

Living Income Community of Practice

Living Income Webinar Series

The Living Income Community of Practice



Sustainability systems discussion: the role of systems in contributing to farmers' incomes

31 March 2022
14:00-15:30 BST (GMT +1)

Today's Facilitators



Rita Mendez
Senior Coordinator, Impacts
ISEAL



Liliana Petkova
Project Support, Impacts and
Innovations
ISEAL

The Living Income Community of Practice



Tailored support to standards systems on advancing and deepening their living income strategies and on the treatment of living income in their standards

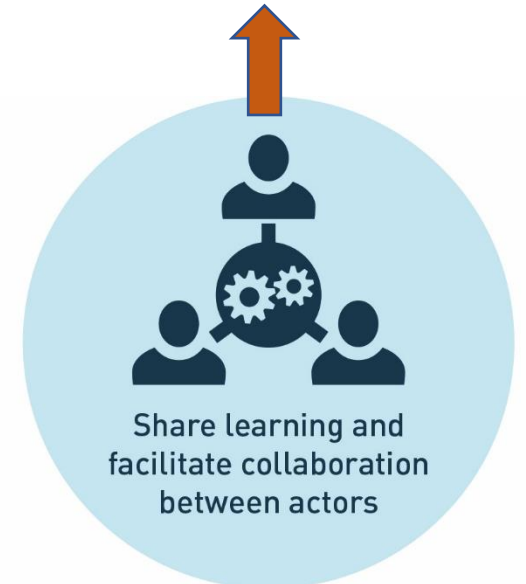
Measurement of farmers actual income levels



