

Living Income Webinar

The Living Income  
Community of Practice

# Improving Livelihoods in Dominican Republic Cacao:

## Measuring and Closing the Living Income Gap

23<sup>rd</sup> July 2019



Supported by the



Federal Ministry  
for Economic Cooperation  
and Development

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Deutsche Gesellschaft  
für Internationale  
Zusammenarbeit (GIZ) GmbH



Cocoa, Ghana © Ola Höiden for Fairtrade



# Today's webinar facilitators



**Adam Romo**  
Senior Coordinator,  
Innovations  
**ISEAL Alliance**



**Stephanie Daniels**  
Senior Program  
Director  
**Sustainable Food Lab**

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# Agenda

1. **Introduction** to the Living Income CoP, and guest speakers.
2. **Presentation** – Clif Bar Living Income motivations, approach, and what has been implemented to drive change.
3. **Implementation** discussion with partners.
4. **Open Q&A**
5. **CoP updates.**



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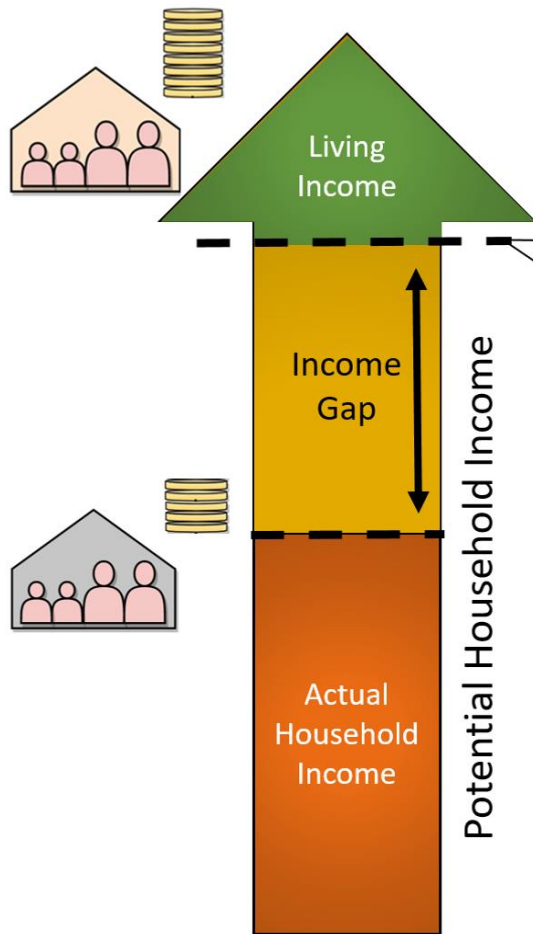


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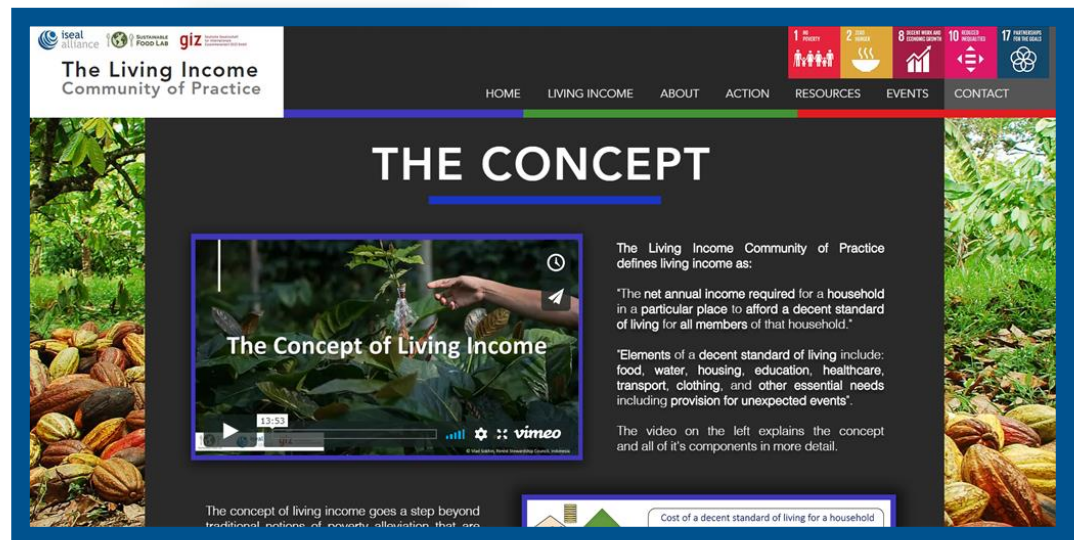
# The Living Income Community of Practice

