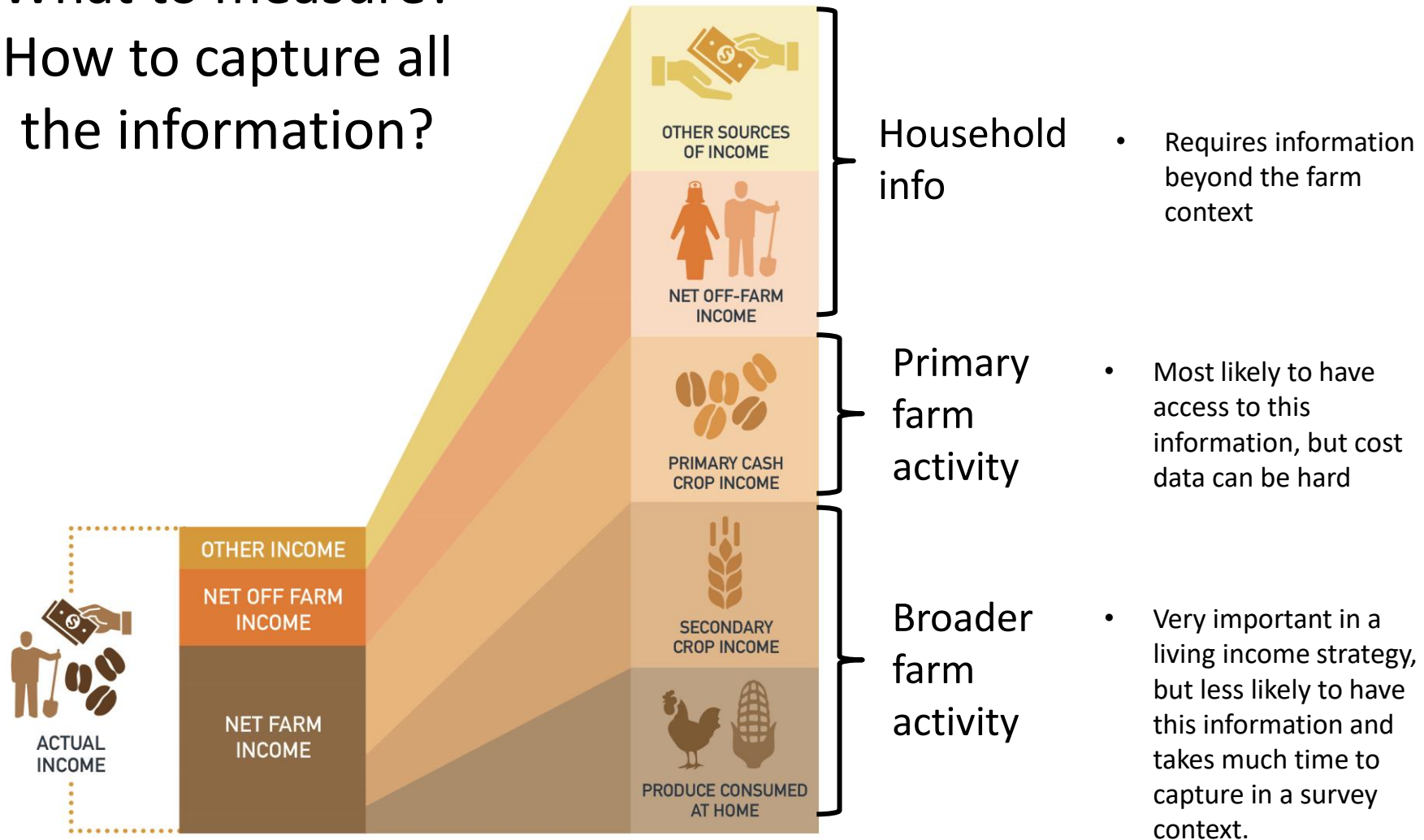
Newest guidance document

Find the guidance on our website under
Papers and Reports



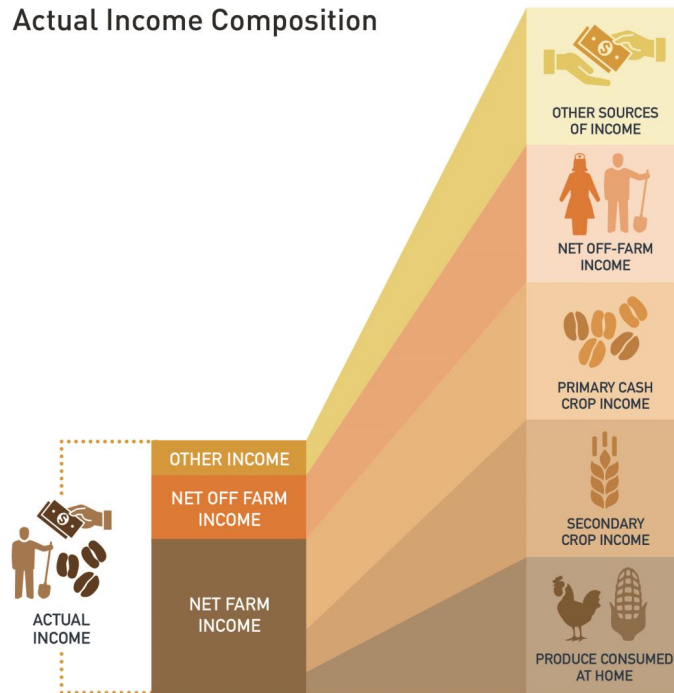
Setting the context: some common challenges and questions in measuring household incomes

What to measure?
How to capture all
the information?



Household surveys: many questions and choices beyond just what to measure

Actual Income Composition



Sample size:

- Census (full information, expensive)
- Large representative sample (ideal)
- Smaller sample (less confidence, less expensive)

Nature of effort:

- Repeated study (ideal)
- Single study (good baseline)

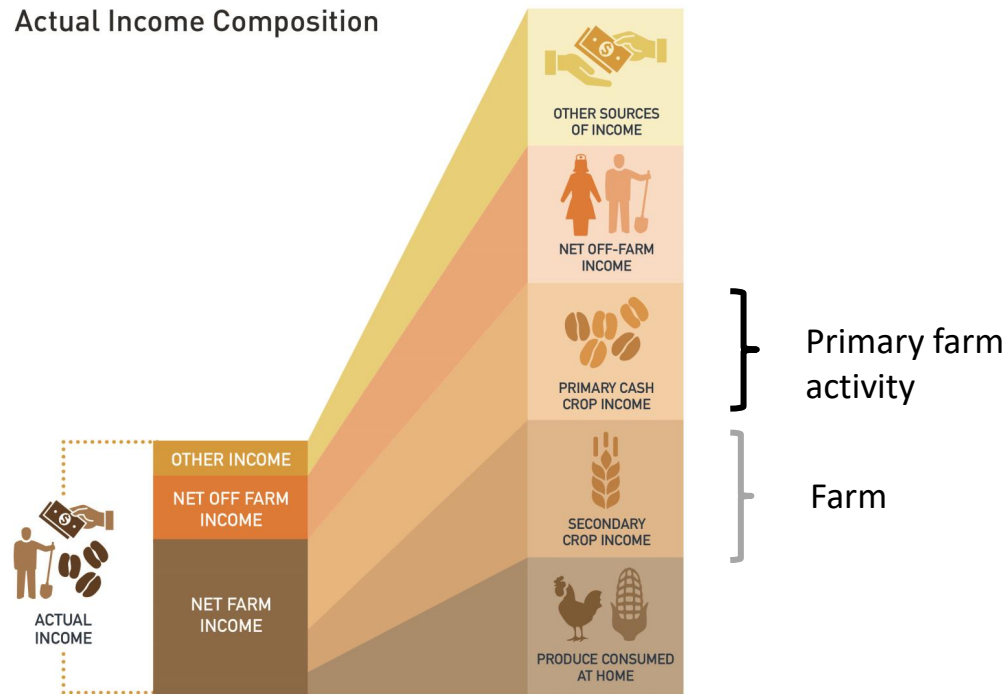
Scope of study:

- Own project only (faster, more expensive in the long run, less need to compromise or align)
- Collaborative effort for wider production area (some efficiencies, facilitates collective action, represents interconnectedness of interventions)

What can I do if I don't have all the data?

Same questions as previous slides,
plus...

How to fill in the gaps:



- Estimate total household income based on assumptions regarding missing variables (e.g. cocoa income as % of total household income)
- Secondary data from other studies or sources (e.g. average value of food produced for home consumption)
- Predict household income based on a known set of variables (e.g. modelling)



