



Food and Agriculture  
Organization of the  
United Nations

## PROCEEDINGS

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# Living income workshop report



PROCEEDINGS

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# **Living income workshop report**

Food and Agriculture Organization of the United Nations  
Rome, 2024

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# 1 Introduction

The Food and Agriculture Organization of the United Nations (FAO) in collaboration with the Living Income Community of Practice (LCoP) hosted two days of vibrant discussions and exchanges with living income (LI) practitioners, FAO colleagues and representatives from partner organizations such as the International Labour Organization (ILO), the International Fund for Agricultural Development (IFAD), the United Nations Development Programme (UNDP), the Royal Tropical Institute (KIT), the Sustainable Trade Initiative (IDH), and the European Commission's Joint Research Centre (EC-JRC). LCoP experts, renowned for their application of the LI concept, delivered comprehensive presentations that introduced the concept, outlined methodologies, and presented case studies along with lessons learned. The audience had the opportunity to ask clarifying questions and actively engage in meaningful discussions regarding the successes and challenges associated with applying the concept.

On Day 1, presenters from LCoP, the Anker Research Institute, the Sustainable Food Lab, the Wageningen University, Mars Incorporated, *Deutsche Gesellschaft für Internationale Zusammenarbeit* (GIZ) and FAO shared insights into their respective work. They explored potential synergies and opportunities for collaboration, providing a comprehensive overview of their initiatives and highlighting areas where joint efforts could lead to meaningful progress. Working groups on Day 2 facilitated matchmaking and more in-depth discussions to identify concrete areas of collaboration. The forty-two participants were introduced to EasyRetro and encouraged to use this online tool for posting comments, providing feedback, and participating in questions and answers (Q&A) sessions during both days of the event (see Annex 2).

This report summarizes the presentations, discussions, and insights shared during the workshop, with a particular emphasis on the Q&A sessions. These sessions provided clarifications and offered valuable perspectives on the current debates surrounding the LI concept.

## 1.1 Background

The LI concept continues to garner the attention of many development agencies, civil society organizations, companies and governments seeking effective strategies to improve the standard of living for smallholder farmers supplying global agrifood value chains. Since 2015, the focus on LI has transitioned from a niche issue to a mainstream agenda, catalysing new debates, initiatives, and engagements among agrifood value chain stakeholders. The concept has highlighted critical topics, such as pricing and systemic changes, bringing them to the forefront of discussions.


In these debates LI is viewed as a key element of environmental due diligence and human rights, grounded in the principles of the United Nations Declaration on Human Rights and standards for decent living. The concept focuses on the “idea of decency and earning enough income to live comfortably” (LCoP, 2024) which extends beyond basic subsistence and survival captured by national and global poverty lines. Moreover, quantifiable data from income gap assessments guide the development of strategies aimed at closing these gaps. These strategies identify the responsibilities of various actors whose joint action is required to close the gap. (Hanke *et al.*, 2022).

In this light, FAO conducted a rapid review of the LI concept, its application, methodology, tools, successes, and challenges. The objective of the research was twofold; a) to investigate the merits of the LI concept and approach for adoption into FAO's field programmes related to sustainable value chains and agrifood systems development. It was reviewed to determine whether it could be used as a tool for strengthening farmer-market linkages within inclusive business models and overall strengthen value chains; and b) to see whether it may be a tool that could also be adapted (and supported) by other FAO units and programmes. A draft assessment report was reviewed and discussed in two separate working sessions with FAO colleagues and LI practitioners to determine the way forward. In addition, during early 2023, LCoP commissioned a paper exploring the connections between monetary measures for LI and nonmonetary measures as well as supported a community-wide webinar to support this dialogue in the LCoP.



## 1.2 Rationale for the workshop


Based on the productive outcomes of the two working sessions and the positive feedback received, FAO was encouraged to advance discussions further by partnering with LICoP to organize an in-person workshop aimed at engaging a broader audience of FAO colleagues and partner organizations such as ILO, UNDP, IFAD, etc. The workshops aimed to introduce the concept, methodologies, and data requirements while identifying synergies for collaboration within FAO's programs, projects, and with LICoP. The in-person sessions facilitated deeper exchanges among partners and fostered stronger bonds for future collaboration in supporting LI work. Held at FAO headquarters, the workshop received core funding from FAO supplemented by co-funding from development partners, while private sector LICoP members participated at their own expense.




Food and Agriculture  
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FAO in collaboration with the Living Income Community of Practice (LICoP) cordially invites you to a:


# Living income workshop





### OBJECTIVES OF THE WORKSHOP

- 1 To introduce the **concept of living income (LI)**, methods and data requirements.
- 2 **Identify opportunities** for FAO to use the LI concept.
- 3 **Identify synergies** for collaboration under FAO's programmes and projects and the Living Income Community of Practice (LICoP).




### CONTRIBUTORS

**David Laborde** - ESA Director, FAO  
**Sheila Senathirajah** - ISEAL Alliance / LICoP  
**Sally Smith** - Anker Research Institute  
**Yuca Waarts** - Wageningen University and Research  
**Wolfgang Weinmann** - Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH  
**Ilaria Ida Walton** - Mars Incorporated  
**Christina Archer** - Sustainable Food Lab / LICoP  
**Carlos de Los Rios** - Committee on Sustainability Assessment  
**Dimsoy Cruickshank** - ESA, FAO  
**FAO Colleagues** - FAO Units

**9 & 10 NOVEMBER** **9:00 – 17:00 CET**  
Austria Room: C250 Biz

or you can join the online meeting

[Zoom link](#)  
Meeting ID: 930 3503 9119 / Passcode: 77831169



### AGENDA:

**Day 1: Introduction to the living income concept and FAO's programmes**  
**09:00** - Welcome remarks  
**09:30** - Introduction to the concept of Living Income  
**10:00** - Coffee break  
**10:30** - Living Income Methodologies  
**12:30** - Lunch  
**14:00** - Applications of the LI concept - case studies and lessons learned  
**15:00** - Coffee break  
**15:30** - Overview of FAO programmes and projects  
**17:00** - Closing remarks

**Day 2: Opportunities for collaboration between FAO and the Living Income Community of Practice**  
**09:00** - Introduction to working groups  
**09:45** - Breakout sessions  
**12:00** - Lunch  
**13:30** - Report from group sessions  
**15:00** - Coffee break  
**15:30** - Plenary discussion and proposal on the way forward  
**16:30** - Closing remarks

For more information contact: [Dimsoy.cruickshank@fao.org](mailto:Dimsoy.cruickshank@fao.org) and visit [www.living-income.com](http://www.living-income.com)

### Invitation for the workshop

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## 2 Day 1: Introduction to the living income concept, application and related FAO programmes and projects

The first day's proceedings were co-chaired by Heiko Bammann, Agricultural Economist from FAO's Agrifood Economics and Policy Division (ESA), who shared the premise of the LI assessment report and the rationale for the workshop. Participants received a brief introduction with an outline of the programme and expectations of the two upcoming days.

David Laborde, ESA's Director, gave opening remarks and welcomed participants to the workshop. Drawing on the findings of the recent *The State of Food Security and Nutrition in the World 2023* and *The State of Food and Agriculture 2023* reports, he remarked that we are tackling increasing food insecurity and overall inefficiency of our system as well as existing inequalities, and asked whether the LI concept can be made part of the solution. He also noted that with new concepts it is important to harmonize understandings of the methodology, find common ground and language to create clarity and not confusion. He then cautioned against blind adoption of new concepts without first assessing the validity of them with robust evidence of what is being delivered and achieved. The importance of such evidence was emphasized as politics around the LI approach are complex, and tensions are already being experienced between producer and consuming countries. The task will be to bridge the various positions, present LI as an opportunity and show that the benefits outweigh the costs.

### 2.1 Presentations

#### Introduction to the concept of living income and the Living Income Community of Practice

##### A. SUMMARY OF THE FINDINGS OF THE FAO LIVING INCOME ASSESSMENT

Dimsoy Cruickshank – Agrifood Economics and Policy Division, FAO

The LI concept is becoming more mainstreamed and important as new due diligence legislations are being debated in consuming countries. This presentation highlighted successes, challenges, catalysts to move the LI work forward and recommendations for FAO. The application of the concept is proving to be valuable to quantify the income gap and identify levers for change despite its challenges. LI practitioners acknowledge the fact that income alone does not guarantee a decent quality of life, and the **LI work contributes to the larger sustainable livelihood approach**. Income gaps are often substantial and require both governments and private sector businesses to reflect and enact innovative system-level change processes.

Given the role and presence of FAO across the world, several opportunities were identified for the organization to support the LI work and for adoption of the concept in FAO's programmes. These include being a neutral convener of stakeholders, data support through FAO Statistics Division, use of LI benchmarks as impact indicators and synergies with FAO's poverty analysis and resilience work.

#### Box 1. Catalysts: the way forward

- Greater inclusion of farmers in making decisions within the living income movement.
- More engagement of origin governments.
- Living income standards as a human right should be made mandatory and not optional.
- Increased awareness and persuasion of companies.
- Farmer segmentation.
- Greater collaboration and sharing of information to reduced duplication.
- Alliances and partnerships – Tony's Chocolonely Open chain.
- Landscape approach.

Source: Cruickshank, D. 2023. Summary of the findings of the FAO living income assessment. Workshop presentation at the Living Income Workshop, 9–10 November 2023. Rome, FAO.

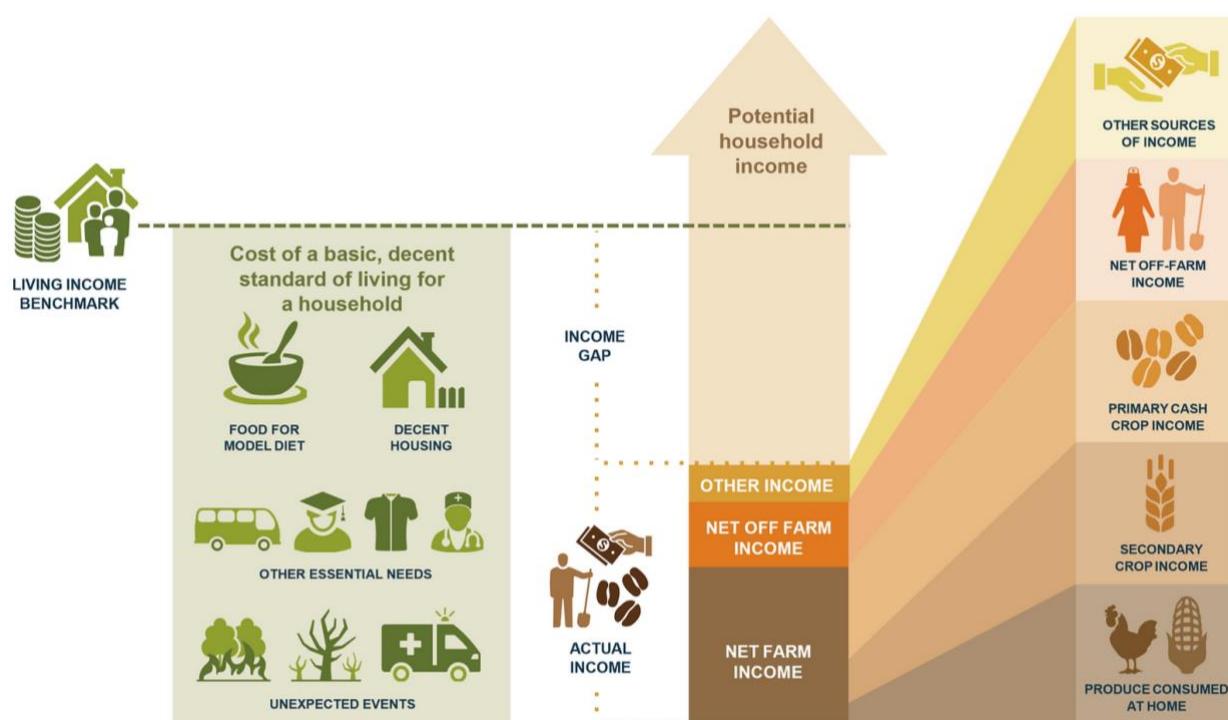
## B. INTRODUCTION TO THE CONCEPT OF LIVING INCOME AND LIVING INCOME COMMUNITY OF PRACTICE

Sheila Senathirajah – LICoP/ISEAL

Starting with the distinctions between the concepts of LI and living wage (LW), a thorough yet brief introduction was presented and emphasized **the issue of decency which underpins the concept**. The achievement of a decent standard of living is more ambitious than poverty reduction and is not a target but a milestone and a step in the right direction towards a prosperous income. The key components of the methodology (living income benchmarks [LIBs], actual incomes, income gap) and strategies to close the gap were highlighted.

