

Living Income Community of Practice – Workshop Notes

2021 Living Income Workshop – Empowering action towards improving living income

19 May 2021

Summary Session 2: Practical insights for choosing the most effective approach to measuring income.

Moderator: Kristin Komives ([ISEAL](#))

Session narrative & objective:

Measuring income can be a complex task. In smallholder contexts, household incomes can come from a variety of different sources. Income sources and their associated costs can then vary across contexts, making it difficult to define an enumeration approach. Furthermore, the purpose and point of entry for measurement can differ across actors. Ultimately, this means that there is no one size fits all approach to measuring incomes relative to living income. That said, all approaches should be built around the same foundations and principles for alignment and comparability.

Session objective

- Discuss different approaches towards measuring and gaining insights on actual household income.
- Engage with participants on areas of uncertainty, challenges, and lack of clarity.

Plenary: Choosing and evolving a measurement approach

The first section of the session included a presentation by Kristin Komives that explored the materials that the CoP has on measuring incomes. She explained how to choose between different means of acquiring data. Key questions to ask in this context are:

- What do you want to do with the data? What is your purpose?
- What is your starting point and capacity?
- What is the operational context?

Further, this session included a plenary discussion with experts from Olam, Rainforest Alliance, Heifer, Heartwood LLC and Agrilogic on how to choose a measurement approach, take into account practical considerations and to share stories from practice.

Breakout discussions

The second part of the session included breakout groups to have deeper discussions on your own journey or challenge. Four breakout groups were offered, focusing on four different use cases for income data such as Understanding where you stand, Monitoring and modeling changes over time, understanding which interventions are working and an open Q&A session. During the breakout session participants were asked to fill in easy retro boards with the following three questions:

- What tips or lessons can you share from your own experience?
- What challenges have you faced? And how did you overcome them?
- What questions do you have?

Breakout 1: Use case: Understanding where you stand - The baseline survey or assessment

Moderator: Sheila Senathirajah ([ISEAL](#))

Discussants: Kirby Richardson ([Heifer International](#)) and Jessi Grillo ([Heartwood LLC](#))

Main points raised

- Baseline surveys or assessments provide a useful framework that can be leveraged and referred to for income and living income gap measurement and calculation. It provides high level of detail and accuracy; however, it can be resource and cost intensive.
- Understanding what exactly you want to learn in the baseline assessment is key. This will help balance between sourcing purposeful, reliable and accurate income data and applying a feasible and cost effective approach.

Areas Where LiCoP can Support Better?

- Highlight reports available where baselines have been done.

Table 1 EasyRetro Results Understanding where you stand – the baseline survey or assessment

What tips or lessons can you share from your own experience about measurement for this use case?	What questions do you have about measurement for this use case?	What are the greatest challenges you are facing with measurement for this use case?
Important to triangulate info/data. Data on yields and incomes, frequently doesn't make sense only through surveys! Useful to cross check	I do not have the capacity to collect all the income data required. I am struggling to fill the gaps with secondary data.	How to spend limited resources: larger sample size & shorter survey or more in-depth data collection with a smaller sample.
It is always important to ask yourself whether a datapoint is necessary and relevant. Questionnaire fatigue can harm data quality.	How to know which benchmark to use for different geographies	gather sex-disaggregated data
Understanding what exactly you want to learn in the baseline assessment is key. You can do this by agreeing on learning questions you want answered, or by creating a mock-up of the dashboard or report you would like to populate from the study. (Kristin, ISEAL)	If a company wants to collect data on living income and calculate the living income gap tomorrow - which manual/book/resource to use?	How to efficiently use the historical data and public data into the context?
	New measurement for our projects	how follow up efficiency farmer expenditures records?
	How can you easily collect reliable data on production costs? What sample size is acceptable when combining quantitative and qualitative data?	how to use previously collected data?
	If in my area there is no benchmark to use, what is the best approach I should do to start?	How do you ensure that your data is of good quality?
	Someone indicated it's important to triangulate data. What are the best additional sources of data to triangulate with?	How frequently should we collect data on incomes, production costs without making it super expensive?
	I have the capacity and resources to collect the primary data, but currently I am a bit struggling to make a suitable questionnaire	How do I evaluate if I have the capacity to take this approach?
	How to better share data within the sector and better manage resources on the ground while not replicating efforts doing the same thing?	
	When a farmer says not to know something (say, fertilizer costs), is it better to ask for an estimate, or to leave it blank?	
	The difference between a hot spot approach and a more focused regional, how to do the hot spot?	