Estimating household income of cocoa farmers

Patric Brandt

Cargill Cocoa & Chocolate

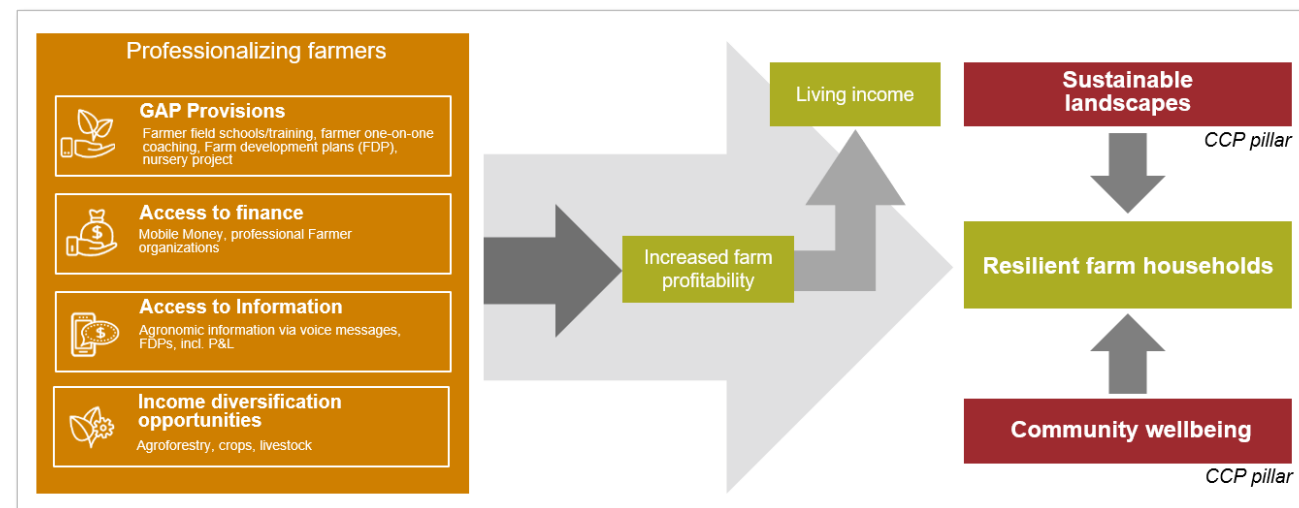
Our objectives



Tool to estimate household income of cocoa smallholders enabling:

- Large-scale, cost-effective monitoring and impact assessments
- Income benchmarking
- Decision-support for programmatic design of CCP interventions