Interest in, and use of living income continues to grow not only by commodity sectors and companies but has gained the attention of governments with it now appearing in legislation and being requested by investors. Other sectors such as mining and waste pickers (beyond commodities such as cocoa and coffee) are also engaging with the concept. Companies, and other actors have different motivations for engagement. Joint action is required by all actors to close the gap and LICoP provides guidance and facilitates the collective building of pathways to living income through common tools and global exchange.

### Box 2. Understanding living income



Source: LICoP (Living Income Community of Practice). 2023. Living Income Graphics. In: *LICoP*. [Cited 15 February 2024]. <https://www.living-income.com/living-income-graphics>

### Living income methodologies

This session presented the benchmarking methodology endorsed by LICoP and the three distinct methodological steps to follow when determining LI values.

- Living income benchmark (**Anker methodology**) to calculate the costs of a decent standard of living.
- Actual income measurement to calculate the net household income (net household income = total household revenue – costs).
- Income gap assessment to compare the benchmark and actual income (income gap = living income benchmark – median of net household income).

Once a benchmark is established and the actual income determined, the income gap can be assessed. This is the additional amount of income required to afford a decent standard of living and this quantifiable data can then be used to inform strategies to increase the income of the entire farming household and policies for a better enabling environment to close the gap. The data and modelling research shows that different targets and strategies are required for different types of households.

## A. COST OF LIVING: THE ANKER METHODOLOGY AND ITS ADAPTATIONS

**Sally Smith – Anker Research Institute**

This presentation gave an overview of the Anker methodology and the data requirements to calculate the cost of basic but decent life for a “typical” family in a specific geographical area. The public Anker Research Institute’s estimates are calculated for over 50 countries and are widely used by the Global Living Wage Coalition, LICoP, standards organizations, business associations, companies and multistakeholder, intergovernmental and public–private initiatives. The five key principles of the Anker Methodology, its components for estimating living income and the sources of primary and secondary data were presented. Using an example from the cocoa growing regions of Ghana, Ms. Smith shared and discussed data collected for a model diet, costs and standards of housing and cost measurements for all other needs. The resulting Anker Research Institute (ARI) estimate was notably higher when compared to other economic indicators such as the national minimum wage, Ghana’s poverty lines, and the World Bank poverty lines.

### Box 3. Components of the Anker methodology for estimating living income

1. Establish reference family size for study area
  - Based on total fertility rate, child survival rate and average household size for location
2. Develop low-cost nutritious model diet for study area, estimate cost for reference family size
  - Based on international and national nutrition standards and guidelines, local food preferences and availability, and local food prices
3. Develop decent housing standard for study area, estimate cost for reference family size
  - Based on international and national standards for healthy and safe housing, and local housing costs
- 4a. Calculate Non-Food Non-Housing (NFNH) costs for reference family size
  - Based on household expenditure patterns for households at 30–50 percentile of household expenditure distribution
- 4b. Check amounts for health care and education in NFNH sufficient for these human rights
  - Based on rapid assessment of local health care and education costs
5. Add a supplement for emergencies and sustainability
  - Equals 5% of sum of food costs + housing costs + NFNH costs

Source: Smith, S. 2023. Anker Methodology for estimating a living income: Overview and data requirements. Workshop presentation at the Living Income Workshop, 9–10 November 2023. Rome, FAO.

## B. ACTUAL INCOME MEASUREMENT AND LIVING INCOME COMMUNITY OF PRACTICE GUIDANCE ON SURVEY BASED METHODS

**Molly Leavens – The Sustainable Food Lab**

Starting with the definition of actual income in the living income context, this presentation gave a clear breakdown of all components that are considered when calculating the actual income of a household. Emphasis was placed on understanding the various sources of income for smallholder households – net farm income, net off farm income and other sources of income. The data required, the different methods to collect income data and the calculation of the actual income were discussed. Different income measurement use cases (one time estimates, programmes design, reference price estimates etc.) require different levels of data detail. Resources available from LICoP were highlighted for additional guidance material for income and gap assessment measurements.

#### Box 4. Three takeaways

1

Actual income measurement requires data on **on-farm income** and **off-farm income**, including cash costs of production.

2

**Mixed methods** (surveys, farmer field books, secondary data, etc.) can be used to estimate income data components.

3

The Living Income Community of Practice has detailed guidance on collecting, calculating, and visualizing actual income data. We are currently publishing an update to this guidance.

Source: Leavens, M. 2023. Measuring Actual Income and LICoP guidance on survey based methods. Workshop presentation at the Living Income Workshop, 9–10 November 2023. Rome, FAO.

### C. MODELLING METHODS AND MODELLING INCOME GAPS

#### Yuca Waarts – Wageningen University and Research

In addition to discussing modelling methods to close the income gap, Dr. Yuca Waarts shared data and results from an upcoming report and walked participants through interpreting the data to model the most appropriate interventions. She explained caveats in measurement and presenting results and the importance of having specific information for evidence-based design of pathways towards a living income for different types of households.

Over the course of her work, Dr. Waarts observed that there has been a lot of aspirational assumptions on yield increase, and she emphasized the importance of doing scenario analysis with realistic and evidence-based assumptions per household group. Households are vastly different and require distinct types of strategies and to design effective interventions, it is important to acknowledge this from the start to ensure appropriate data is collected for each target group. With the realization that the income gap is large for most producers there is now the need to widen the narrative on pathways to living income where more than farm level interventions are required with the facilitation of off-farm income opportunities. For this, all actors have a different role to play and are required to get involved.

#### Box 5. Effectiveness of different strategies for different groups

Yield increase commodity	On farm- diversification	Cash: price vs cash
<ul style="list-style-type: none"><li>• High yield increases in short term possible for some but not for most households.</li><li>• Households producing small volumes: large % increase <math>\neq</math> large absolute income.</li></ul>	<ul style="list-style-type: none"><li>• Poorest cannot invest much in diversification to substantially grow income.</li><li>• Food security improvement is relevant.</li><li>• Large % output increase <math>\neq</math> large absolute income increase.</li></ul>	<ul style="list-style-type: none"><li>• Price increases increase incomes of all households.</li><li>• Poorest selling the smallest volumes benefit the least from price measures.</li><li>• Cash transfers may be more relevant for them.</li></ul>

Source: Waarts, Y. 2023. Evidence-based design of pathways towards a living income for different types of households: Insights from various studies, including modelling the effectiveness of increases to close living income gaps of all households. Workshop presentation at the Living Income Workshop, 9–10 November 2023. Rome, FAO.



## Applications of the living income concept: Case studies and lessons learned

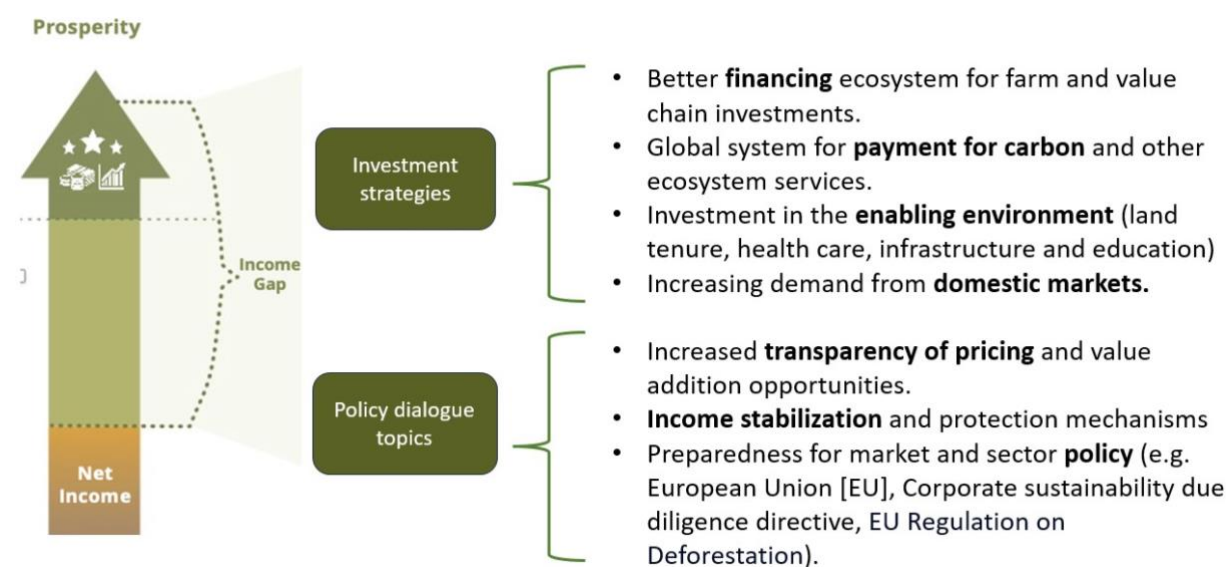
Beyond the identification of the LIBs and the gap assessment the intricate task of designing applicable interventions require strategies specific to the local context. These range from farm and value chain strategies, community, landscape and sector strategies. This session of the workshop showcased the adoption of living income by three different entities: a private company, a government agency and a multistakeholder sector organization. The increasing acceptance and adoption of the living income concept is not without challenges and their lessons and insights were shared and discussed.