Strategies to close the income gap used by standards systems



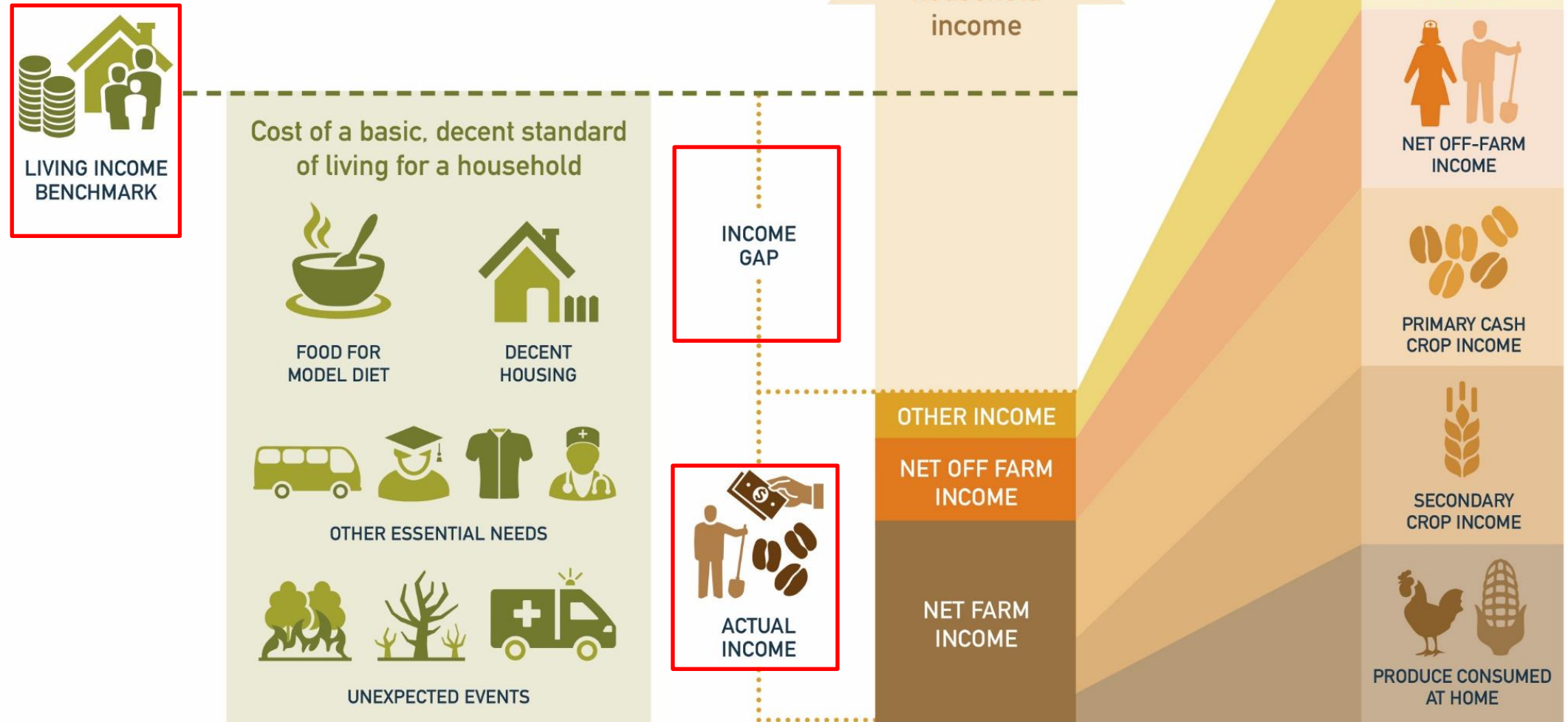
Peer learning across schemes



For more information and to join the community visit: www.living-income.com

Contact: livingincome@isealliance.org

The Living Income Story



Agenda

1. Living Income and SS: what do we know?
2. Measurement: Living income guidance materials
3. Strategies: Different strategic approaches towards income improvement
4. Discussion/Q&A





Living Income and SS: what do we know?

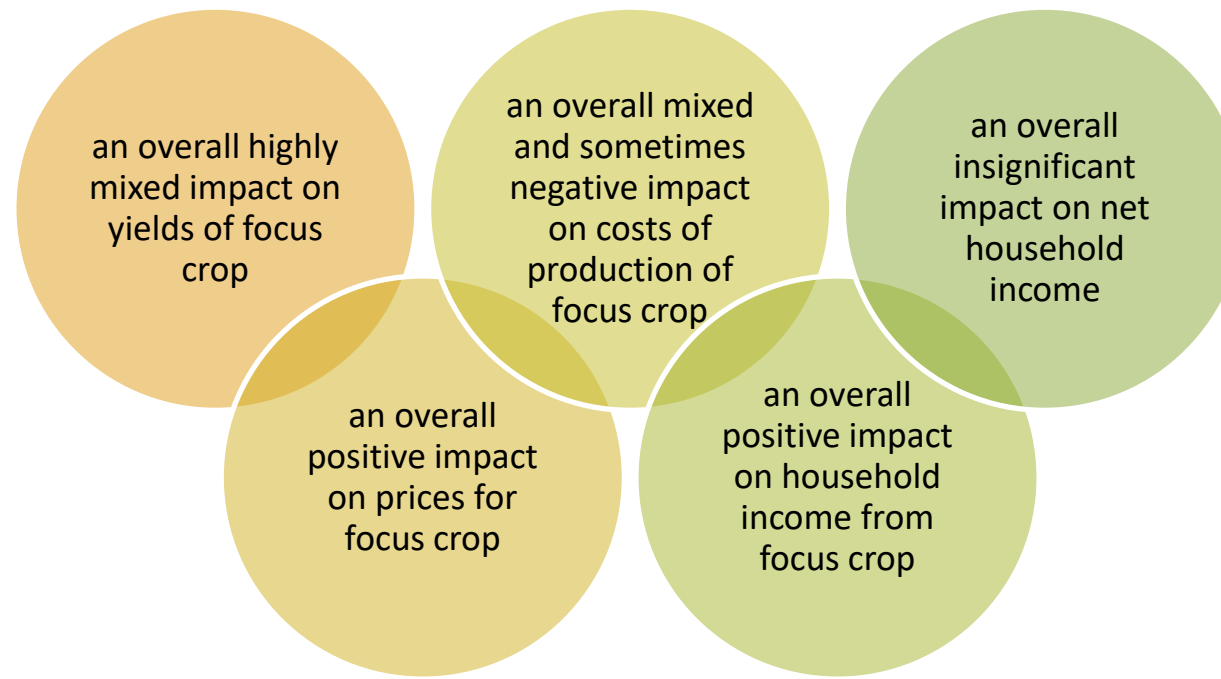


Do market-based tools deliver impacts on key topics linked to farmer livelihoods?

