

Living Income Webinar Series

Stakeholder Levers for Addressing Income Gaps

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SUSTAINABLE FOOD LAB



Today's webinar facilitators



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Sustainable Food Lab



Agenda

- **Introduction** to the Living Income CoP, speaker's and SFL's work on Livelihoods
- **Business Fights Poverty:** Introduction to the Challenge and the formation of the levers paper
- **SFL:** Identified levers for actors to improve livelihoods.
- **Private sector contribution:** why are they interested and examples of work being done
- **Open discussion/Q&A**
- **Updates** for the Community of Practice

The Living Income Community of Practice

Foster collaboration and support organisations in their journey towards improving farmer incomes, and enabling farmers to achieve a decent standard of living.

Provide guidance on
metrics and
measurement

Understand the gap
between actual and
living income

Identify and discuss
strategies to close the
income gap

Strengthen this open community of practice
Sharing information about the efforts of different actors in this space

Email: adam@isealalliance.org for more information

Today's guest speakers



David Norman
Challenge Director
**Business Fights
Poverty**



Christina Archer
Consultant: Sustainable
Sourcing, Livelihoods &
Stakeholder engagement
Sustainable Food Lab



Urvi Kelkar
Global Sustainability
Manager
Anheuser-Busch InBev

IMPROVING INCOMES CHALLENGE
WHITE PAPER

ENABLING SMALLHOLDER FARMERS TO IMPROVE THEIR INCOMES

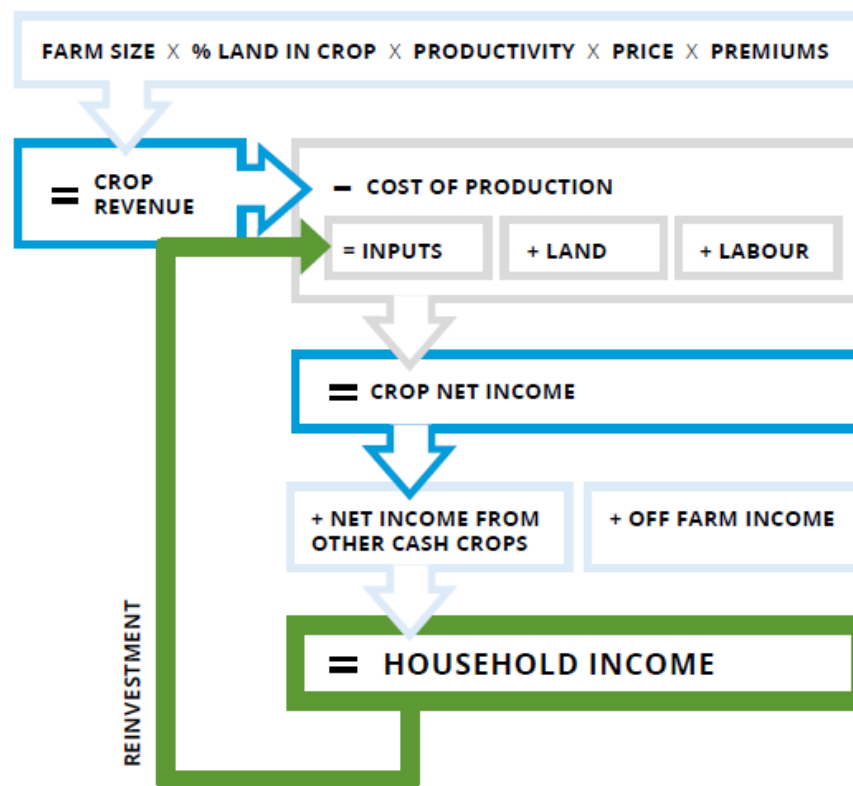
Sustainable Food Lab and Business Fights Poverty have been collaborating to advance learning on how to improve the economic benefits of trade for smallholder farmers and their families.



The business case goes far beyond productivity

- ›Company values and the imperative to contribute to the SDGs
- ›Long-term supply chain security: the future of farming
- ›Quality and meeting higher global standards for produce
- ›Resilience of value chain relationships in the face of future pressures
- ›Relationships with governments
- ›Meeting rising stakeholder expectations

Figure 1: Components of a farming family's household income



Improving Incomes: different levers

Improving smallholder incomes is a **complex challenge**: it can not be done only through increases in farm productivity or by increasing market access.

Sources of farmer income are varied, and will depend on farm size, asset holdings, and other labour and other income generating opportunities. There are multiple **interdependent levers** that will affect these components of income, and different actors will have different degrees of influence over them.

However, improved incomes alone will not promote economic development if farmers lack access to basic public services such as health and education. It is vital to identify these **contextual factors** and how they affect smallholders and their communities.

Different actors' roles in improving incomes

Governments have the broadest range of roles in creating the conditions necessary for improvements in smallholder farmers' incomes, through policy, services and infrastructure. Where possible they also can lead on agricultural extension, research, and ecosystem resilience.

Civil Society actors can provide expertise on issues such as equity, community engagement, farming techniques, and supporting farmers to work together to increase bargaining or share costs.

Donors can influence the shaping of national agricultural policies and systems, and support local governments' agricultural development programmes.

Private Sector companies are primarily buyers, but can also provide training, provision of inputs, and facilitate access to cheaper credit for farmers. In some cases companies may have to take on these roles directly, which risks creating dependency.