### A. ICO COFFEE TASKFORCE LIVING INCOME WORK

#### Christina Archer – The Sustainable Food Lab

As an example of how a sector (coffee) is incorporating living income into their work this presentation gave an overview of the Coffee Public-Private taskforce of the International Coffee Organization (ICO). Noting the small change in the livelihoods of most coffee producers and growing economic, social and environmental unsustainability, the task force was established. Comprising of governments, private sector actors, observers, NGOs, supporters and partners the task force sought to bring actors from the wider sector together to collectively examine the challenges and find strategies to tackle them. Living and Prosperous Income for coffee producers is a key topic agreed by the stakeholders in the Task Force as part of the roadmap for a true coffee sector transformation. The greatest benefit of applying the Living Income concept is the opportunities during the benchmarking process to bring different actors and stakeholders together to jointly define a decent standard of living and strategies to achieve it for farming households in a given area.

#### Box 6. Global dialogue and investment strategies to close income gaps



Source: Archer, C. 2023. International Coffee Organization- Coffee Public-Private Task Force: Living Income work. Workshop presentation at the Living Income Workshop, 9–10 November 2023. Rome, FAO.

### B. INTEGRATION OF LIVING INCOME WITH PUBLIC SECTOR IN INDONESIA

#### Wolfgang Weinmann – GIZ Initiative for Sustainable Agricultural Supply Chains

This presentation gave an overview of the LI and LW context of GIZ's Initiative for Sustainable Agricultural Supply Chains work from policy level to practical implementation in the field. At the policy level achievements have been made such as the Germany and Netherlands Governments being the first two European nations to sign a joint declaration of LW and LI. With an understanding that these concepts are a political debate, GIZ continue to influence policy change and contributes to important guidance documents such as the OECD handbook for

companies to enable LIs and LWs in global supply chains, and support partner international organizations (e.g. ILO) with the adoption of the LI concept.

Using the Sustainability and Value Added in Agricultural Supply Chains in Indonesia (SASCI+) as a practical example different methodologies applied in the field work to determine the benchmark was discussed to stimulate the discourse around the level of accuracy of the data required. The project initially applied a different methodology from the Anker methodology and the results were very comparable and within the same range of 50 percent income gap. Given the excessive cost and time required for the more robust methodologies, and the requirement of efficiency from the private sector are they really needed? The presentation also highlighted insights of opportunities and challenges with applying the LI concept in their work. One major challenge emphasized was the need to get retailers to the table.

#### **Box 7. Insights from our work: challenges**

- **Data collection** is very time-consuming and complex (and expensive)
  - **How accurate does the data actually have to be?**
- Especially private sector questions **efficiency**: long and costly process to actually establish the gap in first place.
- Regulations from importing countries: **strong reaction from producer countries** anticipated / can be perceived as a very Eurocentric topic developed without producer involvement.
- **Alignment of approaches** is extremely important (hence the *Deutsche Gesellschaft für Internationale Zusammenarbeit's* (GIZ) promotion of collaborative approaches in the projects); needs engagement and cooperation along value chain, critically also **retailers**.

Source: Weinmann, W. 2023. GIZ work and insights on Living income and living wage globally and in Indonesia. Workshop presentation at the Living Income Workshop, 9–10 November 2023. Rome, FAO.

### **C. MARS COMPANY WORK AND PROCUREMENT PRACTICES**

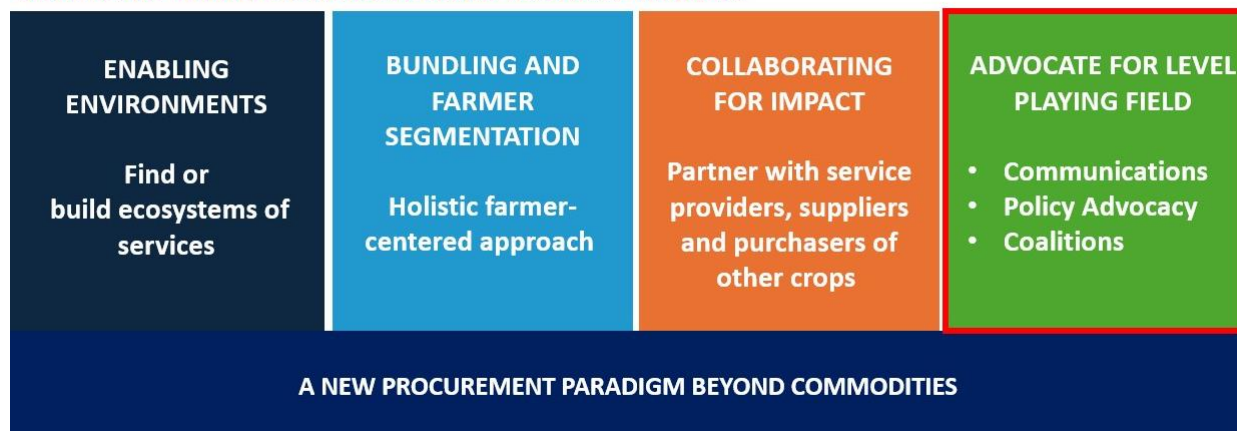
#### **Ilaria Ida Walton – Mars Incorporated and The Farmer Income Lab**

The business case for companies choosing to incorporate the LI concept was presented noting that businesses will benefit by reducing supply risk, meeting business responsibility and reporting requirements and managing increased reputational risks. With quantifiable LI data companies have tangible targets and something to aim towards that can drive the right behaviour. The importance of regulation and compliance to level the playing field was emphasized.

To accelerate evidence informed action with the goal of enabling farmers to earn a LI, the by-industry for-industry Think-do tank, **The Farmer Income Lab (FIL)** was founded. Based on the FIL research the following factors are important for catalytic interventions: i) segmentation of farmers as a tool for delivering tailored interventions to improve incomes, ii) landscape approaches that looks at the overall communities and other sources of income (e.g. farm diversification etc.) iii) a change in the procurement practices where businesses operate differently (e.g. longer contracts with suppliers [10 years]) and iv) the role of different actors (e.g. what enabling environment is needed for companies investments to be successful). Regulations also play a very critical role and should not be optional as it is expected to level the playing field in a way that is conducive to change.

**Box 8. What have we learnt from our research?**

**SIGNIFICANT TRANSFORMATION NEEDED TO DRIVE PROGRESS**



Source: Walton, I. 2023. MARS company work and the Farmer Income Lab. Workshop presentation at the Living Income Workshop, 9–10 November 2023. Rome, FAO.

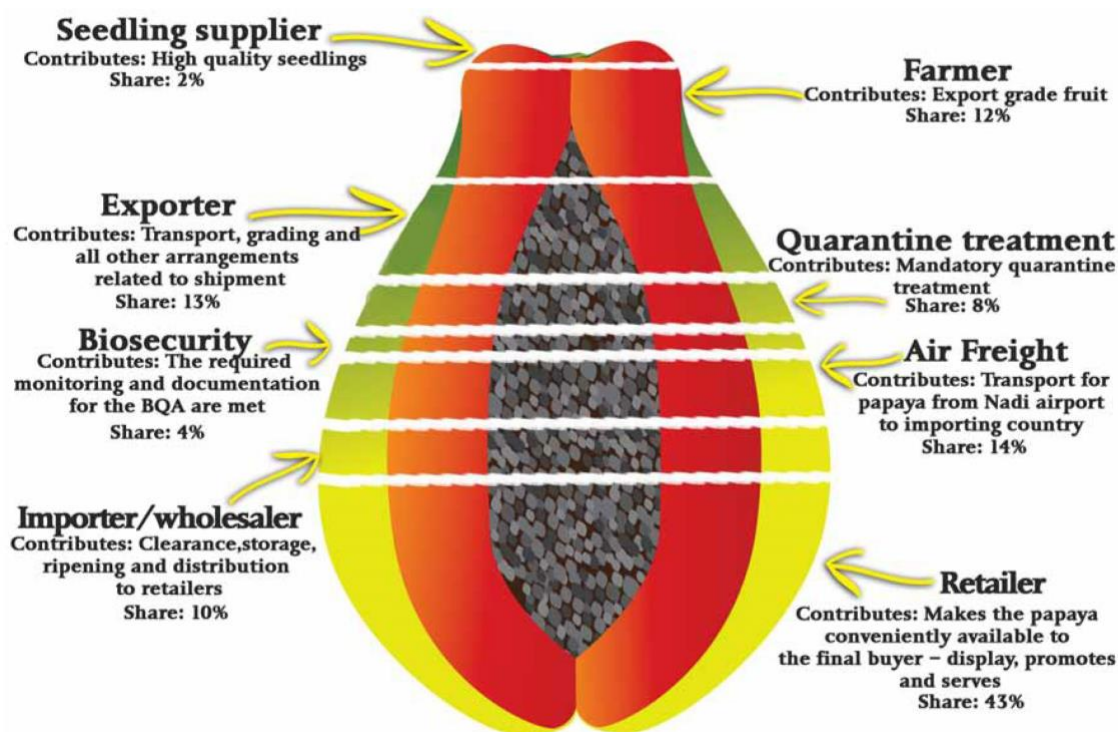
**D. VALUE CHAIN MARGINS – EXAMPLE FROM THE PACIFIC REGION**

**Heiko Bammann – Agrifood Economics and Policy Division, FAO**

The Fiji Red papaya value chain was presented as an example to demonstrate the calculations of value chain margins as another way to measure the fairness of a value chain. Through a participatory approach and transparency along the value chain all actors had a better understanding of where the “consumer dollar went”, the tasks at each level along the value chain, and the associated cost items and risks each actor or service provider incurred. This led to the calculation of margins for each actor and the acceptance by each actor of their share. In this example farmers received 12 percent and understood the margins of other actors based on their costs (treatment for fruit flies, marketing, import costs etc.) and contribution to the value added to the end product exported to consumers in consumer country. Each actor had a better understanding of each other’s role and the need and motivation to work together to compete with similar products from other countries supplying these countries with papaya, for example from Asia.



**Box 9. All links in the value chain have a critical role and must have sufficient margin to stay in business**



Source: CTA (Technical Centre for Agricultural and Rural Cooperation). 2014. *Agricultural Value Chain Guide for the Pacific Islands – Making value chain analysis a useful tool in the hands of farmers, traders and policy makers*. Wageningen, The Netherlands, Publications Distribution Service.  
<https://pafpnet.spc.int/attachments/article/504/Agricultural%20Value%20Chain%20Guide%20for%20the%20Pacific%20Islands.pdf>

Due to time constraints on the first day the Q&A session for this segment of the programmes was deferred for the following morning. After reflections of Day 1 shared by Christina Archer from LICoP and Heiko Bammann from FAO the floor was opened to the participants for their questions to the three panellists. Below are a some of the key points that were discussed.

**Discussion points:**

- It is still unclear how LI will be incorporated into the imminent EU-CSDDD legislation and how it will be enforced. Unlike other topics, with clear measurable targets it may be a bit more difficult as it is about livelihoods.
- Similar to the EU Deforestation Regulations (EU-DR), if LI is placed into EU legislation what are the implications? There will be positive and negative impacts, risks to producers and unintended consequences.
- The legislation will address purchasing practices which is critical and is one of the main details civil societies are advocating for.
- Procurement is a particularly important lever to increase incomes. Farmers will never reach a LI if businesses do not take risks and change the way in which they purchase, e.g. commit to longer terms with suppliers and cooperatives.
- The LI work ought to be part of rural economic transformation.
- Regarding power relations within multistakeholder platforms – conveners ought to be aware of it and be able to counterbalance it where they can and as much as possible. It is crucial to bring the discussions down to

where it matters the most – the producer countries. Any agreements on a global level, should be discussed at a national and even regional level.