The short answer is yes – on certain outcomes.

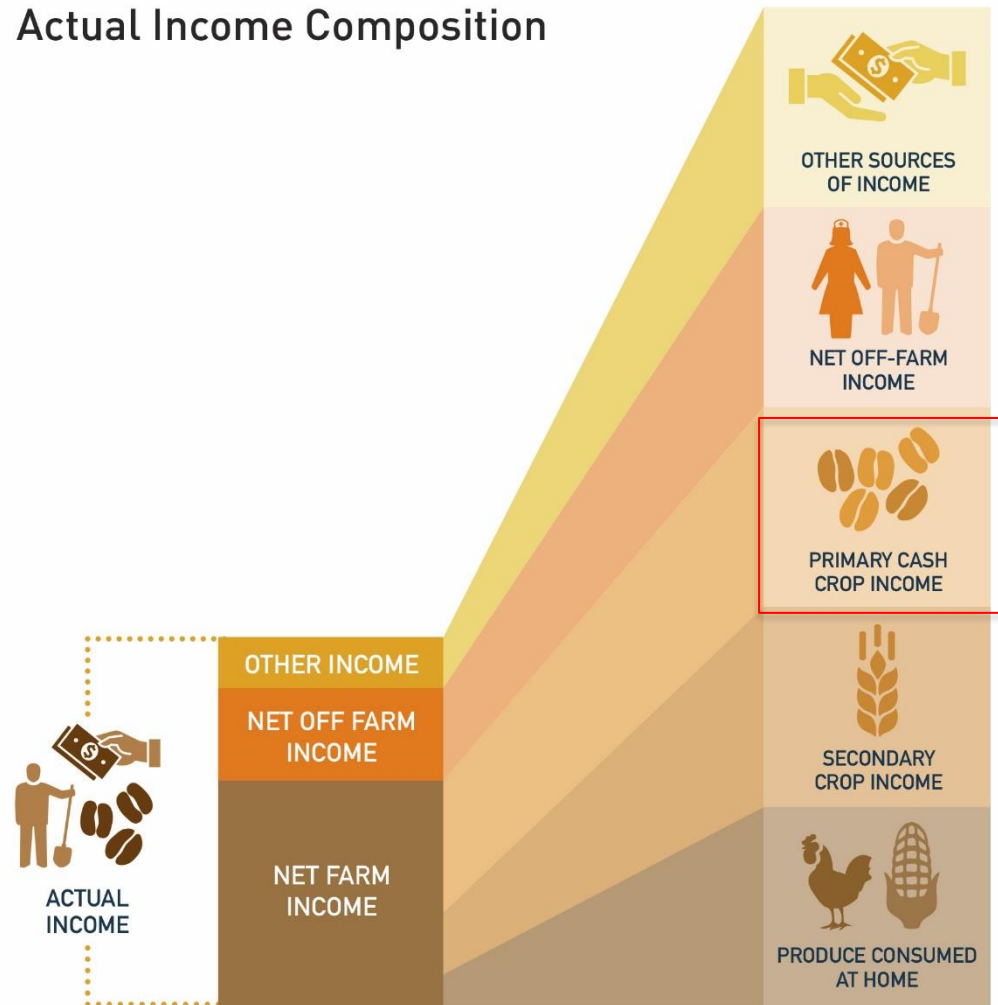
High context variability in results is the norm. This indicates that a tool or approach delivers impact in a specific 'value-chain – origin – farmer' context.

Based on available evidence, market-based tools have



What evidence is telling us...

Actual Income Composition



research about the impacts of sustainability standards (or other commodity-based strategies)

Net income (revenue minus production costs and reinvestments)

