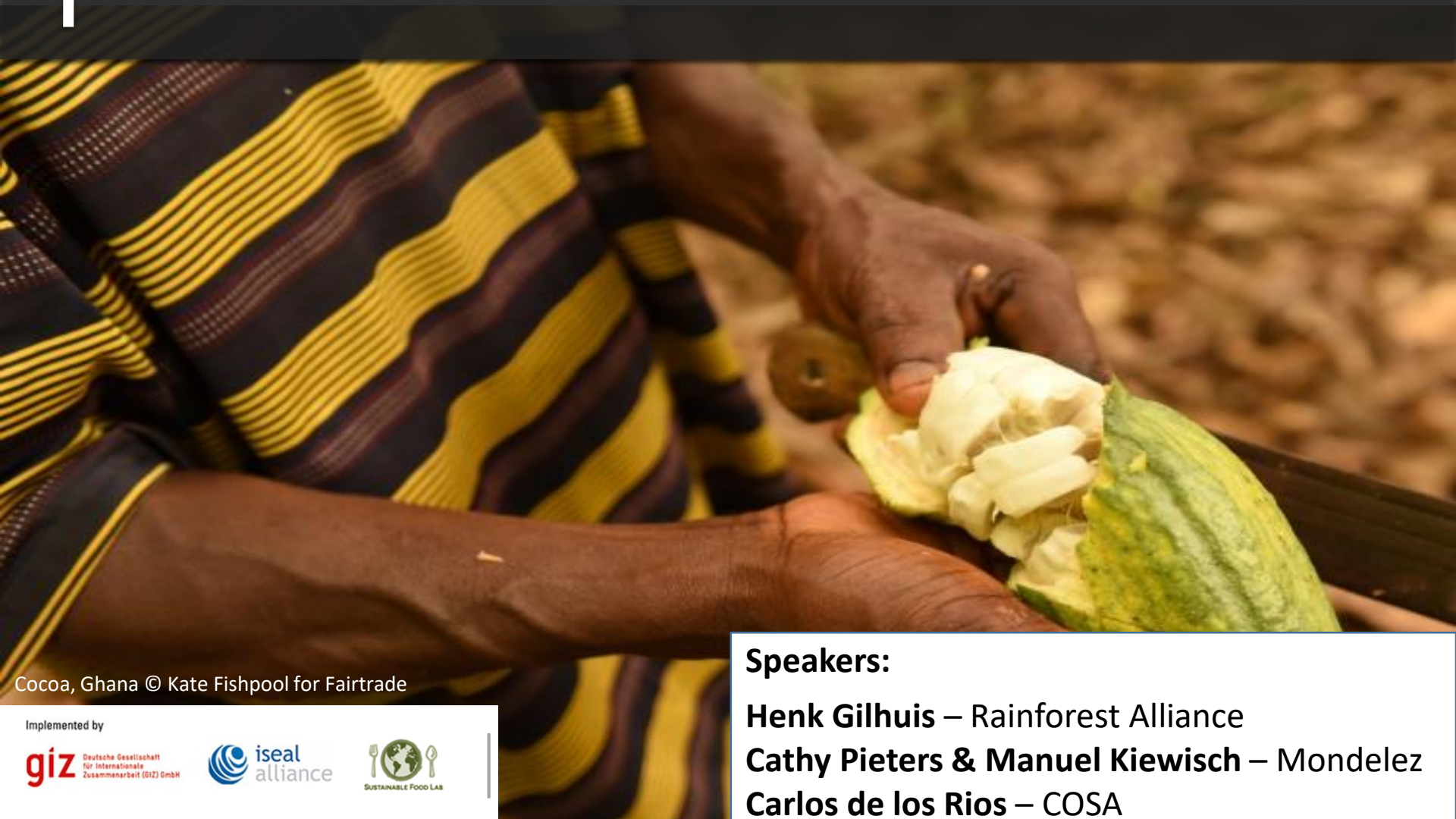


Measurement to Inform Action

The Living Income
Community of Practice

Measuring and Monitoring Income Change and Setting Income Targets

#livingincomebonn



Cocoa, Ghana © Kate Fishpool for Fairtrade

Speakers:

Henk Gilhuis – Rainforest Alliance
Cathy Pieters & Manuel Kiewisch – Mondelez
Carlos de los Rios – COSA



Joining forces
for a better future

Farmer Field Book - Monitoring

A collaborative approach for actionable
insights for farmers and supply chain actors

Living Income Community of Practice, 30 January 2019, Bonn

Key questions

(How) Do different productivity packages contribute to increase farmer income?