- Data collection can be time consuming, complex and expensive. Is there a more pragmatic way of working to make it more efficient? More time and resources can be spent on strategies to close the gap than on benchmarking.
- Can all the data being collected be used as a public good for governments and the private sector to then develop new products that can address the different needs?
- It's important to understand the opportunities and the challenges for different farmer segments in the supply chain.
- The EU is shifting the discussion towards consumer, consumption and developed countries so they have more premium products that are more traceable.
- More than benchmarks, the LI process brings multi-stakeholders together to align on approaches.
- Transparency is an issue (value distribution and traceability), but should not be shied away from. The garment and electronics industries are ahead which indicates that it is possible.
- Collective bargaining can ensure sustainability. This is demonstrated in the LW negotiations in the garment sector where trade unions used living cost information from the benchmark reports in their negotiations. Cooperatives within value chains can likewise use the information from LIB reports in their negotiations.

## **2.2 Overview of FAO programmes/projects and links to living income**

FAO has offices across the world to assist governments i) in developing policies, programmes and projects to address the root causes of hunger and malnutrition; ii) in developing their agricultural, fisheries and forestry sectors; and iii) by providing guidance for the sustainable use of their environmental and natural resources (FAO, 2022). Mr. Heiko Bammann moderated this session and introduced FAO colleagues who presented their work and areas for synergy or overlap with the LI work. Members of LICoP and partner organizations had the opportunity to learn more about different projects at FAO.

### **A. HAND-IN-HAND INITIATIVE**

#### **Anthony Bennett – Hand-in-Hand Initiative, FAO**

The Hand-in-Hand (HIH) Initiative supports the implementation of nationally led, ambitious programmes to accelerate agrifood systems transformations by eradicating poverty (SDG1), ending hunger and malnutrition (SDG2), and reducing inequalities (SDG10). It uses advanced geospatial modelling and analytics, as well as a robust partnership-building approach to accelerate the market-based transformation of agrifood systems – to raise incomes, improve the nutritional status and well-being of poor and vulnerable populations, and strengthen resilience to climate change. The Initiative facilitates governments' efforts to engage with donors and development partners in mobilizing support and operationalizing national agricultural strategies and investment plans. To this end, FAO has developed a “matchmaking” approach, which brings together national and local authorities, donors, international financial institutions, private enterprises, producer organizations, civil society organizations, and research institutions. Partners are sought for their ability to provide critical means of implementation – technology, data and information, capacity development, funding and financing – for identified programmes.

### Box 10. Hand-in-Hand: What have we learned?

- Hand-in-Hand (HIH): a useful approach for strengthening national capacities in analysis, design and implementation of programmes and investments for agrifood systems transformation at scale.
- USD 1.34 billion committed/in negotiation from the HIH Investment Forum 2022 from USD 3.4 billion requested.
- Strong regional ownership is important and increasing, e.g. The Central American Integration System (SICA) for the Dry Corridor Initiative.
- High need/demand from member countries for capacity development on use of geospatial platform and other tools.
- Objective and neutral data and evidence-based support is valued by HIH members and International Financial Institutions (IFIs). Countries have started to use HIH tools at local (provincial) level.

Source: Bennett, A. 2023. Hand-in-Hand Initiative. Workshop presentation at the Living Income Workshop, 9–10 November 2023. Rome, FAO.

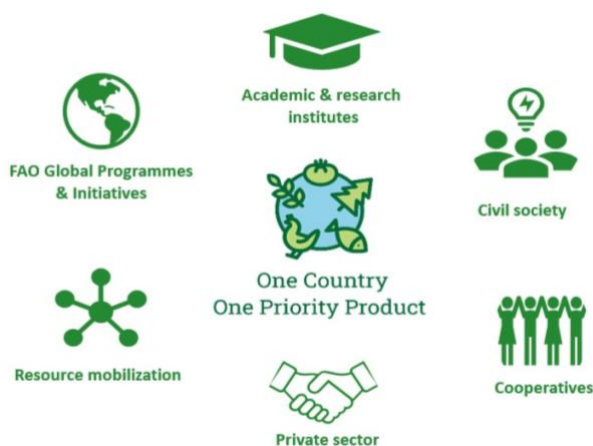
## B. ONE COUNTRY ONE PRIORITY PRODUCT

### Mariam Awlia – OCOP Secretariat

FAO launched the Global Action on the One Country One Priority Product (OCOP) initiative in September 2021 to contribute to the implementation of the FAO Strategic Framework 2022–31 and ultimately achieve the Sustainable Development Goals (SDGs). The Global Action on OCOP will promote inclusive, profitable, and environmentally sustainable food systems through the development of Special Agricultural Products (SAPs). The aim is to optimize the production systems; minimize food loss and waste, the misuse of agricultural chemicals; and maximize incomes to enable the transition to more efficient, inclusive, resilient and sustainable agrifood systems. The OCOP helps countries leverage their potential and identify the SAPs adapted to their agroecological production systems and national or cultural heritage. The production, distribution and marketing models of smallholders and family farming are placed at the centre of interventions.

### Box 11. Possible synergies of One Country One Priority Product with the living income concept

- As **five** One Country One Priority (OCOP) member countries have chosen **coffee**, i.e. **Guatemala, Panama, Venezuela, Saudi Arabia, and Yemen**, the work of the International Coffee Organization taskforce living income (LI) could be great for future collaboration.
- As **Indonesia** is part of the OCOP member countries and is promoting **banana**, we could explore integrating LI with the OCOP.
- Using **LI indicators and benchmarks** could be useful in assessing OCOP's implementation regarding the member country's selected **Special Agricultural Product's value chain**.
- Applying the LI concept to **strengthen farmer-market linkages**, which is very much in line with OCOP's objectives and principles.
- **Potential collaboration with speakers and institutions** represented at the workshop, who could also present at future OCOP webinars and provide support.



Source: Awlia, M. 2023. One Country One Priority Product (OCOP). Workshop presentation at the Living Income Workshop, 9–10 November 2023. Rome, FAO.

## C. SUSTAINABLE FOOD VALUE CHAINS AND AGRIFOOD SYSTEMS TRANSFORMATION ACCELERATOR

**David Naven – Food Systems and Food Safety Division, FAO**

The Sustainable Food Value Chain (SFVC) development team supports other FAO teams with value chain analysis and development work through their work areas – practitioners handbooks, online SFVC knowledge platform, trainings, field support and technical network through webinars and newsletters. SFVC work, framework, approaches and links to the LI concept was discussed from the analytical, performance wise and operational perspectives. The Agrifood Systems Transformation Accelerator (ASTA) programme which SFVC team supports presents opportunities for links to the LI work.

ASTA is a joint initiative between FAO and United Nations Industrial Development Organization (UNIDO), which is designed to help Least Developed Countries (LDCs) make their agrifood systems more efficient, inclusive, resilient and sustainable. The programme aims to achieve this by fostering partnerships and generating public-private investments. ASTA assists with the development of value chains, market systems, business models and inclusive finance, to help achieve the SDGs. Current projects include the pineapple value chain in Suriname, the soybean value chain in Zambia and the coconut value chain in Nigeria.

### **Box 12. Linking sustainable food value chain development to the living income operationally**

Increasing farmer household incomes through:

- Improved, year-round production practices and better market linkages.
- Capturing part of the value-added through membership in a marketing cooperative.
- Generating jobs in field operations, support services and value-addition (packhouse, processing).

Source: Naven, D. 2023. Sustainable Food Value chains (SFVC) and Agrifood Systems Transformation Accelerator (ASTA). Workshop presentation at the Living Income Workshop, 9–10 November 2023. Rome, FAO.

## D. AGROFORESTRY

**Priya Pajel – Forestry Division, FAO**

Agroforestry is in the intentional integration of trees with crops and/or livestock. This practice is gaining renewed attention as a solution for food security, climate change adaptation and mitigation, improving livelihood resilience. Whilst its environmental benefits have been promoted the socioeconomics have been undervalued. One of FAO's priority areas for forestry is agroforestry production system support which can contribute and create opportunities for sustainable income for households. The division is in the process of developing business cases for agroforestry to address the gaps noticed and make it economically viable production system.

### **Box 13. Guide to developing business cases for agroforestry**

- Addressing capacity gaps in business planning for agroforestry; strengthening its potential as an economically viable production system.
- Publication series with e-learning under development, in collaboration with the Center of International Forestry Research and World Agroforestry (CIFOR-ICRAF) and Solutions for Inclusive Green Development (CATIE).
- Different target audiences for each module:
  1. field and farm level.
  2. cooperative and value chain level.
  3. policy and governance level.

Source: Pajel, P. 2023. Agroforestry at FAO. Workshop presentation at the Living Income Workshop, 9–10 November 2023. Rome, FAO.

## E. WORLD BANANA FORUM

**Victor Prada – Trades and Markets Division, FAO**

The World Banana Forum (WBF) is a space where the main stakeholders of the global banana supply-chain work together to achieve consensus on best practices for sustainable production and trade. The WBF, the only programme under FAO that incorporates both LW and LI concepts, shared valuable experiences and lessons.

Some of the challenges this multistakeholder platform face include power relations, stakeholder presentation, legitimacy and coordination. Power relations is the main challenge and do impact WBF's decisions making process which is done by tripartite consensus between the public sector, private sector and civil society. The forum has been operational for 13 years and built a level of trust whereby they can discuss very controversial topics such as LW and LI. Such issues are complex and the value of having the discussions under the umbrella of a neutral institution such as FAO was emphasized. Tensions are experienced where producers perceive the LI and LW activities as another scrutiny from the "North" as well as when discussing with retailers the issue of price there is the potential for legal problems as it goes against the anti-trust or competition laws.

Under WBF, the Living Income and Wage Advocacy Initiative (LIWIN) has a team working to inform and prepare producers for the changes of the imminent EU CSDDD and its implication on their trading practices to European retailers in the future. Retailer and buyers need to address LI and LW and the CSDDD presents the opportunity to move from voluntary activities to mandatory ones.

### Box 14. Description of the fourth most important global value chain



Source: Prada, V. 2023. The World Banana Forum – Multistakeholder Platform. Workshop presentation at the Living Income Workshop, 9–10 November 2023. Rome, FAO.

## F. TECHNICAL NETWORK ON POVERTY ANALYSIS

**Ana Paula de la O Campos – Agrifood Economics and Policy Division, FAO**

The Technical Network on Poverty Analysis (THINK-PA) was launched in September 2019 as part of FAO's comprehensive strategy to effectively implement the Framework on Rural Extreme Poverty and enhance the organization's capabilities to integrate poverty analysis in all its operations. Given that poverty is predominantly concentrated in rural regions where agricultural activities are vital for livelihoods, FAO is well-positioned to contribute substantially to addressing this issue at global level. To strengthen FAO's capacities and that of its partners, a specialized technical network was established to promote interdisciplinary collaboration, connecting the organization's scientific, economic and socioeconomic expertise.