Many other things will affect total household income and the income gap

Strategies to close the income gap

From the perspective of sustainability systems





Measurement: Living income guidance materials



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Oil palm landscape © RSPO

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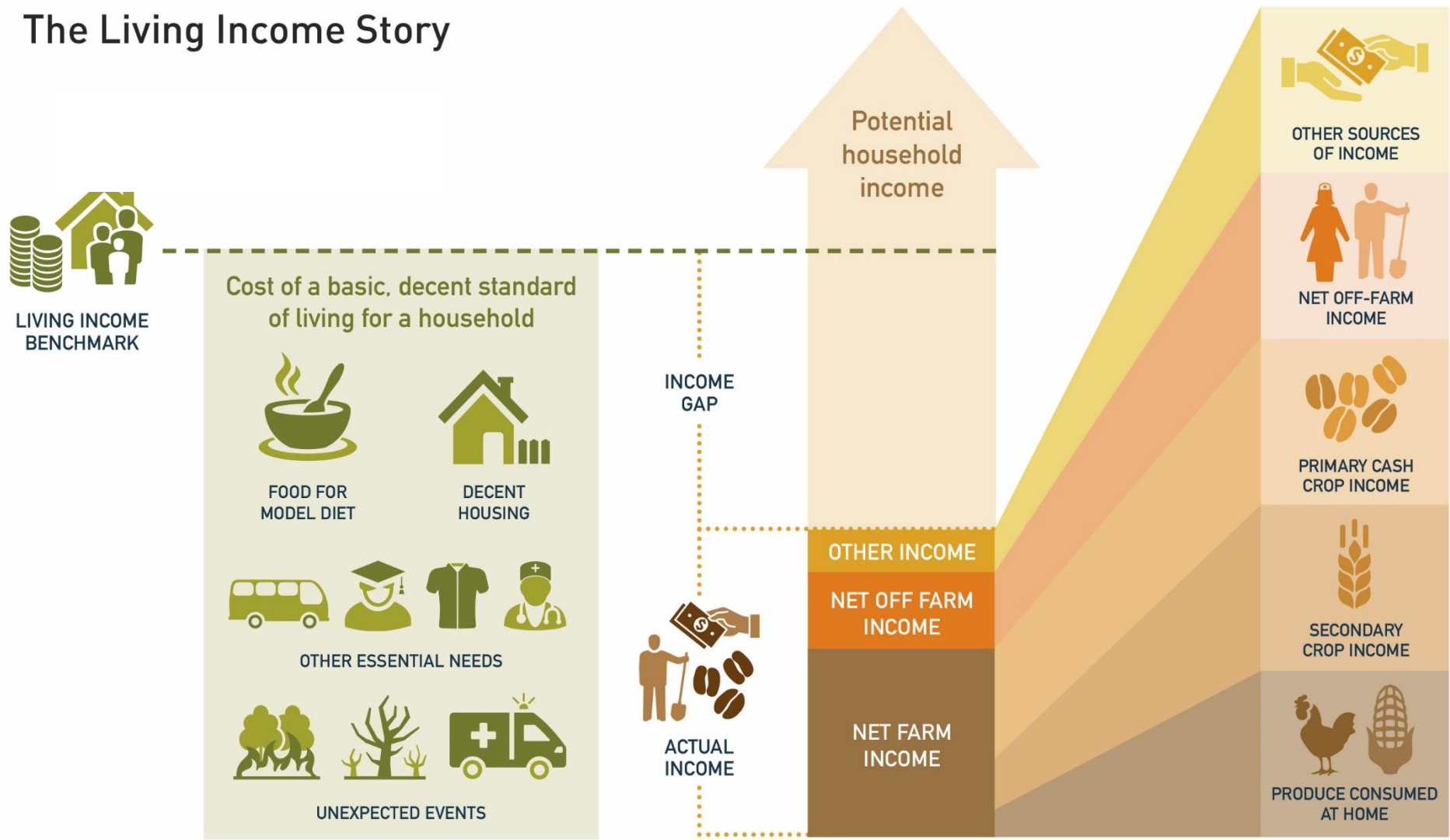
Resources for support on income measurement