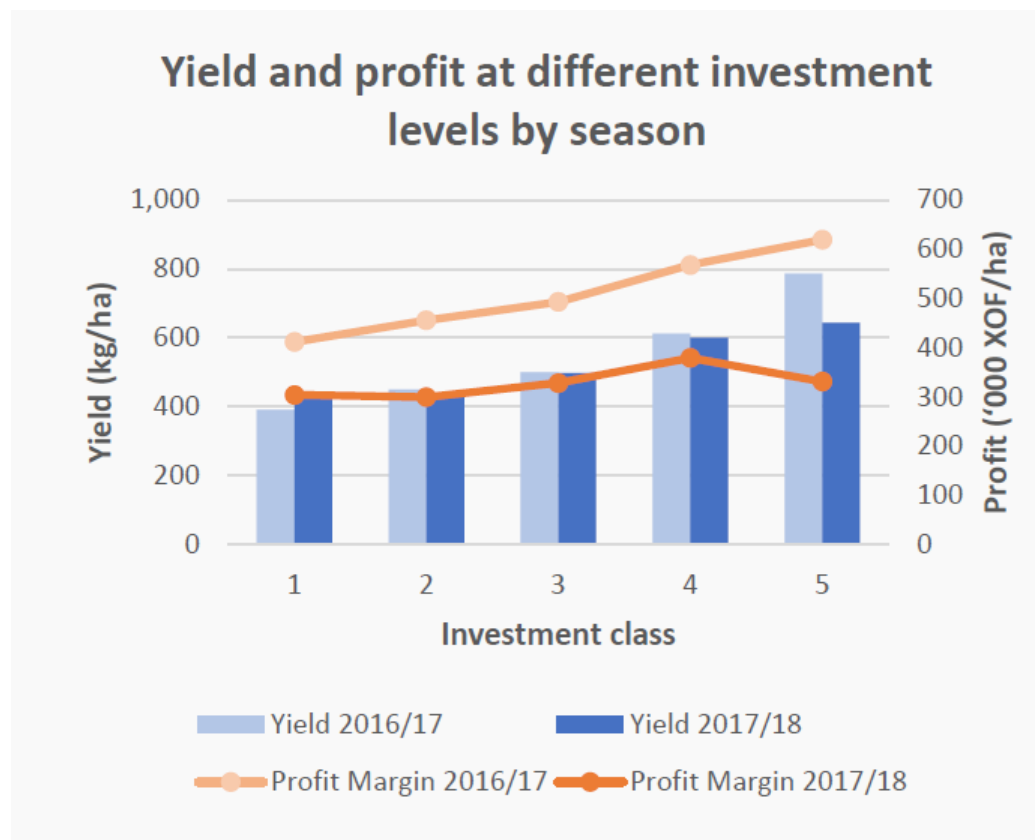
Which (combinations) of farmer and household characteristics, certification, agricultural practices and service packages drive productivity, profitability and income ?