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



Cost of a decent standard of living for a household

Cost of decent food + Cost of decent housing + Cost of other essential needs + Provisions for unforeseen events



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Learn more: [www.living-income.com](http://www.living-income.com)



# The Living Income Community of Practice

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

Facilitate learning and exchange around measurement

Understand the gap between actual and living income

Identify and discuss strategies to close the income gap

Learning across sectors  
and helping organisations realise SDG commitments

**Open community of practice**

Sharing information about the efforts of different actors in this space

Learn more: [www.living-income.com](http://www.living-income.com)  
Contact: [adam@isealalliance.org](mailto:adam@isealalliance.org)

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Seedlings © FSC Germany

# Today's guest speakers



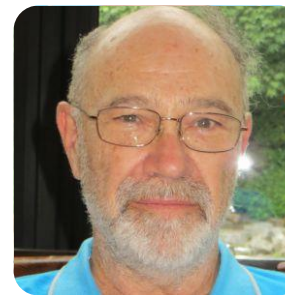
**Thao Pham**  
Vice President of  
Community  
Clif Bar



**Martha Anker**  
Statistician  
Independent Expert



**Jane Hwang**  
President and CEO  
Social Accountability  
International



**Richard Anker**  
Senior Research Fellow  
University of  
Massachusetts



**Altair Rodríguez**  
Cocoa Farmer,  
Coordinator, Consultant  
Clif Bar



JULY 2019



# Improving Livelihoods in Dominican Republic Cacao

Measuring and Closing the Living Income Gap





# Clif Bar & Company

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- Family- and employee-owned
- #1 among energy bars in US
- On shelves in 19 countries
- # 1 private investor in US organic research





# Clif Bar & Company



**Living income commitment**  
**Decent standard of living for  
Clif farmers, farm workers**



# Clif Bar & Company Commitment

**Goal:** Close the living income and wage gaps in our supply chain



2013-14

Launched company strategy for living wage (2013)  
Identified DR for living income focus (2014)

2015

Commissioned SAI to conduct empirical research & develop methodology

2016

Applied methodology & measured cacao living income gap

2017

Designed the pilot program  
Identified in-country partners

2018

Began implementation pilot

2019

Assess learnings from Year One  
Start impact study  
Explore new regions & crops



# Social Accountability International



Advancing human rights in workplaces & creating a world where workers, businesses, and communities thrive together



Corporate Programs | Training & Capacity Building | Standards & Impacts | Innovation & Partnerships

SOME OF OUR  
PROGRAMS

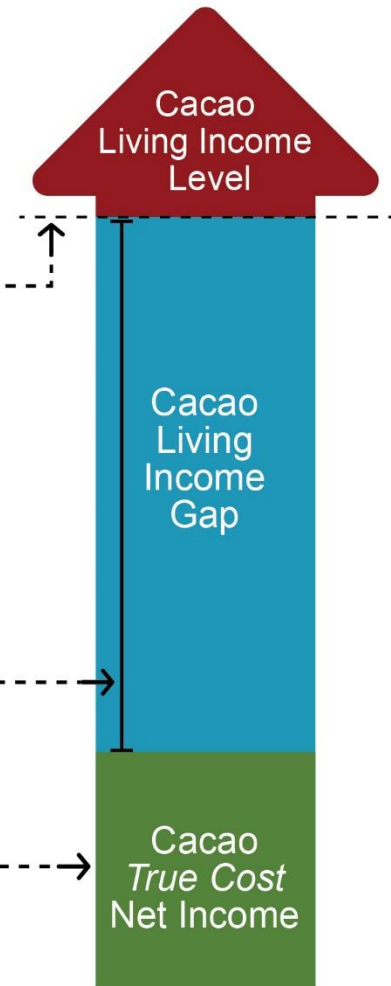


# Our Approach and Definitions

**Cacao Living Income Level:** The required net income contribution of the cacao farming operation toward a decent standard of living for a family in rural DR.

**Cacao True Cost Net Income:** The cacao farming operation's gross revenue less the true costs of building an economically sustainable cacao farming operation.