The role of THINK-PA is to support poverty analysis and reduction activities across FAO, including investment prioritization and targeting processes, as well as impact evaluations. Poverty analysis is a critical step in generating the necessary evidence to support the provision of successful solutions to reduce rural poverty sustainably, while also contributing to the eradication of hunger, food insecurity and malnutrition.



### Box 15. Technical support

- Poverty and vulnerability assessments to support farmer registries in Jordan and Egypt
- Methodologies for assessing living income benchmarks (Cameroon)
- Impact evaluation of agricultural interventions on income/poverty

Source: De la O Campos, A. 2023. Technical Network on Poverty Analysis. Workshop presentation at the Living Income Workshop, 9–10 November 2023. Rome, FAO.

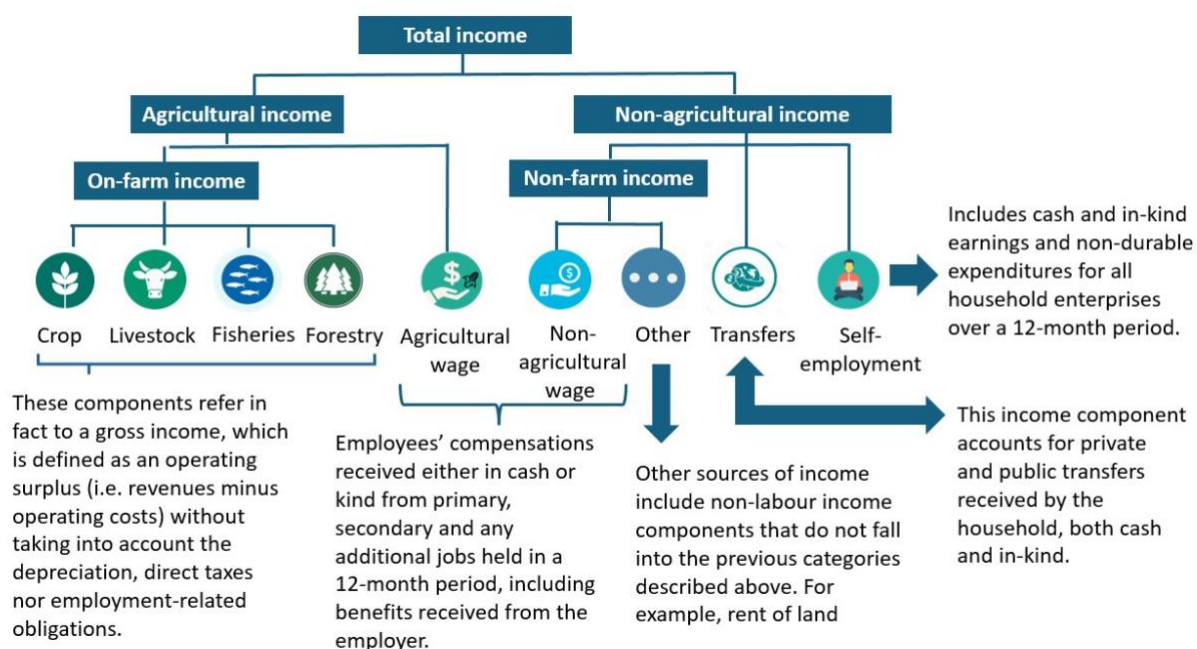
## G. OVERVIEW OF RURAL LIVELIHOODS INFORMATION SYSTEM

### Priti Rajagopalan – FAO Statistics

This presentation gave an overview of the Rural Livelihoods Information Systems (RuLIS) tool created by FAO, the World Bank and IFAD. The ten clusters used to produce the indicators and variables at national and subnational level were highlighted with an emphasis on three categories considered to be most relevant to LICoP: 1) income productivity, 2) poverty and inequality and 3) employment and education. The calculation for total household income using RuLIS was explained noting that there are similarities with the LICoP LI measurements but also a few differences.

She noted that it is also useful to compare monetary measures with non-monetary for robustness and explained the low pay rate indicator of The Rural Multi-Dimensional Poverty Index (R-MPI) – which may be most relevant to LICoP. Other FAOSTAT related data, such as the Food and Diet (F&D) domain and cost and Affordability of healthy diet data were also flagged as other avenues for synergies.

### Box 16. Total household income in Rural Livelihoods Information System



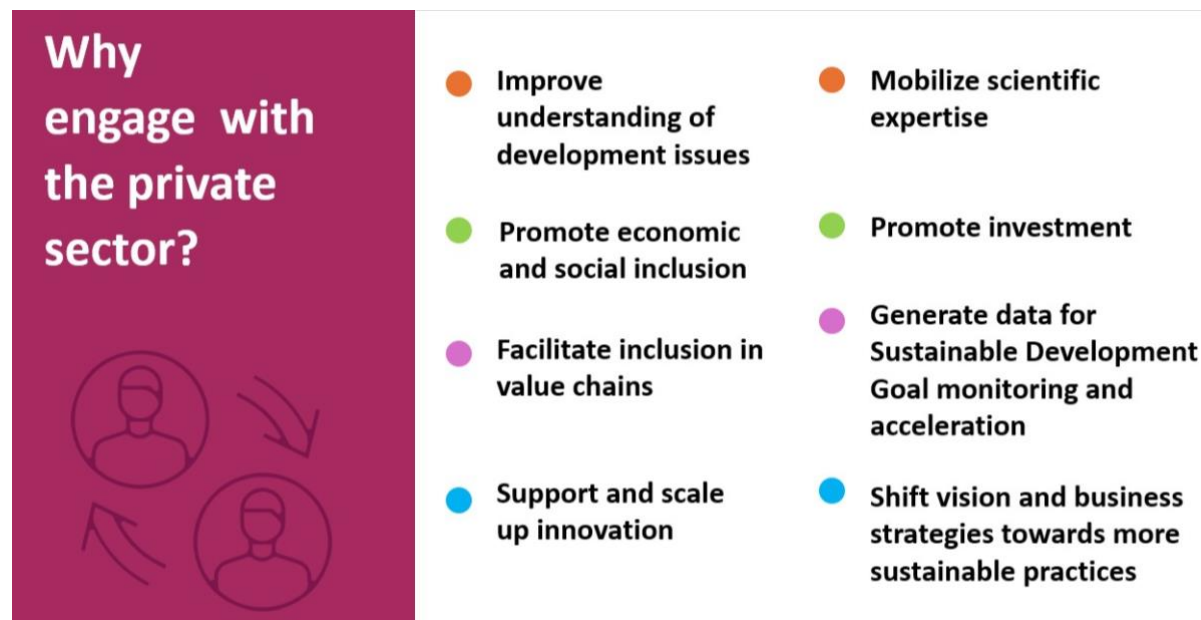
Source: Rajagopalan, P. 2023. Overview of Rural Livelihoods Information Systems (RuLIS). Workshop presentation at the Living Income Workshop, 9–10 November 2023. Rome, FAO.

## H. FAO'S APPROACH TO PRIVATE SECTOR ENGAGEMENT

**Nele Bohn – Resource Mobilization and Private Sector Partnerships Division, FAO**

In 2021, FAO launched its Strategy for Private Sector Engagement which lays out reasons and new structures of engagement with the private sector. The division facilitates the connection of technical teams within FAO to the private sector to work together to impact food systems transformation. They support and provide guidance to FAO tech teams on how to work with and set objectives together with private sector entities. The division also co-manages the Accelerator Mentorship Programme for women-led small and medium enterprises (SMEs) in Africa with International Agrifood Network. Some participants in the programme face challenges in achieving a LI for their households and paying LWs to their workers. The division is actively seeking ways to support these 51 women in improving their SMEs and enhancing their LIs.

### Box 17. FAO strategy for private sector engagement 2021–2025



Source: Bohn, N. 2023. FAO's Approach to Private Sector Engagement. Workshop presentation at the Living Income Workshop, 9–10 November 2023. Rome, FAO.

## I. RESILIENCE INDEX MEASUREMENT AND ANALYSIS

**Monica Schuster<sup>1</sup> – Agrifood Economics and Policy Division, FAO**

Resilience measurement and analysis is critical for formulating evidence-based policy to promote food security and build resilient livelihoods. The Resilience Index Measurement and Analysis (RIMA) methodology estimates household resilience to food insecurity with a quantitative approach to establish a cause-effect relationship between resilience and its critical determinants. RIMA is context- and shocks-specific; it can be adopted for impact evaluation, reflecting the Theory of Change (ToC) and log frame of interventions. Within a Monitoring Evaluation and Learning (MEAL) framework, this tool can be used for tracking progress during the project cycle and adapt interventions; to explore food security and resilience changes over time; and to improve programme design and inform policy decisions.

<sup>1</sup> Monica was unable to present but provided an informative background presentation.

### Box 18. Resilience measurement at FAO

“Resilience is the capacity that ensures adverse stressors and shocks do not have long-lasting adverse development consequences” (FSIN, 2014).

- Since 2008, FAO has been at the forefront of efforts to measure resilience to food insecurity and has pioneered the Resilience Index Measurement and Analysis (RIMA) methodology.
- RIMA: Quantitative approach that estimates household level resilience to food insecurity and helps generate evidence to more effectively assist vulnerable population.

Main features:

- **Diagnostic:** Provides evidence for developing projects/programmes.
- **Targeting:** Identifies populations for interventions; disaggregates populations for more effective targeting (by livelihoods, gender, region, etc.).
- **Monitoring/evaluation:** Assessing changes and impact over time at the end of projects/programmes.

Source: Schuster, M. 2023. Resilience Index Measurement and Analysis (RIMA). Workshop presentation at the Living Income Workshop, 9–10 November 2023. Rome, FAO.

From the presentations of FAO programmes and reflections from members of LICoP, the possible areas within FAO where LI can either be adopted and/or supported are presented in Table 1.

**Table 1. Possible areas within FAO where living income can be adopted and/or supported**

FAO programme	Possible areas for collaboration
<b>Hand-in-Hand (HIH) Initiative</b>	<ul style="list-style-type: none"><li>• Assist with the establishment of living income benchmarks (LIBs) and gap assessment in couple of territories.</li><li>• Potential to help with the awareness raising with governments and investors that are part of the programme on living income (LI) (via EU CS3D preparedness, etc).</li></ul>
<b>One Country One Priority Product (OCOP)</b>	<ul style="list-style-type: none"><li>• Potential to look at coffee: Guatemala, Panama, Venezuela (Bolivarian Republic of), Saudi Arabia and Yemen.</li><li>• Banana: Indonesia.</li></ul>
<b>Sustainable Food Value Chain and The Agrifood Systems Transformation Accelerator (ASTA)</b>	<ul style="list-style-type: none"><li>• Potential to use LIBs as indicators in value chain analyses (VCA).</li><li>• The VCAs also have a great amount of data on incomes which may be useful.</li></ul>
<b>Agroforestry</b>	<ul style="list-style-type: none"><li>• Agroforestry production and systems support programmes.</li><li>• Work on national policy and strategy in nationally determined contributions (NDCs).</li></ul>
<b>World Banana Forum (WBF)</b>	<ul style="list-style-type: none"><li>• Only programme in FAO to already using living wages (LWs) and to a degree LI across all member countries of WBF. Valuable lessons can be shared with other FAO programmes.</li></ul>
<b>Technical Network on Poverty Analysis (THINK-PA)</b>	<ul style="list-style-type: none"><li>• Cameroon – good case study for FAO on how to do LIBs and actual incomes.</li></ul>
<b>FAO Statistics – Rural Livelihood Information System (RULiS)</b>	<ul style="list-style-type: none"><li>• Potential to use FAO stat data for Actual Incomes and inform LIBs.</li></ul>

Source: Elaboration by workshops participants.