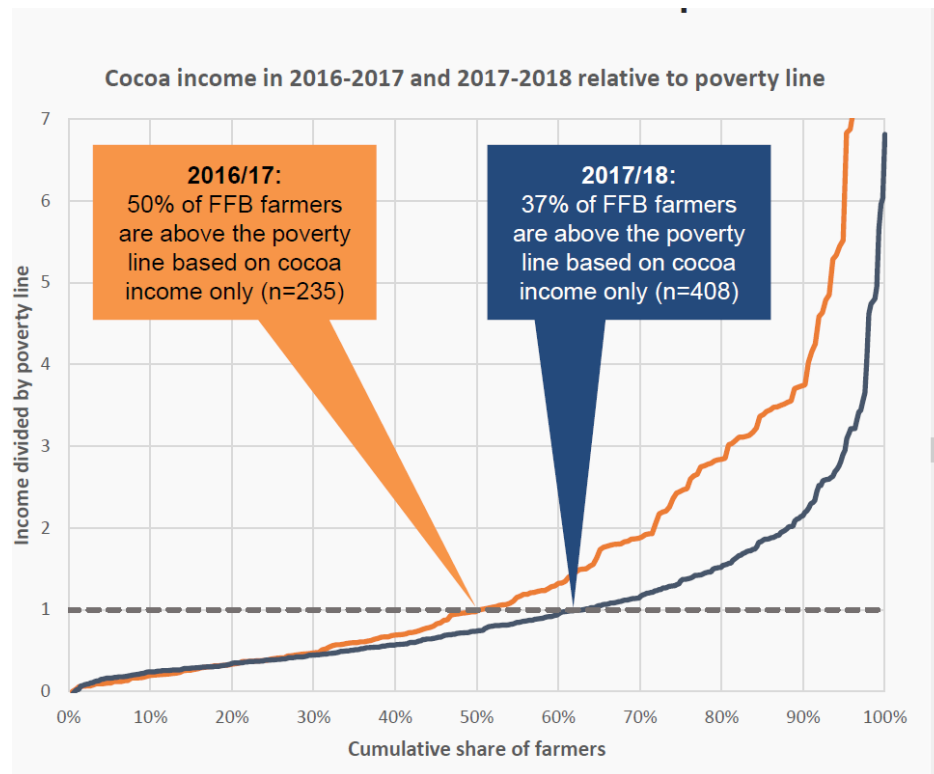
Income findings year 2 (2017/2018)

- Cocoa income accounts for 88% of total household (net) income.
- Average farm revenue in 2017/2018 was 42% lower than in 2016/17 (effect of a 36% drop in the cocoa price).
- Farmers cut their production costs by 46% (hired labor and inputs)
- Average profit margin was 44% lower (328,835 XOF/ha).
- 30% of farmers have additional income sources. Home grown consumption is estimated at 31% household income.





Agri-Logic 2018, FFB Côte d'Ivoire Company Report Barry Callebaut



Agri-Logic 2018, FFB Côte d'Ivoire Company Report Barry Callebaut

Actionable insights

Farmers receive individual farm P&L reports

Productivity packages increase the loan exposure of farmers. Careful selection and ticket sizing is necessary to avoid bad debt.

Low cocoa prices -> decrease in hired labor -> increase in child labor?

Certification correlates positively with productivity (not with profitability)

Fertilizing, pruning and collecting diseased pods correlate positively with productivity.

Environmental Impact Quotient (EIQ) can be brought down by targeting the 10% farmers who cause 75% of the impact.



RA new standard (*draft*)

Performance-driven approach

- Core criteria: entry level certification, compliance with good practices; threshold values (e.g. min. wage)
- Improvement pathways: measure progress towards outcomes (criteria can be mandatory, self-selected or context specific)

Data driven: on compliance, risks, improvements, for assurance, learning and reporting purposes a.o.

Living income is a key outcome


THE RAINFOREST ALLIANCE SUSTAINABLE AGRICULTURE STANDARD.....	9
CHAPTER 1: MANAGEMENT:.....	9
Objectives and Outcomes:.....	9
1.1 Group Management Capacities	9
1.2 Group Member Administration	10
1.3 Risk Assessment, Management Plan and Service Delivery.....	11
1.4 Gender	12
1.5 Youth.....	12
1.6 Traceability.....	13
1.7 Premium.....	13
1.8 Farm profitability	14
1.9 Living income	14
CHAPTER 2: FARMING PRACTICES	15
Objectives and Outcomes:.....	15