Farmer livelihoods delivery model



Our approach: estimating household income



Farm economic model

- Rooted in previous LI CoP and CocoaAction workstreams

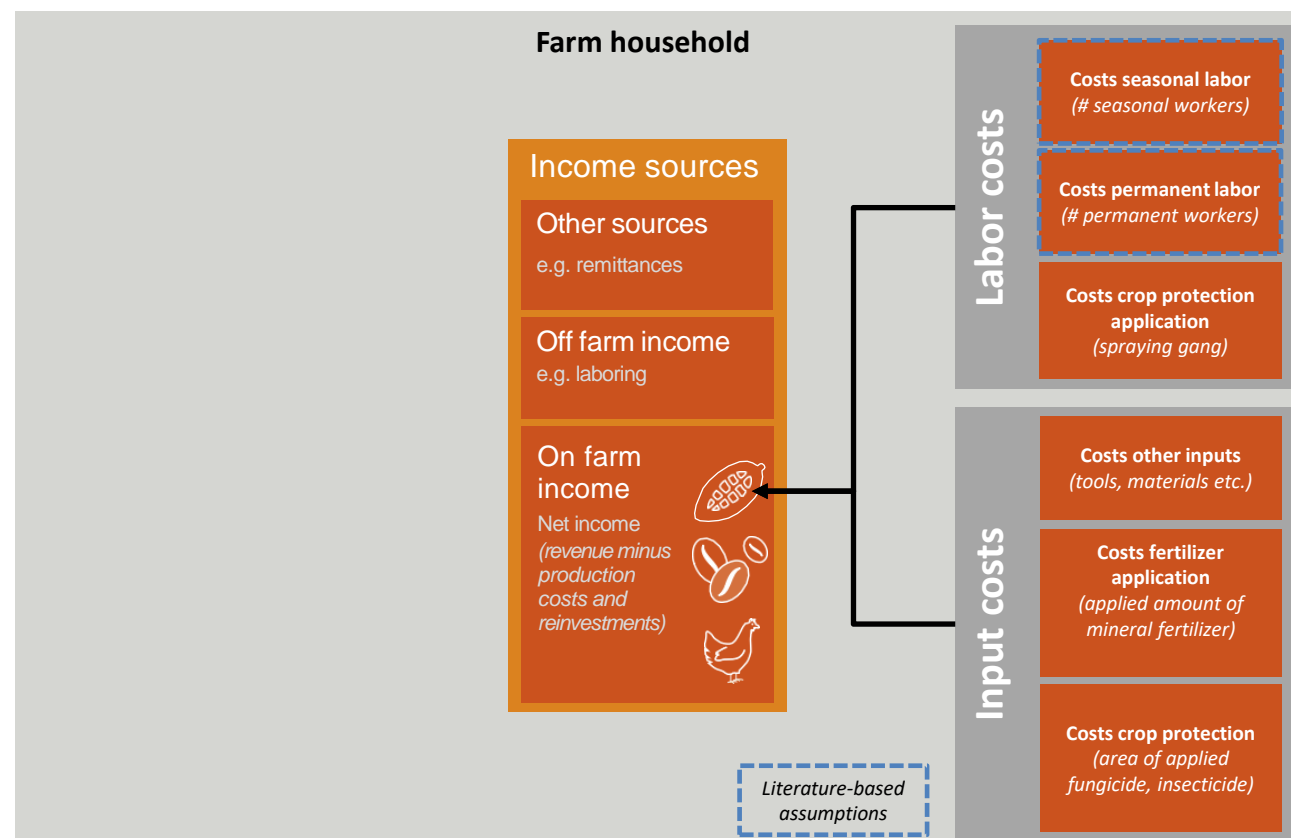


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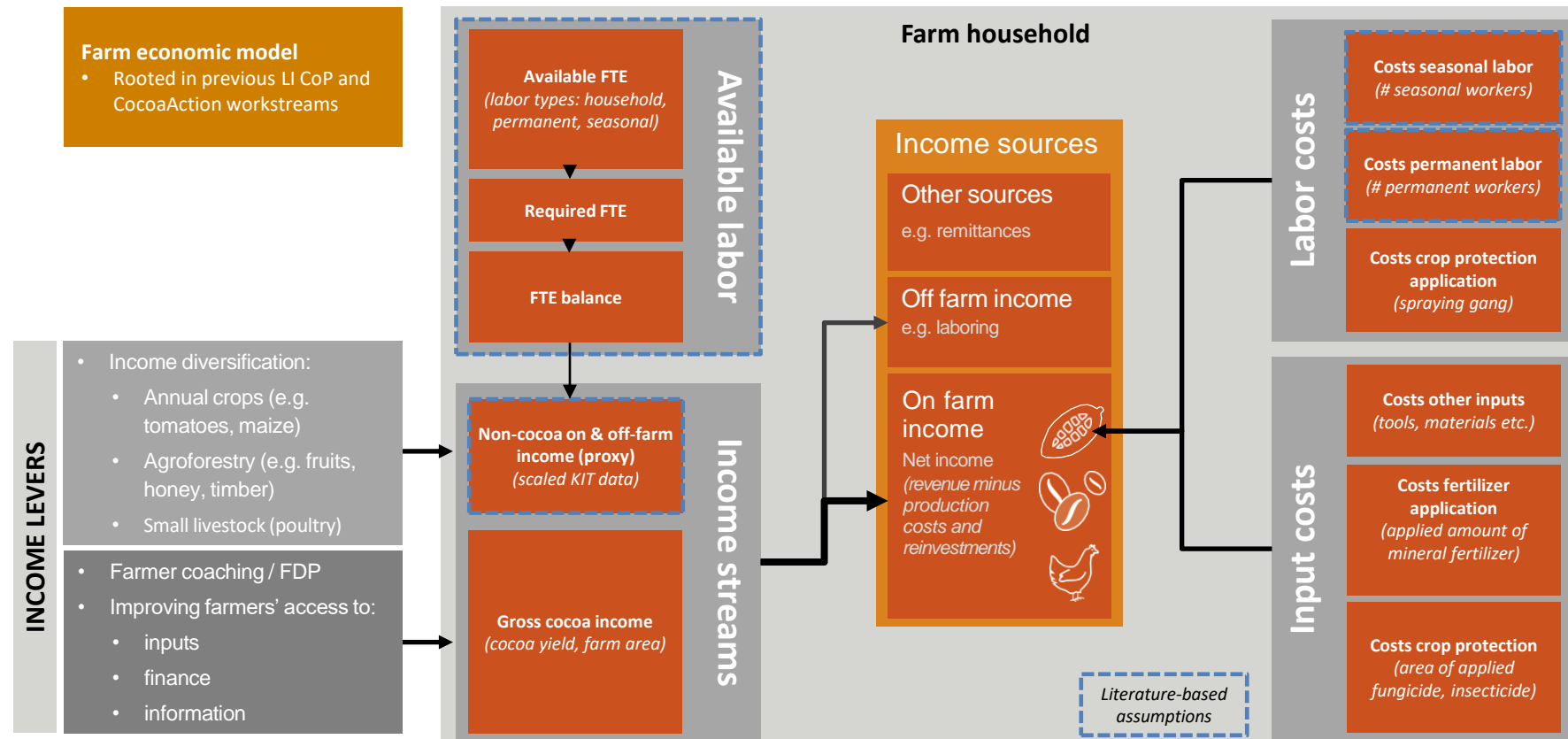
Cargill is committed to more