### 3 Day 2: Opportunities for collaboration between FAO and Living Income Community of Practice

On Day 2, participants engaged in working groups to delve deeper into discussions with the LI practitioners for greater understanding, clarifications and even debates about the methodology and its application. They reflected on aspects of the concept, discussed in more details the issues relevant to their work and sought guidance on how to apply the methodology as well as identify opportunities for future collaboration.

Initially the following three working groups were envisioned but for practical reasons and interests of the participants in working group 1 and working group 3 were merged and they discussed data requirements and methodology.

- **Working group 1: Potential LI application, modifications and adaptations:** Methodology and alignment with other FAO indicators of poverty, food security, and resilience. Definition and delivery of benchmarks, etc.
- **Working group 2: Potential of LI concept to strengthen farmer-market linkages and identify policy support:** Use of the LI concept to engage stakeholders, including small farmers, farmer groups, companies/enterprises, governments on a change strategy; identify concrete opportunities focused on geographies, sector or thematic ways for FAO and Living Income Community of Practice collaboration; example banana sector, Indonesia cocoa, coffee, palm.
- **Working group 3: LI and data requirements (optional):** Data sources and costs to consider, option to use FAO data for income gap assessment, tests/options of combined income and multidimensional measures like RMPI, etc.

#### 3.1 Report – working group sessions

At the end of the working group sessions, all participants reconvened and representatives from each group presented the main points discussed. These points are summarized below.

##### **Working group 1: Living income data requirements and methodology**

###### **Methodology:**

- Anker Research Institute (ARI) LI methodology is the most common one, but other “variances” (i.e. by WUR) exists and are used.
- There is no systematic mapping of the different methods available to assess LI.
- The session discussed the appropriateness of subnational benchmarks versus LI gap analyses, and the relevance of the LI methodology for vulnerability analysis in general, as opposed to specific commodities. The LI concept is relevant beyond the immediate commodity.
- There are several questions to follow up and a dedicated workshop with more FAO colleagues is required to discuss and compare data requirements and methodologies.
- The cocoa LI study to be conducted by FAO Cameroon will also document and compare the methods and will share the findings. Most of the indicators are the same – only some differences in collection/validation.
- The Q&A on EasyRetro is a good start for clarification about the methodology.

###### **Data:**

- FAO databases have 80 to 90 percent of the information needed to establish the LIB (except housing).
- RULIS has lots of data on income and the extraction of such data can be assessed – depending on the methodology.

**Engagement with clients:**

- The need to understand who LI studies are being for? Why? How are the clients using it? How to use and present benchmarks to be internalised and operationalised?

**Areas for possible collaboration:**

- Upcoming income study in Guatemala in 2024. FAO is getting a representative sample of three value chains (cocoa, coffee and cardamon). Focused on employment but they could include LI components. Six municipalities in two departments. The producers will be identified by the end of 2023.
- Mapping of benchmarking methods – working paper.
- Also input into frequently asked questions (FAQ) for income collection with FAO colleagues.
- Possible synergies with ARI, explore what indicators can be applied.
- Field testing by ESA teams in Ethiopia and Peru.
- Assess how the LI data can be used by governments, VC players and providers to design solutions that can help close gaps e.g. insurance products.

**Working group 2: Application and potential of living income concept to strengthen farmer-market linkages and identify policy support**

Participants from WBF, LICoP, Mars, GIZ, IDH shared more of their experiences applying the concept to their work. They noted the complexities of their engagements with different stakeholders, challenges and lessons. During the discussion heavy focus was placed on the role FAO can play and how it can contribute to advancing the LI work.

**Options for FAO:**

- Potential for a FAO foresight study on the possible impact of applying the LI concept (for cluster of countries with small farmers producing similar commodity for exports/trade).
- Assess whether member countries would support or view the LI concept sufficiently important to include into their Programme of Work and Budget (PWB) – EST, ESA, ESP.
- Neutral convener on discussions to position member countries from exporting countries and prepare them for trade negotiations with importing countries (EU, soon the United States of America). Support governments to understand the implications and opportunities of new regulations – on request of member countries, with a role for UNDP and ILO, plus get World Farmers Organizations (WFO) and International Chamber of Commerce (ICC) involved.
- FAO has good examples of working with national governments on fundamental policy changes – and these are transformational but takes time. There is the need to work in parallel on short term interventions while also focusing on the medium-long term policy work.
- FAO sits in a unique position where it can work at both the policy level and at the same time the country level for practical application. Having presence in producer countries is an asset and presents opportunities for FAO to drive the agenda (on the request of member countries).
- Create further awareness of the LI concept within FAO (what, why, how to use it).
- Possible further assessment work on awareness of LI on decentralized offices and country offices.
- As part of Value Chain Analysis studies across various divisions (fisheries, forestry etc.): Consider LI as part of the enabling environment assessment and the impact on producers.
- FAO programmes/projects (HIH, OCOP): adopt LIB as an indicator, importantly the LI gap and how interventions contribute to closing this over time.
- LI will become a topic within the Committee on World Food Security (CSF) over the next year as they look at rights and roles of food workers.

### **Living Income Community of Practice**

- LCoP would like feedback from FAO about the guidance documents whether they provide useful tools and framing for FAO teams (e.g. WBF). Such feedback from those who are engaging with governments or starting to engage with governments will help LCoP assess whether the guidance in the documents are sufficient and useful.
- Facilitate South-South exchanges.
- LCoP forum for exchange of ideas and resources to share with FAO, governments, private sector and all other stakeholders.

### **Other points discussed:**

- Impact evaluation
  - Opportunity to start collecting and collating the impact of the LI work on households and the ripple effects on communities and societies. This can help shift the narrative.
  - From a perspective of rural transformation, the concept can be used to really assess whether or not rural households in particular, are transitioning into higher levels of well-being.
  - When doing the impact evaluation, it will be important to link interventions to concrete theories of change.
- Benchmarking
  - How can we enable more local ownership of benchmarking? How do we share experiences of where these processes have been internalized by national organizations (many exists) and how has that worked?
  - Opportunity to share examples from ICO and WBF.
  - Linked to the working group 1 application of the methodology, at the country level where benchmarks are not yet established, work together with partners to facilitate this process as a neutral convener of knowledge, exchange and policy guidance.
- Consumer prices
  - How LI impacts consumer prices – bearing in mind many in EU are facing cost of living crisis. FAO members are also consuming governments, so how to work with them on the policy side. Farm to fork etc. everyone has a role to play. There is also legislation coming on consumption, so how do we factor this in?

### **Areas for possible collaboration:**

- Opportunity to convene United Nations agencies to explore common approach. How can we have a more united United Nations agency approach on this, e.g. with ILO/UNDP to jointly support governments to embed/own LW and LI? How can we use the SDGs as an incentive? Common to all United Nations agencies and signed off by governments.
- The private sector may also appreciate FAO convening discussions to bring in a broader view of food systems change needed, and space for finding synergies between the private sector, FAO, government and investments.
- Convene an awareness session for multistakeholders.

## 4 The way forward – next steps and follow up

In the plenary session the floor was opened to participants to share their final reflections of topics discussed at the workshop and the direction going forward.

One main point that was reiterated by several participants is **the role and need for policy** to enact changes for the desired increases in LIs. Short-, medium- and long-term policy tools are needed to address the income gap. Tough legislations are required for companies to change their purchasing practices. The EU Corporate Sustainability Due Diligence Directive (CSDDD), a pending legislation, was a major topic of discussion over the two days and practitioners discussed its implication to all actors.

Participants also acknowledged that **collaboration between all stakeholders and actors is critical** to bring about change for a decent standard of life. Action is required and it calls for **public private partnerships** to address system level factors and offer income diversification strategies to close the gap. The lessons and experiences of convening multistakeholder collaborations shared by LICoP, WBF and IDH can be leveraged for future stakeholder events. The role of FAO as a neutral convener both at the policy level and at country level was discussed. However, more exchanges and discussions with LI practitioners are required to better understand the role FAO can play. The role of United Nations agencies within the LI work was questioned highlighting an opportunity to convene United Nations agencies to explore a common approach.

### Follow up actions:

To take advantage of the momentum created, the following actions were outlined:

- increase awareness about the LI concept within FAO;
- facilitate dedicated technical discussions of the methodology with FAO colleagues and LI practitioners;
- conduct assessment on the awareness of LI and its application within decentralized offices and country offices;
- assess whether member countries would support (or want to see) and include LI concept into their Programme of Work and Budget (PWB);
- clarify options for FAO to join LICoP and its Technical Committee;
- FAO organizers and LICoP agreed to continue meeting regularly (virtual) to provide updates on developments and plan specific action, with an invitation to other participants to join;
- LICoP to share toolkit and guidance documents. Also, relevant Farmer Income Lab resources to be shared.

## References

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## Annexes

### Annex 1. Agenda

**Table A1. Day 1: Introduction to the living income concept, application and related FAO programmes and projects**

Time	Activity	Contributors
<b>9.00</b>	Welcome remarks, overview and objectives of the workshop	<ul style="list-style-type: none"> <li>David Laborde – Director, Agrifood Economics and Policy Division (ESA), FAO</li> <li>Heiko Bammann – ESA, FAO</li> <li>Sheila Senathirajah – LICoP/ISEAL</li> </ul>
<b>9.30</b>	Introduction to the living income (LI) concept and the Living Income Community of Practice (LICoP)	<ul style="list-style-type: none"> <li>Dimsoy Cruickshank – ESA, FAO</li> <li>Sheila Senathirajah – LICoP/ISEAL</li> </ul>
<b>10.00</b>	Coffee break	
<b>10.30</b>	<b>LI methodologies:</b> <ul style="list-style-type: none"> <li>Cost of living- the Anker methodology and its adaptations; overview of the methodology and data requirements</li> <li>Actual income measurement and LICoP guidance on survey-based methods</li> <li>Modelling methods &amp; modelling income gaps</li> <li>Discussion</li> </ul>	<ul style="list-style-type: none"> <li>Sally Smith – Anker Research Institute</li> <li>Molly Leavens – The Sustainable Food lab</li> <li>Yuca Waarts – Wageningen University and Research</li> </ul>
<b>12.30</b>	Lunch	
<b>14.00</b>	<ul style="list-style-type: none"> <li>Applications of the LI concept – case studies and lessons learned</li> <li>International Coffee Organization Taskforce LI work</li> <li>Integration of LI with public sector in Indonesia</li> <li>Mars company work and procurement practices</li> <li>Discussion</li> </ul>	<ul style="list-style-type: none"> <li>Christina Archer- The Sustainable Food Lab</li> <li>Wolfgang Weinmann – Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)</li> <li>Ilaria Ida Walton – Mars &amp; Farmer Income Lab</li> </ul>
<b>15.00</b>	Coffee break	
<b>15.30</b>	<ul style="list-style-type: none"> <li>Overview of FAO programmes/projects and links to LI</li> <li>Discussion</li> </ul>	World Banana Forum, Hand-in-Hand Initiative, One Country One Priority Product, The Agrifood Systems Transformation Accelerator, FISH4ACP, Technical Network on Poverty Analysis, Statistics, Forestry Division, etc.
<b>17.00</b>	Closing remarks and intro for the next day	Heiko Bammann – ESA, FAO
<b>18.00</b>	Reception, Uzbekistan Lounge, 8 <sup>th</sup> floor	

Source: Elaboration by FAO's team in charge of organizing the workshop.