Breakout 2: Use case: Monitoring and modelling changed over time - Combining data sources, adding modelling to inform strategy

Moderator: Stephanie Daniels ([Sustainable Food Lab](#))

Discussants: Yves Pascal Suter ([Olam](#)) and Michiel Kuit ([Agri-Logic](#))

Main points raised

- Cost of collecting huge data sets on regular basis, so think about **sampling** you can use. But once you have high quality data, can do a lot with it! So e.g. with the Farm Books – found relationship between incomes and other variables – to use in **modelling**. So could find that just looking at COP and gender could help you model income changes, fairly accurately.
- Could you use a 'standard' model for a more diverse sector e.g. coffee? No, even in e.g. cocoa you need to have **localised context** in models due to different costs in different areas. Tested modelling approach also in coffee in Vietnam, Honduras, Uganda, Cameroon and tea, and basic principles worked – a basic model with production data will give good info on incomes, even when you have less data on other variables. But will need to recalibrate data each season – but can then scale up to large populations.

The following questions were discussed during the session:

- *Q: Does the farmer field book model also include data collection on **diversification**? or only on cocoa incomes?*
A: yes, it can (e.g., in Vietnam IDH coffee project look also at incomes from pepper, avocado and durian) and factor in to model. But **off farm income** is more challenging to measure. Can draw on external sources that have measured this, or ask an additional question at yearly surveys and use average/proxy values, e.g. 20% of cocoa income is from other sources.
But field book not the only tool to collect data, e.g. can use household surveys.
- *Q: Do we need a **control group**? As a gold standard yes but can be difficult for some actors, e.g. traders in a supply chain, it is hard to ask for any data if you are not working with them/supporting those farmers. Maybe other actors (e.g. govt/NGOs) are more able to collect this.*
- *Q What are **other key factors** to monitor that impact on income?*
A: Farm size: yes, it is a determining factor (but hard to change!), as is productivity (easier to work on), and ability to invest. Price is a factor too, yes, but in modelling the effect of price is less than what many assume it to be. Good examples we can look at from e.g. Uganda and productivity improvements. Vietnam project showed that last year despite low prices farmers still had good incomes as they chose to invest less, and productivity remained high.

Table 2 EasyRetro Results Monitoring and modeling changes over time

What tips or lessons can you share from your own experience about measurement for this use case?	What questions do you have about measurement for this use case?	What are the greatest challenges you are facing with measurement for this use case?
monitoring top level metrics can help facilitate faster, top level analysis of which origins to focus on	When is an estimate of household income enough (versus a careful measurement of actual income for each farmer)?	when clients want more detail than the monitoring data and model collects
		Decent level of attribution of your project to the changes that you see over time - do you always need controls?

Breakout 3: Use case: Monitoring and modelling changes over time - Combining data sources, using existing data to model and track income change

Moderator Tim Loos ([GIZ](#))

Discussants: Matthew Bare ([Rainforest Alliance](#))

Main Points Raised

- It is important to spend a good amount of time understanding what information you already have. Who are the different stakeholders in the area and what information do they already collect. From there, understand if you are validating, spot checking or creating a brief survey to create a whole picture of the situation.
- Transparency can mean a lot of different things: Consumers might just want to know the origin of the product. Companies might want to look at a specific cooperative, knowing this is much more difficult.
- Certifications can help provide income information. Might not provide everything you need but is a very good start if available.
- Predictive Model created by Olam & Agrilogic can provide farmer income using just a few variables in cocoa in West Africa (because the cost of production is low, and the prices are set by the government). This is not as easy in other locations and commodities.
- Using data from previous years depends on the commodity and location. Generally, the ratio of cost of production and income stays pretty much the same so it often works.

Outstanding Questions that Arose in Discussion

- How do you use the Farmgate price as a variable to understand farmer income. If there is more transparency in the supply chain, will farmers get paid more?
- When is a modelled household income enough, versus an actual income study
- How can change over time be allocated to different interventions?
- How do we understand the cost of "family labor" from another household, i.e. extended family hired on the farm. Does this data exist?

Areas Where LiCoP can Support Better?