**Cacao Living Income Gap:** The difference between the cacao living income level and the cacao *true cost* net income.





# Rural DR Living Income Level Estimate

## Rural DR Living Income Level

RD\$315,972  
(\$6,975 US)

### Dominican Republic Rural Household Annual Living Income Level - 2016

RD\$315,972 (\$6,975 US)



Food



Housing  
& Utilities



Other  
Essentials



Emergency



Savings  
& Social  
Security

Key Values and  
Assumptions for  
Rural DR (2016)



Family Size of 4  
2 Adults, 2 Children  
1.67 Workers Per Family

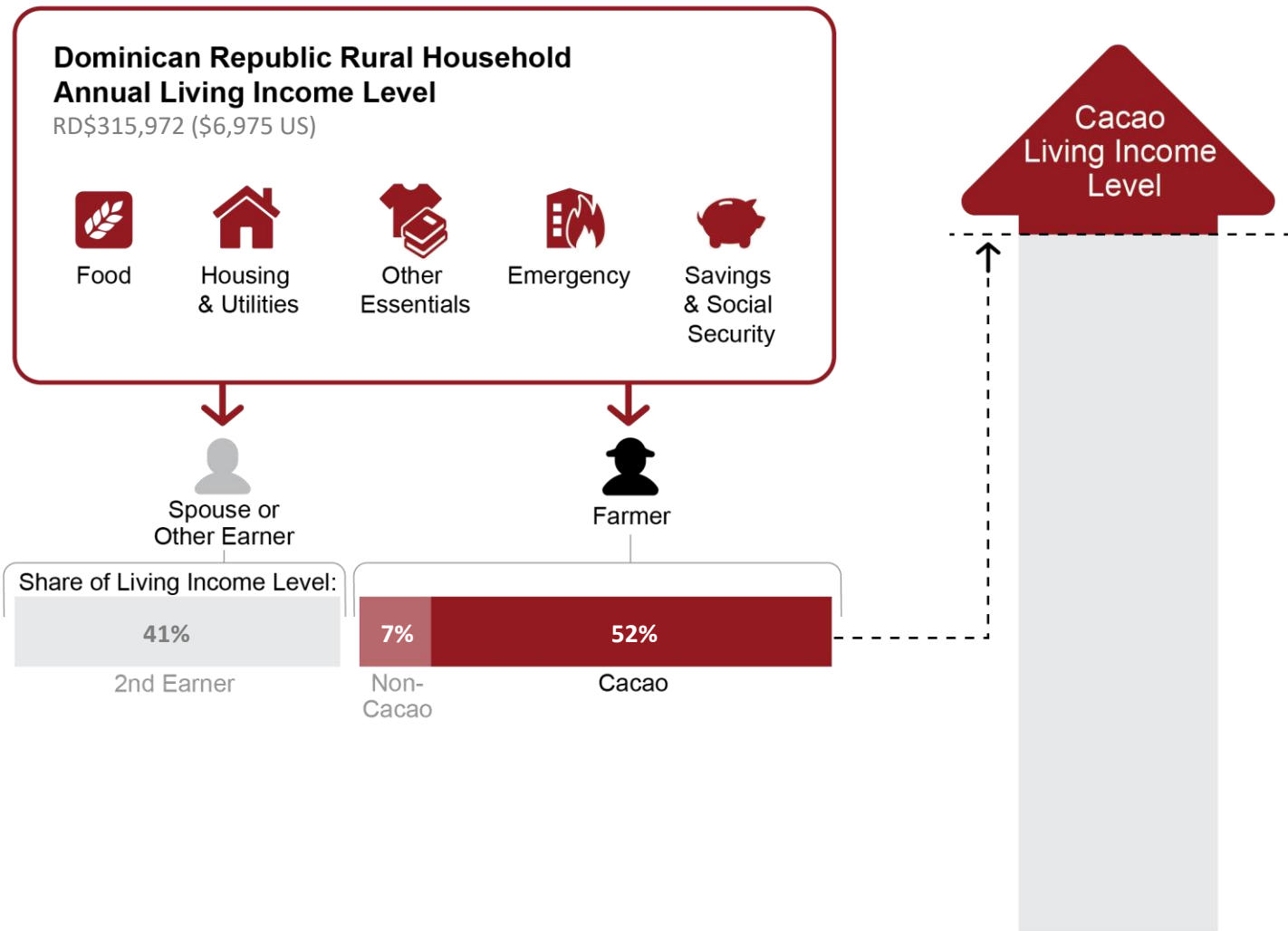


\$1 US = 45.3 RD\$  
(DR pesos)