Lever 1: Agricultural services: know-how, inputs, post-

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National Government	International donors, UN agencies	Civil Society: International and National NGOs	Financial institutions	Private sector: local and international	Industry bodies and multi-stakeholder platforms (eg World Cocoa Foundation, Ethical Tea Partnership)
<p>Increase investment in rural infrastructure, agricultural research and extension services and provide resources, inputs and knowledge to farmers</p> <p>Ensure that all men and women have equal rights to ownership and control over land and natural resources</p>	<p>Influence and support government to start/improve services supporting smallholders.</p> <p>Fund improved agriculture programmes (including research) for smallholder communities</p> <p>Lobby govt and private sector for improved provision of affordable quality inputs</p> <p>Set up crop or sector level initiatives and support governments to facilitate public-private sector partnerships</p>	<p>Develop, implement and monitor capacity-building programmes with smallholder communities</p> <p>Ensure adequate community representation in agriculture programmes</p> <p>Form and strengthen farmer groups / associations</p>	<p>Provide low cost loans and credit to farmers and associations to cover advance purchase of inputs</p> <p>Facilitate financial skills training at both farm and enterprise levels to enable better decision making on investments</p>	<p>Support smallholder communities (direct or via partner) to access high quality low cost inputs, for example fertiliser, crop protection, machinery, postharvest storage and training on improved farm management</p> <p>Invest in agricultural research, innovations and variety development for the crops purchased</p> <p>Share experiences and knowledge and use the company's global reach to scale agricultural innovations</p>	<p>Establish knowledge sharing platforms, best practice tools, and common indicators (eg on measuring impact of capacity building)</p> <p>Lobby donors and government for effective policies and sector reform</p> <p>Convene and/or help facilitate public-private partnerships and sector platforms</p>

Examples of lead roles for specific levers

Lever 3 Decent market access: stable demand, fair prices, favourable terms of trade:

PRIVATE SECTOR - local and international private sector to provide stable, predictable demand for purchased crop, with transparent pricing and terms of trade that ensure smallholders can cover cost of quality inputs required for sustainable agriculture

Lever 4 Gender: women's participation and equal economic empowerment (cross cutting):

CIVIL SOCIETY - Ensure access (directly or via govt) to education for all girls, and skills development for women

Lever 5 Provision of basic services: quality education, health and water (domestic and irrigation):

GOVERNMENTS - Have primary responsibility to ensure water availability for all (basic human right) - build community potable water infrastructure, reservoirs, drainage

Supporting farmers in managing risk

- › Improving farmers' incomes is not only about net income growth: the level of security of farmers' incomes is fundamental
- › Support asset accumulation, crop diversity and income smoothing
- › Invest in post-harvest technologies and techniques with a view to risk management as well as income maximisation
- › Explore options for insurance that could free farmers to invest more in productivity growth or quality improvements
- › Reduce risk through changing the terms of trade with farmers

Sustainable price increases and quality

- ›The role of companies in setting price generated a wide spread of diverging stakeholder responses in interviews for the paper
- ›Many campaigners believe that, given the business and moral case for improving farmers' incomes, companies should simply pay farmers more, accepting lower profits as a result
- ›Many companies stress competitive pressures and the need for system-wide changes that enable sustainable price increases
- ›Win-win solutions include investment in the competitiveness of an entire sector and supporting farmers to meet higher quality standards

Making productivity improvements a win-win

- › Huge gaps between current and achievable productivity suggest a natural alignment of interests between smallholders and companies
- › But companies can misjudge trade-offs from a farmer's point of view
- › Minimise upfront costs, rather than adopting strategies that promise much higher productivity but at greater cost
- › Consider investing in the productivity of crops grown by farmers alongside the crop the company is buying
- › Strategies to support farmers through a period of decreased cash flow, e.g. while newly planted cocoa trees are becoming productive

Taking the conversation further

Christina Archer – Sustainable Food Lab
carcher@sustainablefood.org

<https://sustainablefoodlab.org/empowering-smallholder-farmers-to-improve-their-incomes-2/>

David Norman – Business Fights Poverty
david@businessfightspoverty.org

<http://businessfightspoverty.org/challenges/what-roles-should-business-and-others-play-in-enabling-farmers-to-improve-their-incomes/>

Living Income Updates

Three new pieces of research in the pipeline:

- **Investigating pricing mechanisms for raising incomes**
Sustainable Food Lab,
Aidenvironment and IIED
- **Guidance on how to reach a living income - case study learning**
Aidenvironment
- **Sustainability standards and living income**
ISEAL



Reminder of past webinars related to our buckets of work

Guidance on calculation and Understanding Gaps

- 15: Malawi Tea 2020 & GIZ 'Fast Track' study on living and actual income
- 13: Measuring income - What income? For what purpose?
- 10: Household economy approach - Rainforest Alliance
- 8: Training researchers - the experience of the Living Wage Coalition
- 6: Calculating a living income: where we stand on a review of options
- 5: Calculating living income benchmarks - Heifer International
- 3: Measuring household incomes of small farmers, and farm economic modelling
- 2: Generic Example for Calculating Household Income by GIZ

Strategies for Closing Gaps between Living and Actual Incomes

- 17: Stakeholder Levers for Addressing Income Gaps
- 16: Closing Income Gaps - How do investors address living income?
- 14: Closing income gaps - an insight from the cocoa sector
- 12: Fair Price Methodology
- 11: Cocoa Action Farmer Economic Model
- 9: Workshop Key Messages and Next Steps
- 7: Income and pricing approaches - Fairtrade international
- 4: The Uses of the Living Income concept

Stay informed!

Living income

<http://www.isealalliance.org/LivingIncome>

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

Living wage

<http://www.isealalliance.org/our-work/improving-effectiveness/global-living-wage-coalition>

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Questions? Email us at:

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

<http://www.sustainabilityimpactslearningplatform.org>

Thanks!