New and existing guidance resources
developed by the Living Income CoP

March 2022

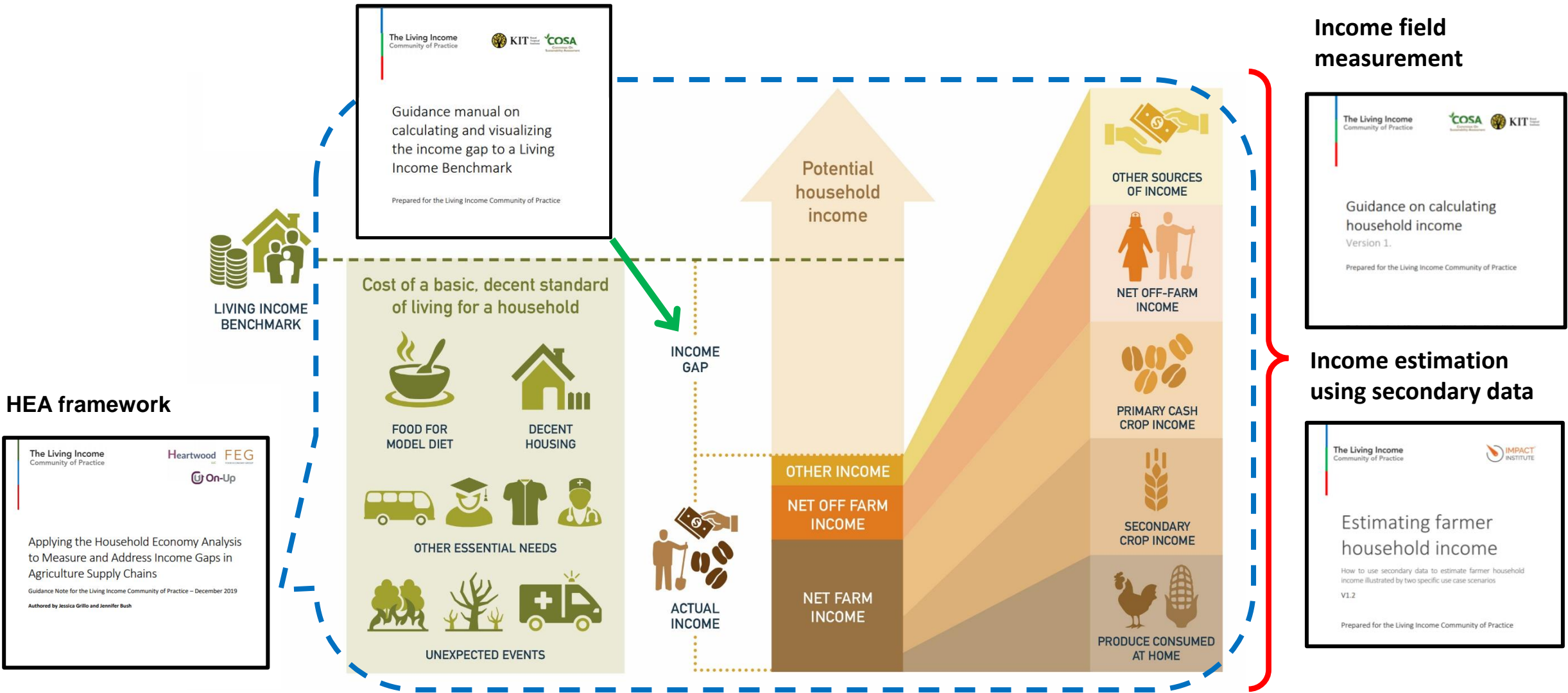
Living Income story and components for measurement

The Living Income Story



LI CoP Measurement Guidance pre-2021

Gap calculation



New LI CoP Measurement Guidance

NEW: Income and gap measurement FAQ

Looking to measure incomes and the income gap?

How do you measure household income when working towards a living income?
How do you approach calculating the living income gap?
What to do if data is missing or absent?

FAQ v.1.0 Oct 2021

To suggest corrections or ideas for improving the FAQ, please contact Adam@isealalliance.org

Gap calculation

The Living Income Community of Practice



Guidance manual on calculating and visualizing the income gap to a Living Income Benchmark

Prepared for the Living Income Community of Practice



LIVING INCOME BENCHMARK

Cost of a basic, decent standard of living for a household



FOOD FOR MODEL DIET



DECENT HOUSING



OTHER ESSENTIAL NEEDS



UNEXPECTED EVENTS

INCOME GAP



ACTUAL INCOME

Potential household income



OTHER SOURCES OF INCOME



NET OFF-FARM INCOME



PRIMARY CASH CROP INCOME



SECONDARY CROP INCOME



PRODUCE CONSUMED AT HOME

OTHER INCOME

NET OFF FARM INCOME

NET FARM INCOME

Developed in collaboration with the LI CoP Technical Advisory Committee

Income field measurement

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Guidance on calculating household income
Version 1.