- Creation of an open data initiative
- More data on homegrown food

Table 3 EasyRetro Results Monitoring and modeling changes over time

What tips or lessons can you share from your own experience about measurement for this use case?	What questions do you have about measurement for this use case?	What are the greatest challenges you are facing with measurement for this use case?
There is a lot of data out there - the challenge is to get a hold of it and whether it is the data actually needed.	Can the data from a previous year, really be used for data of the current year?	Data on value of home-grown food
How to measure wages across currencies AND language barriers? (still working on this one)	When is a modelled estimate of household income enough (versus a measured estimate of household income for each farming family)?	Data on labour that the household hire on a daily basis, often family members but not on the same household
How to get an 'accepted' actual income measurement by the community of practice, for two farmer groups in Ethiopia? Does a tool (e.g. Excel) exist, to model living income interventions with Ethiopian coffee farmers?	What do you think about open data initiatives to get a better database?	What is best available 'cost of living' scale for regions of the countries where suppliers are located? Is there a world-wide option?
		How can a change over time be allocated to the interventions - often there is no information on control groups (counterfactual).

Breakout 4: Understanding what interventions are working - Evaluating what has worked, comparing effectiveness, value and impact)

Moderator: Kristin Komives ([ISEAL](#)) and Kealy Sloan ([Sustainable Food Lab](#))

Discussants: Henk Gilhuis ([Rainforest Alliance](#))

Main Points Raised

- Have set up several lighthouse programmes Mars, AB InBev, Danone
 - Collect learnings from these and inform the Farmer Income labs
 - Labs are designed to make the results comparable.
- Their efforts are based on four key questions: Are farmer incomes improving? What are most effective risk assessment strategies? What tools are most useful? How they able to improve livelihoods?
- Advice on impact assessment shared for
 - Evaluation within programmes: Begin baseline and end baseline, only use data that is necessary and look at contribution instead of attribution
 - Within a company: Understand the theories of change (ToC), what are the drivers that lead to income improvement as well as to understand that not all the farmers are necessarily receiving the same services
 - Across programmes: Ensure that you have common indicators, measure in the same way and analyze in the same way to see differences and similarities

The following questions were discussed during the session:

- *Q: How to deal with external variables? How to manage long term process and short term wishes on results?*
- **A** (Henk Gilhuis):
 - On variables (weather prices etc.):
 - Work with the counterfactual i.e. base your actions on the assumption that in average this or that will be happening
 - Comes at a cost
 - Follow a moving target – depends on where you are farming etc.
 - On long vs. short term: Priority should be the to make data transferable to different contexts.