Improvement topics



1.8 Farm profitability

Core			
(1.8.1) Group management collects and reports data of group members on revenue (Gross income from sale of certified crop) of group members.			
Improvement levels			
	1	2	3
	(1.8.3) Group management collects data on production costs for a sample of group members, and calculates the net income of the certified crop. Group management provides support to group members to increase profitability of the farm by means of tailored farmer training, based on the collected income data and on continued improvement cycles.	(1.8.4) Group management provides advanced support to group members and their families to increase income, by means of financial literacy training, diversification, business skills, and other services.	
Indicators			
<ul style="list-style-type: none"> Revenue (Gross income from the sale of the certified crop) of group members 			

1.9 Living income

Core			
N/A			
Improvement levels			
	1	2	3
	(1.9.1) Group management collects and reports data of group members on the farms size, yields, sales volumes, premium and farm gate prices received over a year for the certified crop. The group management inserts these data in a digital tool to be provided by the Rainforest Alliance, to identify the gap with Living Income or proxy (poverty/income benchmark).	(1.9.2) The gap with Living Income or proxy (poverty/income benchmark) is less than 30%.	(1.9.3) The gap with Living Income or proxy (poverty/income benchmark) is less than 10%.
Indicators			
<ul style="list-style-type: none"> Estimated certified crop income - compared with living income or proxy 			

Public consultation (deadline Feb, 28 2019)

<https://www.research.net/r/RAPublicConsultation>



Joining forces
for a better future



Measuring and Monitoring

Income change and
setting income targets

Income is a key component of a sustainable livelihood

But cannot be considered in isolation:

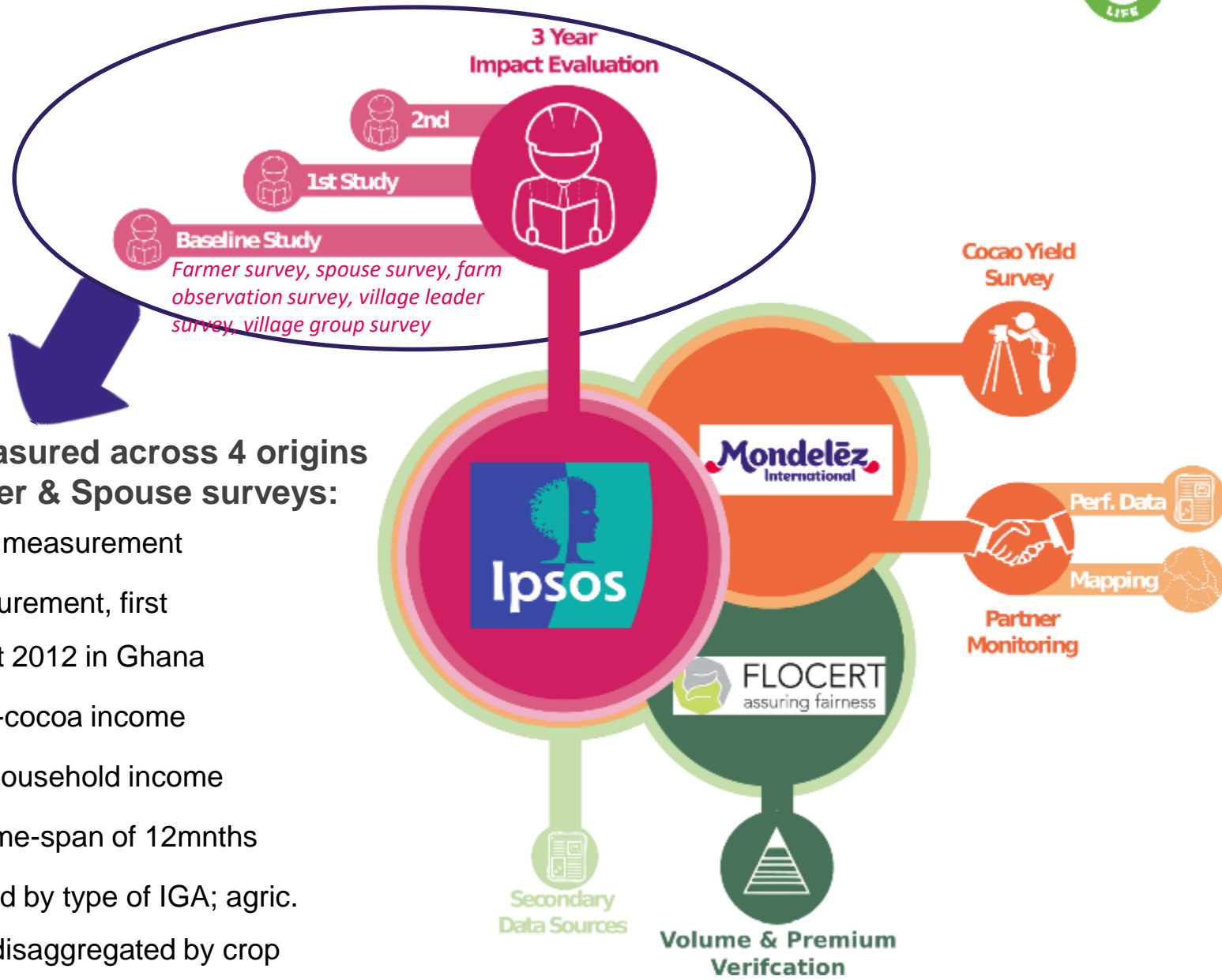
- Livelihood areas **build on each other**; neglecting underdeveloped areas in favor of a single focus can be a risk to sustainable livelihoods
- Livelihoods can be **unsustainable despite of high income**
- Singled out public impact commitments without controlling the full scope of the problem risk setting **unrealistic expectations** and misleading focus for the program
- Low cocoa prices are possible because farming families **don't have choices** to substitute cocoa income with other income generating activities that suit the household better.
- Short term urgencies might require immediate “**band aids**” as in **premiums** paid in Cocoa Life, but:
 - Not blind us from root causes
 - Not disempower cocoa farmers