**Table A2. Day 2: Opportunities for collaboration between FAO and Living Income Community of Practice**

Time	Activity	Contributors
9.00	<b>Recap of Day 1 and introduction to working groups:</b> Q&A – Sessions on Day 1- Application of the concept	Heiko Bammann – Agrifood Economics and Policy Division (ESA), FAO
9.45	<b>Working group 1: Potential living income (LI) application, modifications, and adaptations</b> Methodology and alignment with other FAO indicators of poverty, food security, and resilience. Definition and delivery of benchmarks, etc.	
	<b>Working group 2: Potential of LI concept to strengthen farmer-market linkages and identify policy support</b> Use of the LI concept to engage stakeholders, including small farmers, farmer groups, companies/enterprises, governments on a change strategy; identify concrete opportunities focused on geographies, sector or thematic ways for FAO and Living Income Community of Practice (LCoP) collaboration; example banana sector, Indonesia cocoa, coffee, palm.	
	<b>Working group 3: LI and data requirements (optional)</b> Data sources and costs to consider, option to use FAO data for income gap assessment, tests/options of combined income and multidimensional measures like the Raw Materials Price Index (RMPI), etc.	
12.00	Lunch	
13.30	<b>Plenary session: reports from group sessions</b> Discussion	Molly Leavens – LCoP
15.00	Coffee break	
15.30	<b>Plenary discussion and proposal on the way forward</b>	FAO and LCoP
16.30	<b>Closing remarks</b>	FAO and LCoP

Source: Elaboration by FAO's team in charge of organizing the workshop.

## Annex 2. EasyRetro questions and answers

### FAO and Living Income Community of Practice workshop on living income approach

Add your comments, feedback, questions to these boards. You can also update any point put by your colleagues.

#### SUMMARY

- Cards: 47
- Comments: 29
- Votes: 14
- Participants: 20
- Voted: 9

#### CARDS

##### About the living income concept

1. Where do I access living income benchmarks (LIBs)?
  - LICoP website has many benchmarks available.
  - For benchmarks by the Anker Research Institute please visit <https://globallivingwage.org>
2. See the LICoP website for more info <https://www.living-income.com>
3. (LI concept) Is discussion on LI not already surpassed by demands for a "prosperous income/prosperity" for farmers, pushed by reps from Global South?
  - Hot topic! Indeed, many producer organisations and governments are calling for more focus on this, but yet we do not have an agreed definition of "prosperity" or prosperous income, which will be beyond monetary measures alone. However, we know that many are still far from even a LI, so using that as a milestone has proved to be helpful. (LI concept) Has there been any traction amongst National Statistical Office (NSOs) etc. in countries? What is their opinion on this methodology and measurement?
4. (Benchmarks [BM]) What about immigrants and people who are economical refugees? Is it difficult to incorporate them in these estimates?
  - The cost of a decent standard of living applies to all families in the area it covers, as it shows the net cash a household needs to afford a decent standard of living. How they get the income is the next step – and that can be from a variety of income sources, on and off farms. Only note that if immigrants/refugees are workers then we can use the LW benchmark to indicate how much they should be earning from paid employment (if they do not have access to farmland).
  - The Anker Research Institute has written a paper to respond to the question of whether costs of living for migrant workers should be calculated based on their home country rather than their resident country (the answer is no!). See here: <https://globallivingwage.org/wp-content/uploads/2021/05/Migrant-wages-working-paper-FINAL.pdf>
5. How to prevent LIB to create an incentive for companies to work with larger and better off farmers (instead of small holders)?

##### Living income methodologies

1. (BM) Where in practice has the LI been replacing World Bank poverty benchmarks? Is the goal necessarily to replace existing benchmarks or rather to have multiple types of indicators that can provide different, complementary information about vulnerable groups?
  - Yuca Waarts: helpful to have the World Bank poverty line as it reminds us of the minimum/basic standard that needs to be met as well.
  - Sally Smith: LIB complementary to World Bank lines. LI is aspirational, not reflective of poverty as we want to get beyond that to decent standard of living.



2. (BM) How does local decency standards align with global standards?
  - Sally Smith: For the benchmark, international standards need to be met as these are considered universal rights but beyond this there is flexibility to adjust the model diet and local housing standard to local conditions and expectations for decency e.g. In terms of what types of foods are included in the model diet to provide the required protein allocation for nutrition acc to WHO, what type of housing construction is considered decent given the level of economic development, etc.
3. (BM) Given the need for recurrent studies for LI, should the LI benchmarks not come from producer country national institutions instead of having to rely on external/outside expertise?
  - Sally Smith: To add to my comment above – the problem with international standards is that they are incredibly difficult to agree, for obvious reasons. And there is a lot of momentum behind LW and LI currently, we risk going backwards if we wait for an international standard to be agreed. In the meantime, the focus should be on ensuring that only benchmarks that have robust and transparent methodologies should be acceptable.
  - Wolfgang Weinmann: agree Sally on int standard needed but having national institutions "own" the whole process will be crucial going forward to get LI and LW approach and concept fully adopted and integrated.
  - Sally Smith: ideally yes! There is a need for international comparability though, so need to ensure that. LI has taken off more with global value chains e.g. commodities, so shows value and need for comparable and transparent standard.
  - Given uptake and proliferation/dilution of methods, maybe now is the time for an international standard?
4. (BM) What are the cost implications of developing benchmarks on LI? How can it be integrated into ongoing data collection processes?
  - Sally Smith: Costs vary depending on the type of benchmark (ARI has developed 3 interlinked methodologies to bring down the cost) but can be over USD 100 thousand for a full BM including all the stakeholder engagement processes from start to finish (essential for local buy-in). The data that needs collecting are quite specific and not necessarily easy to integrate into other data collection systems, but this is something that could be looked at. The real opportunity lies in getting all the users of BMs to contribute small amounts to the creation of BMs as public goods as currently funding comes a select few but there are a huge number of users who do not contribute!
5. (BM) How do you compute the cost of safe and healthy housing since this is not a monthly or even yearly expense as food consumption.
  - Sally Smith: We use rental costs whenever possible. When not possible (due to lack of rental market) we compute cost of owner-occupied housing based on construction costs and defray this over expected lifetime of house (usually 30–50 years depending on construction materials).
6. (BM) What would the sampling strategy be for the surveys administered to the food, health, education sector?
  - I'm general, we use rapid assessment methods and purposive sampling led by info provided by local stakeholders and secondary data to decide e.g. which districts to collect data to be "representative" of the wider geographical area that the benchmark is for, where to collect food prices, where to collect info on education costs, etc.
7. (BM) What do you see is the downside of adjusting LIB with inflations year on year rather than recalculating them given costs and timings?
  - Sally Smith: We update our estimates annually based on Consumer Price Index (CPI) and aim to recalculate from scratch every 5–10 years to adjust for economic development. Recalculating every year would be too costly and in addition, most of the secondary survey data we use is also only updated every 5–10 years.

8. (BM) Regarding the food price data collection under the Anker approach – how are the locations of markets for the food price survey decided upon? And the location of the Focus Group Discussion (FGD) with farmers? Do these data collection activities take place in several regions within a country to account for spatial price variation?
  - Sally Smith: Market locations are selected purposively with inputs from local stakeholders as well as use of secondary data to be “representative” of the wider geographical region the benchmark is for. The FGDs with farmers are part of this process as we want to find out what types of places they typically shop for different types of food – large and small open markets, grocery stores, kiosks, itinerant vendors, cold stores, etc. The regions to be covered are selected through a similar process but at a higher level and if we cover several regions over a large area, we check to see whether living costs are different enough to merit separate benchmarks for each region.
9. (BM) When comparing benchmarks for Ghana (last slide of Sally's presentation), have you compared the LI benchmark against the World Bank average income based on its income aggregate for rural, agricultural households?
  - Sally Smith: not as far as I'm aware but that would probably be an appropriate indicator to include in the ladder (I'm not familiar with it and so can't say for sure)
10. (BM) has the application of this LCoP analysis gone beyond the production level? What are the reasons for choosing household as a level of analysis but not individual level?
  - Stakeholders will often use the LI methodology and framework to understand the potential of off-farm diversified income as a means of helping close the income gap. We use households because they contribute to and draw from the same economic pot. In other words, they share housing, food, and labour activities, and other diversified income sources. Consequently, we calculate income and living costs at the household level.
  - Sally Smith: Costs of living are shared within households, and LI benchmarks are calculated this way for that reason. However, when measuring incomes, it is relevant to look at the intrahousehold distribution of incomes as this has an important gender dimension to it.
11. (Actual Income [AI]) Can I use secondary data to measure actual income?
  - Yes! For more information on using secondary data, see this LCoP paper [https://www.impactinstitute.com/wp-content/uploads/2021/03/0c5ab3\\_de11a0e9da2f4e6b97da2c801ec950d6.pdf](https://www.impactinstitute.com/wp-content/uploads/2021/03/0c5ab3_de11a0e9da2f4e6b97da2c801ec950d6.pdf)
12. (AI) I would imagine that income received through social protection programmes is included as part of other income. Is that correct? Typically, is the calculation of LI conducted for households engaged in specific value chains? What about households that are not engaged in labour activities because there are no working age adults in the house?
  - Other income would cover such payments and can include remittances and so on. Looking at actual incomes all depends on the focus group and the intent. Currently most LI work is in commodity supply chains, so inevitably focuses on the farming households. However, the LI benchmark showing decent cost of living can be applied to other households depending on the requirements of the users.
13. (AI) Regarding Net Farm Income, do we apply the concept of LW paid to rural/Agri workers to calculate the costs of labour costs within total farming production costs? Can we promote LI without respecting or promoting a LW for hidden labour costs of farming systems where human and labour rights violations like child labour, modern slavery, forced labour take place?
  - Most calculations gathering actual data on cost of production you look at what was actually paid. But for modelling you can use LW in the cost of production.