*Anker and Anker, 2013 study, updated for inflation in 2016.*

# Cacao Living Income Level Estimate

**Cacao  
Living  
Income  
Level**  
RD\$164,771  
(\$3,637 US)

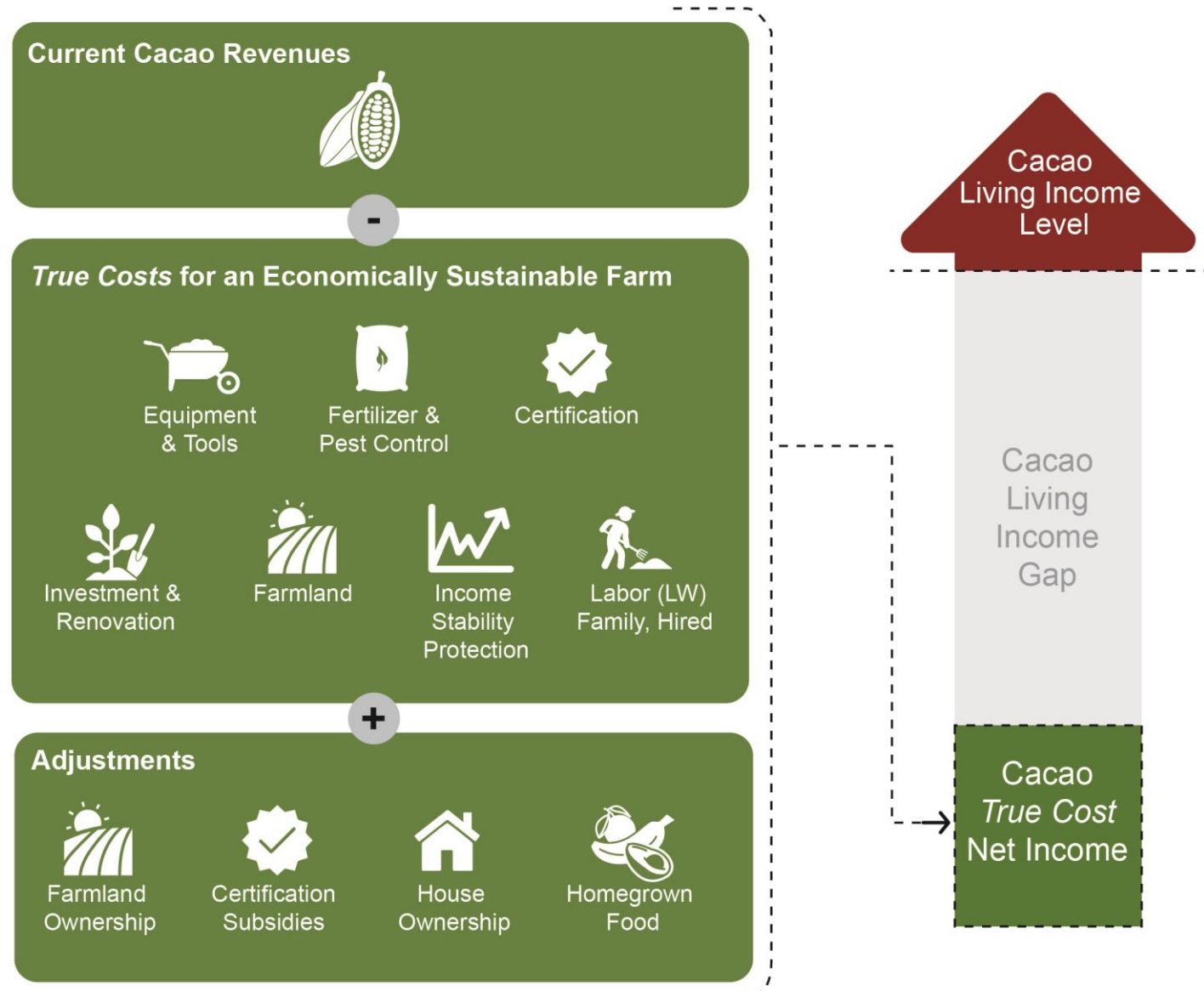




# Cacao True Cost Net Income Estimate

## Cacao True Cost Net Income (Average)

-RD\$23,574  
(-\$520 US)



# DR Cacao Living Income Gap Methodology

## Dominican Republic Rural Household Annual Living Income Level



Spouse or Other Earner

Farmer

Share of Living Income Level:

41%

2nd Earner

7%

Non-Cacao

52%

Cacao

2nd Earner Living Income Gap

Non-Cacao Farm Living Income Gap

Cacao Living Income Gap

Cacao Living Income Level

Cacao True Cost Net Income

Current Cacao Revenues



True Costs for an Economically Sustainable Farm



Equipment & Tools



Fertilizer & Pest Control



Certification



Investment & Renovation



Farmland



Income Stability Protection



Labor (LW) Family, Hired

Adjustments



Farmland Ownership



Certification Subsidies



House Ownership



Homegrown Food



# DR Cacao Living Income Gap

## Cacao Living Income Gap

RD\$188,345  
(\$4,158 US)