What is needed for a lasting transformation

We believe that Coordinated action is needed to ensure a sustainable livelihoods for Cocoa farming families, including a living income.

- **Look beyond the sector**, cocoa does not grow in isolation
- Sectorwide. coordinated, **long term strategies and action plans**, with clear complementarity of all actors and accountability mechanisms
 - Trading regulators: regulate how cocoa is traded to avoid outrageous speculations,
 - Producing governments create enabling environment, be dedicated to a strong rural development and agricultural reform and potentially intervene on farm-gate price as a bridge
 - Consuming countries need to educate consumers on the complexity of the challenges, there is no easy fix,
 - Industry needs to implement holistic approaches that understand, consider and tackle root causes at cocoa growing household level
- **Innovative thinking about new cocoa farming models** based on more selective and individualized interventions, less actors on larger lands needs to be considered to ensure a sustainable sector even if structural issues work against it.

Measurement & Monitoring by Manuel Kiewisch



Income is measured across 4 origins through Farmer & Spouse surveys:

- Recall based measurement
- Annual measurement, first measurement 2012 in Ghana
- Cocoa & non-cocoa income
- Individual & household income
- Covering a time-span of 12mnths
- Disaggregated by type of IGA; agric. income also disaggregated by crop

Measurement & Monitoring Top 5 Method Learning



Privacy & Sensitivity

participant hesitation; survey responsibility



Household Level is Challenging

incomplete insight; case-dependent gaps



Continuous Learning vs. Consistency

more learning = less comparability



Bias, Recall, Data Entry, & Cleaning

zero income answers; reflection bias



Analysis & Interpretation is Challenging

“bring people with you on the journey”