14. (AI) Regarding the estimation of net crop income why is not an accounting method taken instead, which could account more precisely for the actual net income: sales + own consumption – output used for payments/gifts – lost/wasted output.
  - This detailed level of data collection is ideal! However, most smallholder producers do not currently record accounting on production costs and sales. As a result, collecting this data can be costly and imprecise.
15. (AI) Do you recommend including some estimation of investment into the farm (setting up the farm for example) or only the more short-term investments (costs of inputs, labour etc.)?
  - Also see the FAQ on actual incomes of LICoP on this aspect. investments on the farm are usually accounted for in cost of production.
16. (AI) What are your thoughts on including hidden costs (environmental for example) of production?
  - Good question! There are some examples (e.g. Fairtrade) who are using “cost of sustainable production” estimates to derive net income, with locally defined/agreed “sustainable”, to feed into their fair-trade reference price calculations. If we only reflect current actual costs of production these may be reflecting unsustainable/not optimal practices.

### **Application of the living income concept**

1. Do we know where the concept has not been so successful?
2. MalawiTea2020 (coalition IDH, GIZ, Oxfam, exchange-traded product [ETP], tea brands and trader companies, tea estates Malawi) whilst not an initiative on LI but rather LW for tea estate workers, has interesting learnings why it did not achieve its objectives fully.
  - <https://www.idhsustainabletrade.com/publication/an-unprecedented-collaboration-malawi-tea-2020/>
3. How do we make progress on transparency of value distribution in value chains? What legislation is required to ensure not only producer have to open their books to scrutiny but all actors in the chain up to retail level?
4. Refer to the SASKI project – what were some of the key success and challenges engaging with government at that national level. What is the ambition going forward?
5. Concerning the experience the multistakeholder consultation in the coffee sector, where does the role of power of private sector entities (I noticed Starbucks and Nescafe) fit into the negotiation process for the benchmark? Linking to examples in Kenya and tea workers, Unilever has had an important role in marginalizing quite a few wage workers and consolidating farmland. More broadly then, how is power being integrated into the concept since there cannot be a "level playing field" with such important inequalities in terms of resources and power?

### **Opportunities for FAO programmes**

1. I see an opportunity to work with our landscapes approach.
2. Ana Paola de la O Campos: opportunities to collaborate on actual income measurement – FAO has decades of experience on this topic, good to streamline approaches how integrate into Agrotransformation agenda work with governments.
3. Opportunities to collaborate and avoid duplication of efforts in similar/overlapping contexts.
4. Useful and important linkage to establish would be across United Nations system organizations: ILO, FAO, World Bank, IFAD and the commodity centred intergovernmental organisations like ICCO, ICO, etc.
5. Disclose LI gap measurement results together for a large range of countries, regions/jurisdictions and products, based on harmonized approaches using secondary and (new) primary data (HIH) how to use the LI concept to take people out of poverty and use LIB as an indicator of impact/change.
6. One Country One Priority Product.

- Potential collaboration with ICO coffee taskforce.
  - Including LI in banana work in Indonesia (potential link to GIZ work?).
7. Sustainable Food Value Chain Development Team (SFVCD)
    - Understanding where income can be derived and what can impact its magnitude and variability over time geography.
    - Can we use LI concept in existing framework (since income elements are referenced).
    - Use of LI concept to inform strategies (i.e. Pineapple Suriname Project) Collaboration on landscape/jurisdictional approaches and how through this forest protection/biodiversity conservation and LI targets can be achieved.
  8. Agroforestry – Development of a guide to developing a business case for agroforestry (how to look at integrated landscape planning to bring a LI).
  9. World Banana Forum- work on LI and LW started in 2010. Have expanded over the years. Latest is to look at support to stakeholders on CSDDD implementation (coordinate LI and LW discussions)
  10. Think PA – Looking at methodologies for assessing LI benchmarks (Cameroon) – looking at different methodologies/how FAO can use it/ensure they are rigorous and transparent (for RULIS and working group on data): sources of information and data used for farm income management?
  11. We use Household surveys. FAOSTAT – use Household Consumption and Expenditure (HCES) surveys – could be used to measure food components
  12. Link to South-South Cooperation Programme.
  13. AI links in Ethiopia coffee sector how to use FAO income data value chain analyses being done – can we use LIB? Can they look at income gaps?
  14. Committee World Food Security (FAO members, civil society, private sector) hosted in ESA as well – from next year will look at rights and roles of food workers can bring LW and LI.
  15. Cooperate with FAO through formal or informal partnerships to include LI concept and concrete activities. FAO can act as a facilitator between entities and governments and support efforts to improve or introduce relevant policies.

## Annex 3. Participants

**Table A3. Name, role and organization of the participants**

Name		Role	Organization/Division
1	Stephanie Daniels	Senior Program Director Agriculture and Development	Sustainable Food Lab
2	Christina Archer	Sustainable Livelihoods Advisor, Agriculture and Development	Sustainable Food Lab
3	Molly Leavens	Program Manager, Agriculture and Development	Sustainable Food Lab
4	Sheila Senathirajah	Senior Manager, Innovations	ISEAL Alliance
5	Sally Smith	Senior Researcher	Anker Research Institute
6	Yuca Waarts	Senior Researcher, Sustainable Value Chain Development	Wageningen University
7	Wolfgang Weinmann	Advisor Sustainability and Value Added in Agricultural Supply Chains in Indonesia (SASCI+)	Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)
8	Edgar Aguilar	Value Chain Resilience Specialist	United Nations Development Programme (UNDP)
9	Mollie Brennan	Social Inclusion Consultant	The Decent Work for Equitable Food Systems Coalition (IFAD)
10	Nicola Francesconi	Senior Advisor Impact Economics	Royal Tropical Institute (KIT)
11	Vaibhav Panpaliya	Living Income Lead – Smallholder Sourcing and Services	The Sustainable Trade Initiative (IDH)
12	Rosalina Vazquez- Alvarez	Econometrician – Wage Specialist	International Labour Organization (ILO)
13	Katharina Krumbiegel	Scientific Project Officer	European Commission – Joint Research Centre
14	Ilaria Ida Walton	Global Socio-economic Impact Lead	Mars and Farmer Income Lab
<b>FAO</b>			
15	David Laborde	Director	Agrifood Economics and Policy Division (ESA)
16	Dimsoy Cruickshank	Organizer – Value Chain, Agribusiness and Youth Expert	ESA
17	Heiko Bammann	Organizer – Agricultural Economist	ESA
18	Ileana Grandelis	Programme Officer (Decent Rural Employment)	Inclusive Rural Transformation and Gender Equality Division (ESP)
19	Marwan Benali	Economist	ESP – DRET YE
20	Omar Benammour	Social Protection Officer	ESP
21	Vanya Slavchevska	Social Policy Officer	ESP
22	Garima Bhalla	Economist	ESP – Social Policy
23	Victor Prada	CTA – World Banana Forum	Markets and Trade Division (EST)
24	Ana Paula Dela O Campos	Economist	ESA
25	Carlos Esteban	Economist	ESA
26	Katia Covarrubias	Economist- Agricultural Policies	ESA
27	Ny You	Agribusiness Economist	ESA
28	Ada Nanetti	Intern – Policy Analyst	ESA
29	Monica Schuster	Economist	ESA
30	Halima Hodzic	Sustainable Value Chain Consultant	Food Systems and Food Safety Division (ESF)

Name		Role	Organization/Division
31	Mariam Awlia	OCOP programme, APO	Plant Production and Protection Division (NSP)
32	Priya Pajel	Agroforestry Consultant	Forestry Division (NFO)
33	Dimitar Taskoc	Fish Value Chain Expert	Fish Value Chain Development Team (NFIMV)
34	Bree Romuld	Fish4ACP Specialist	Fisheries and Aquaculture Division (NFI)
35	Priti Rajagopalan	Statistician	Statistics Division (ESS)
36	Nele Bohn	Partnerships Officer	Resource mobilization and Private Sector Partnerships Division (PSR)
37	Loreta Zdanovaite	Partnerships Officer	Resource mobilization and Private Sector Partnerships Division (PSR)
38	James Tefft	Senior Economist	FAO Investment Centre (CFI)
39	Anthony Benett	Senior Economist	Hand-in-Hand (HIH) Initiative Coordinator
40	David Neven	Senior Economist	Agrifood Systems and Food Safety Division (ESD) and SFVC
41	Hitomi Ho	Youth Employment Specialist	ESP
42	Federico Deluca	Climate Change Economist	ESA

Source: Elaboration by FAO's team in charge of organizing the workshop.

## Annex 4. Guidance and toolkits on living income methodologies and strategies

In addition to LICoP, other agencies are producing guidance material to assist all stakeholders understand their roles and strategies they can effectively incorporate and advocate for to achieve the goal of LIs for farming households.

### OVERVIEW

- FAO: Brief assessment of the living income concept (<https://doi.org/10.4060/cd0148en>).

### BENCHMARKS

- ALIGN (<https://align-tool.com>)
- Global Living Wage Coalition (<https://www.globallivingwage.org>)
- Heifer International Living Income Benchmarks (<https://www.heifer.org/our-work/living-incomes.html>)
- New Foresight Living Income and Living Wage Benchmarking Methodology (<https://www.newforesight.com/newforesight-living-income-and-living-wage-benchmarking-methodology>)
- Living Income Community of Practice (LICoP): Income measurement practitioner's guide; how to calculate living income reference prices of agricultural commodities; key trade-offs between income measurement toolkits; using the Anker methodology for living income Part I and II; estimating farmer household income (<https://www.living-income.com/licopresources>)
- Living income methodology: Living income benchmarking of rural households in low-income countries (<https://link.springer.com/article/10.1007/s12571-020-01099-8>)

### GUIDANCE FOR COMPANIES

- LICoP: Guiding steps towards living income in the supply chain: How to mainstream living income in your company's activities (<https://www.living-income.com/li-toolkit>)
- Oxfam: Living Income: From right to reality essential issues and recommendations for business (<https://www.oxfamamerica.org/explore/research-publications/living-income-from-right-to-reality>)
- Sustainable Trade Initiative (IDH): Living income roadmap (<https://www.idhsustainabletrade.com/roadmap-on-living-income>)
- Initiative for Sustainable Agricultural Supply Chains/GIZ-INA/GIZ: GIZ Living Wage Costing Tool; GIZ Living Income Reference Price Estimator (<https://www.nachhaltige-agrarlieferketten.org/en/tips-tools>)
- Farmer Income Lab: Enabling Smallholder – Based Agricultural Transformation – Lessons for companies from countries that have successfully reduced smallholder poverty at scale; Farmer segmentation: How Companies can effectively target support from smallholder farmers in global supply chains (<https://www.mars.com/sustainability-plan/thriving-people/increasing-farmer-income/farmer-income-lab-publications>)

### GUIDANCE FOR GOVERNMENTS

- LICoP: The role of governments in enabling living income in global agricultural value chains – Guidance for public policymakers ([https://www.living-income.com/\\_files/ugd/0c5ab3\\_e8d4833fdef54e1bab33593617fd870f.pdf](https://www.living-income.com/_files/ugd/0c5ab3_e8d4833fdef54e1bab33593617fd870f.pdf))
- Fairtrade International: Promoting living income in the cocoa sector – Policy options for consumer countries (<https://www.fairtrade>).

## CONTACTS

Agrifood Economics and Policy Division – Economic and Social Development  
ESA-Director@fao.org

**Food and Agriculture Organization of the United Nations**  
Rome, Italy

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