**Farm Size**

**Average**  
(85 tareas/5.3 hectares)

**Avg. of Lowest 25%**  
(23 tareas/1.4 hectares)

**Avg. of 2nd Lowest 25%**  
(54 tareas/3.4 hectares)

**Avg. of 2nd Highest 25%**  
(95 tareas/6.0 hectares)

**Avg. of Highest 25%**  
(277 tareas/17.4 hectares)

## Percentage Increase Required to Close DR Cacao Living Income Gap

	Price Only (%)	Yield Only (%)	Land Only (%)
Average (85 tareas/5.3 hectares)	67	67	NF
Avg. of Lowest 25% (23 tareas/1.4 hectares)	206	206	NF
Avg. of 2nd Lowest 25% (54 tareas/3.4 hectares)	97	97	NF
Avg. of 2nd Highest 25% (95 tareas/6.0 hectares)	62	62	NF
Avg. of Highest 25% (277 tareas/17.4 hectares)	31	31	NF

NF = Not feasible  
Assumes price = \$RD 5,500/quintal









## **Finding:**

Low Productivity & Limited Technical Assistance

## ***True Cost Model:***

- Built in living wage and higher plant & input costs (including family labor)

## **Implementation:**

- Intensive, multi-faceted on-farm training
- 1:1 mentorship
- Synchronization with planting, growing & harvest cycles
- Train-the-trainer activities





## **Finding:**

Single-crop Dependency

## ***True Cost Model:***

- Built in living wage and input costs

## **Implementation:**

- Crop diversification
- High quality fruit seedlings and other crop seeds
- Address living income gap for non-cacao (intercrop) farming





## Finding:

Small Farmland Parcels & Limited Resources for Investment

## *True Cost and Income Model:*

- Built in greater tree density and land rental costs
- Excluded remittances as income source

## Implementation:

- High-quality cacao seedlings to improve density, crop varieties
- Subsidized, low-interest farmland loans
- Land title assistance

“For me, money is the difficulty, because there might be land available but if we don’t have the resources to buy it then there’s no way we can get it.”

**Santo “Bian” Cruz,  
Member of the Juan Cruz de  
Guaranal Association**





“We were expecting our seedlings to be a lot bigger by now. But we had the surprise of climate change — the rains have betrayed us.”

**Alejandro Maria Nunez,**  
Director of Estación Experimental  
Matalarga, IDIAF

## **Finding:**

Vulnerability to price volatility and climate change

## ***True Cost Model:***

- Built in price stability protection costs

## **Implementation:**

- Tracing price and premium flow to farmers
- Engaging supply chain partners
- Soil conservation practices



# Overview





“[Before this program] we were forgotten.”

**Aurelio Gomez,**  
Member of the Juan Cruz de  
Guaranal Association

## Essentials

- Measuring and taking accountability
- Including farmers at the table
- Implementing holistic solutions
- Investing time and building trust
- Gaining price transparency
- Addressing climate impacts
- Collaborating

**Be Attentive, Adapt, Act**



# What's Next?

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- ›Measure and report on progress and lessons learned in DR
- ›Expand in the DR and to other sourcing regions and crops
- ›Continue to dig deeper into our supply chain
- ›Engage supply chain partners
- ›Continue exploring price solutions
- ›Collaborate & share resources





# THANK YOU

Comisión Nacional de Cacao de la Republica Dominicana

Departamento de Cacao y de Agricultura Orgánica del Ministerio de Agricultura de la Republica Dominicana

ASOPROCON (Asociación de Productores de Cacao Orgánico del Norte)

Biocafcao

COOPROAGRO (Cooperativa de Productores Agropecuarios)

FUNDOPO (Fundación Dominicana de Productores Orgánicos)

FUPAROCA (Fundación para la Asistencia Social, Recuperación y Manejo Orgánico de las Plantaciones Cacaoteras, Incorporada)

Grupo CONACADO

Roig Agro-Cacao, S.A.

## **SPECIAL THANKS TO OUR IMPLEMENTING PARTNERS**

Asociación de Cacaocultores Juan Cruz de Guaranal

Grupo J. Paiewonsky

IDIAF (Instituto Dominicano de Investigaciones Agropecuarias y Forestales)

# Community of Practice Updates

- **Blog:** [Learning from benchmarking Living Income: 2. Identifying your stakeholders](#)
- **Report:** [Closing the income gap of cocoa households in Côte d'Ivoire – taking a gender-sensitive household approach](#)
- **Conference:** [International Living Wage and Living Income Conference – Nov 5<sup>th</sup> 2019](#)



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A freshly-opened cocoa pod, Nicaragua © Sean Hawkey for Fairtrade International