Measurement & Monitoring Top 5 Program & Strategy Learning



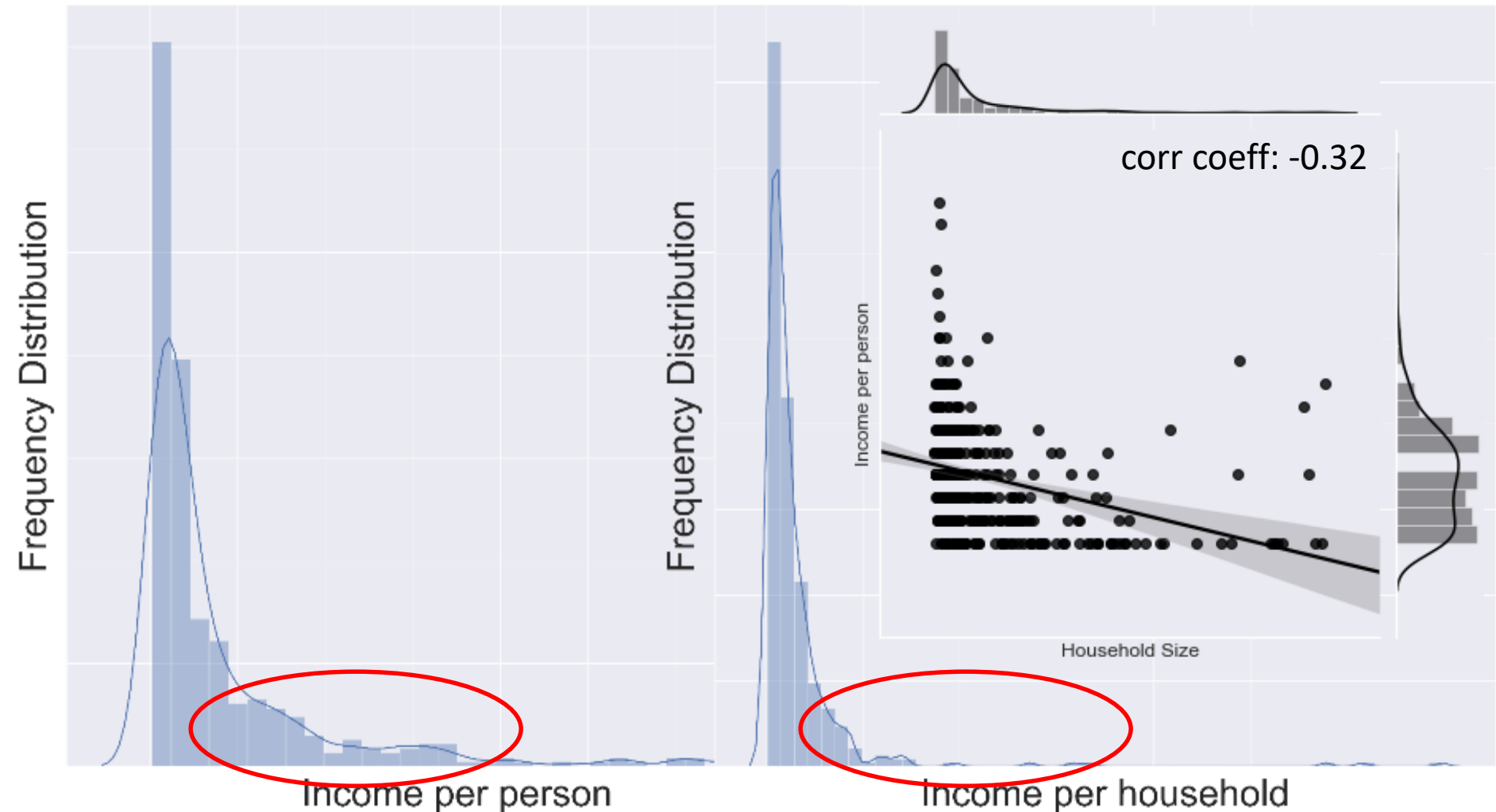
High Context Dependency

household size; rural infrastr. & economy

High Context Dependency

Example interpretation (based on Ghana 2018 data)

Income variation dependence on household size



Measurement & Monitoring Top 5 Program & Strategy Learning



High Context Dependency

household size; rural infrastr. & economy



High Variability of Results

no one size fits all; origin/ region/ individual



Low Level of Econ. Opportunity—WA

besides low income level; need choices



Cocoa as Second Crop—Indonesia

ability to switch; strengthen cocoa



Sector Alignment on Methods & Reporting

how others measure; how present results