Table 4 EasyRetro Results Understanding what interventions are working

What tips or lessons can you share from your own experience about measurement for this use case?,	What questions do you have about measurement for this use case?	What are the greatest challenges you are facing with measurement for this use case?
Start with the learning and evaluation questions -- what do you really want to learn and know. The approach to measurement should follow. (Kristin Komives, ISEAL)	Having comparable results across intervention cases is helpful, but do you also lose something by focusing on alignment rather than the different context of each case?	Constructing a counterfactual to attribute effects to our intervention(s) (Henk Gilhuis, RA)
Study design is very important for this use case. It's not just about the data you collect but also about sample size, control or comparison groups, and more. (Kristin Komives, ISEAL)	Considering the inherent challenges of measuring and attributing impact to rather limited interventions and investment levels, what is the "best fit" to measure income effects?	Making a realistic estimation of the effect size to expect, commensurate to the scope, depth and length of our (combined?) interventions.
Focus your measurement efforts on immediate and intermediate outcomes that your intervention is likely to influence (Henk Gilhuis, RA)	Poverty is multi-dimensional. What indicators, besides income, could we use to measure poverty and progress out of poverty? (Henk Gilhuis/RA)?	In case of a multi-layered / packaged intervention as certification, with quality of implementation as intervening variable, how can we know which aspects / components are most effective in driving income improvements?
Monitoring (and ensuring) quality of implementation is essential if you want to measure and attribute outcomes to your intervention. Doing the latter without the first is a waste of time and resources (Henk Gilhuis/RA)	Are market-based interventions focused on raising farmer incomes the most effective strategy to deliver livelihood outcomes to cocoa farmers? Should we consider other strategies to achieve livelihood effects, e.g. targeting food security health, basic services, social security, education?	One of the challenges is one of the oldest ones - "Attribution vs Contribution" - is my intervention driving direct impact or is it simply part of a holistic shift. (Hamish Taylor, Symrise)
Improving farm productivity in combination with price improvements (price + premium/ differential) is effective to raise farmer income. But productivity increases at sector level has also led to oversupply and downward pressure on prices, with negative outcomes on farmer income (Henk Gilhuis/RA)	How did you combine long enough timescale of measuring impacts from time of intervention with getting "immediate/real time" data sufficient to support short term decision making?	The timeframe from intervention to potential change is often several years in perennial crops. Most funding for intervention is only 3-4 years, with productive and income changes coming later. How do we manage expectations of development and business funders?
balancing reasonable/low cost of measurement of impacts with robust design	How to deal with external variables, e.g., climate, politics, pandemics?	"control" groups are frequently not true controls how do we find realistic other ways of comparing?
Understand all the drivers to increase farmers revenues in addition to the direct commercial payment (non-financial agronomic support from public authorities,...)	How to attribute financial "value" to essentially nonfinancial interventions e.g. providing access to health assurance, supporting schools which encourages attendance / completion & contributes to future incomes, or providing access to potable water in village thus preventing long slogs to rivers, etc.	How to effectively incentivise low productivity farmers within a geographical area to improve yields etc as part of 'closing the gap' strategy (other than promise of improved income which isn't in itself always the main motivating factor)
Essential to create an approach that is "whole farm based" so as to fully capture crop diversification income opportunities. Too often a focus on the "hero crop" still leaves people well short of the Living Income level. (Hamish Taylor, Symrise)	We are measuring key drivers of and impact on (1) Period of Food Insecurity #weeks (2) Dietary Diversity #fit to recommended nutritional framework (3) #GAPs adopted & how well adopted. (1) and (2) act as immediate lagging indicators on our project interventions and (3) acts as a forwards-looking leading indicator that we hope will pave the way to positive outcomes. How are others doing this on the "soft" measures of Living Income?(Hamish Taylor, Symrise)	How to measure the sustainability of any changes observed during a project lifetime, after the project ends.
I can recommend this article, titled "The Triviality of measuring ultimate outcomes: acknowledging the span of direct influence" by Giel Ton et al, in IDS Bulletin. (It is behind a paywall, feel free to mail me if you want a copy hgihuis@ra.org; https://onlinelibrary.wiley.com/doi/abs/10.1111/1759-5436.12111)		Interestingly we are starting to explore "Optimism" indicators - "How confident do I feel about the future?" and forwards-looking emotionally driven KPIs around "trust" and "fear". These do not so much determine income drivers but they do allow us to identify the "mood of the moment" and whether or not our interventions and services are driving them. Consistently understanding what those signals are telling us is as you could imagine a CHALLENGE! (Hamish Taylor, Symrise)

Plenary – open Q&A session

During the Breakout session Participants had the opportunity to stay in the plenary and join an open Q&A session with LiCoP staff about any measurement question and challenges faced.

Moderator: Adam Romo ([ISEAL](#))

Table 5 EasyRetro Results open Q&A session

Challenges faced in measuring household income	List any question you may have on measuring income
We try to convince companies and investors for greater support of living wages/ living income vs. minimum wage, which can be very low – one of the challenges we face is that there are limited number of countries or sectors that have estimations that are publicly available and regularly updated, that we can point them to.	Consider the issue of 'average' farmer living income. For any given group of small farmers there may be huge variance in individual farm 'costs of production' and to some extent income (subject to crop size, and local price variance). Using an arithmetic mean average is not always helpful so should we consider different typologies (high/medium/low intensity farmer) or are we better to look at mode/median or perhaps a weighted average? Likely we need to balance mathematical simplicity of calculation (& message communication) while ensuring 'net incomes' are indeed representative of our defined group of small farmers.
	What is preventing global adoption of a common standard of living format and methodology?
	Can technology have a role in helping to estimate farmer's income? Could digital automation address the shortcomings of farmer's self-reporting?

Materials relevant to the session

MARS:

- **(Farmer Income Lab) Learning Framework overview & Common Core Metrics:**
https://www.farmerincomelab.com/sites/g/files/jydpvr621/files/2020-09/Learning%20Framework%20Overview%20final_2.pdf

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- (FCIP) BASELINE ANALYSIS FROM FARMER FIELD BOOKS OF COCOA FARMERS IN CÔTE D'IVOIRE:
<https://www.idhsustainabletrade.com/publication/new-insights-on-reaching-living-income/>
- (Agrilogic) Farmer Field Book analysis -Coffee Vietnam:
https://archive.globalcoffeeplatform.org/assets/files/GCP-Espresso/190514_FFB-report-ISLA-programme.pdf