Cargill Cocoa & Chocolate Strategy

CCP Farmer Livelihoods pillar

Farm Economic Model

Our approach: estimating household income



Empirical model inputs: farm & household variables*



Production:

- GPS mapped farm size (ha)
- cocoa yield (kg/ha)

Labor:

- family workers (#)
- seasonal workers (#)
- permanent workers (#)

Household:

- f/m household members (#)

Inputs:

- amount of mineral fertilizer applied to farm (kg)
- farm area of mineral fertilizer application (ha)
- farm area treated with fungicide (ha)
- farm area treated with insecticide (ha)

additional model inputs: *price & cost variables as per crop year and geography*



** collected through periodic farm surveys*

Model outputs: cost & income *metrics*



Costs*:

- Total cocoa production costs:
 - Farm inputs:
 - Fertilizer application
 - Crop protection application
 - Other inputs
 - Hired labor

Income*:

- Gross cocoa income
- Net cocoa income (*total or per MT cocoa produced*)
- Non-cocoa on-farm income (*proxy*)
- Off-farm income (*proxy*)
- Net total income:
 - per household
 - per household member



* in local currencies per year

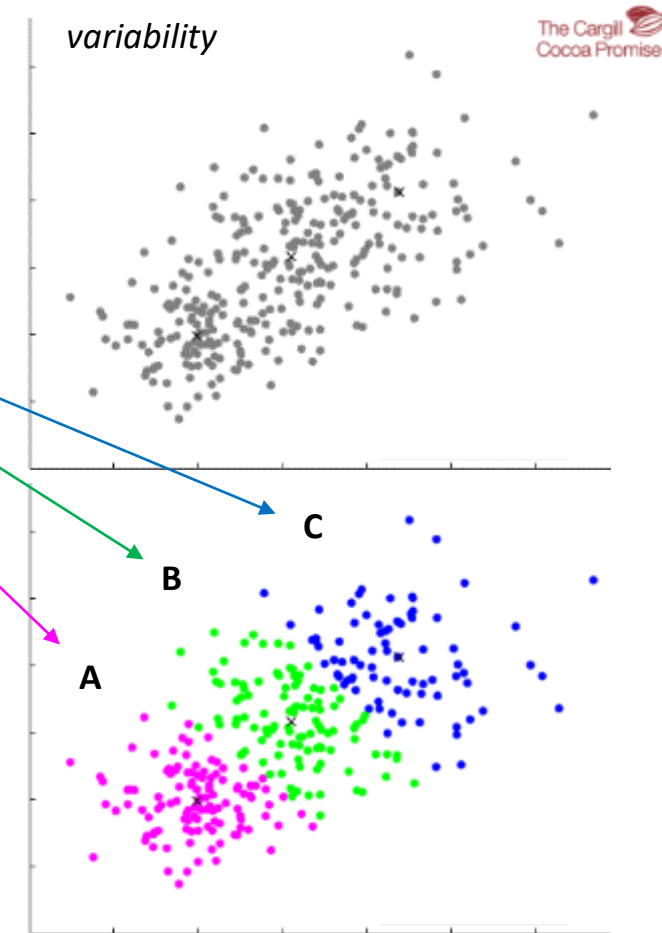
Lessons learned



- Knowledge / data gaps need to be filled to reduce uncertainties in estimated metrics!
 - Labor use and intensity
 - Income streams from diversification
 - context-specific: use of proxies through grouping / typology
- Our approach = large-scale income monitoring
 - Sample-based, deep-dive surveys & studies at household level extremely valuable!
 - Farmer field book project, KIT study
 - to back up assumptions
- We continuously develop approach
 - (re)calibration of model as per country & through time

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Sustainability
Progress Report
2018 - 2019

Cocoa and Chocolate



What approaches are you using
to measure actual incomes?

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Breakout instructions

- 4 even breakout groups
- Each will have a facilitator and 2 respondents with examples and experiences to share – do not join until I say!

Discussing 3 questions (13 mins approx. per question):

- What are you (the community) doing to measure or estimate actual incomes?
- What are the most important questions and challenges you have come across when measuring actual income using different approaches?
- What is being done, or what could we do, to address some of these challenges?

****When you enter the breakout please mute yourself and raise your virtual hand if you wish to provide a point in the conversation.**

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Wrap Up

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