Prepared for the Living Income Community of Practice

Income estimation using secondary data

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Estimating farmer household income
How to use secondary data to estimate farmer household income illustrated by two specific use case scenarios

V1.2

Prepared for the Living Income Community of Practice

NEW: Case study of secondary data use

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A case study of income estimation using secondary data

Fairtrade International and Johnny Cashew – Cashew smallholder income baseline, Tanzania

This document supplements 'Estimating farmer household income', providing reflections and lessons learned from the use of that guide.

Overview:

In 2021, Fairtrade International and Johnny Cashew were tasked with defining a living income reference price for Tanzanian cashew farmers by a major retailer. This was required for the organisations to comply with new retailer obligations, which aim to ensure that farmers earn a sustainable income. Calculating the reference price demanded the measurement of the actual incomes of cashew farming households and then gap from earning a living income. The principal activity was therefore to use household surveys and other primary data collection methods to build a picture of farmer incomes, and in absence of a living income benchmark for rural Tanzania, apply proxies to estimate the size of the gap.

Following the publication of the guidance 'Estimating farmer household income', however, the organisations also saw an opportunity to test the utility of secondary data in estimating incomes and the gap. Referencing the guide, they decided to source secondary income data independently, which they would then compare with the primary data they collected in the field. The end aim is to understand how effective secondary data could be in the

NEW: Income measurement practitioner's guide*

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Income measurement practitioner's guide

A practitioner's guide and framework for selecting an appropriate approach to income measurement

V1.0

Authored by ISEAL

NEW: Key trade-offs between methods*

The Living Income Community of Practice

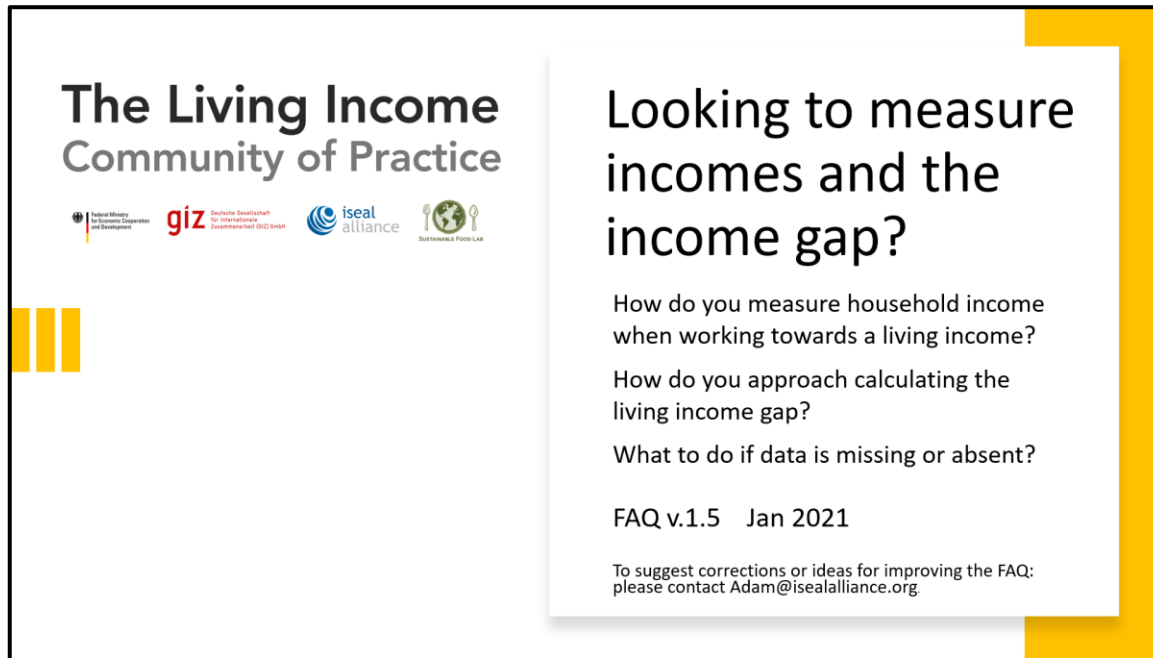


Key trade-offs between income measurement toolkits

This document supplements the 'Income measurement practitioners guide'

V1.0

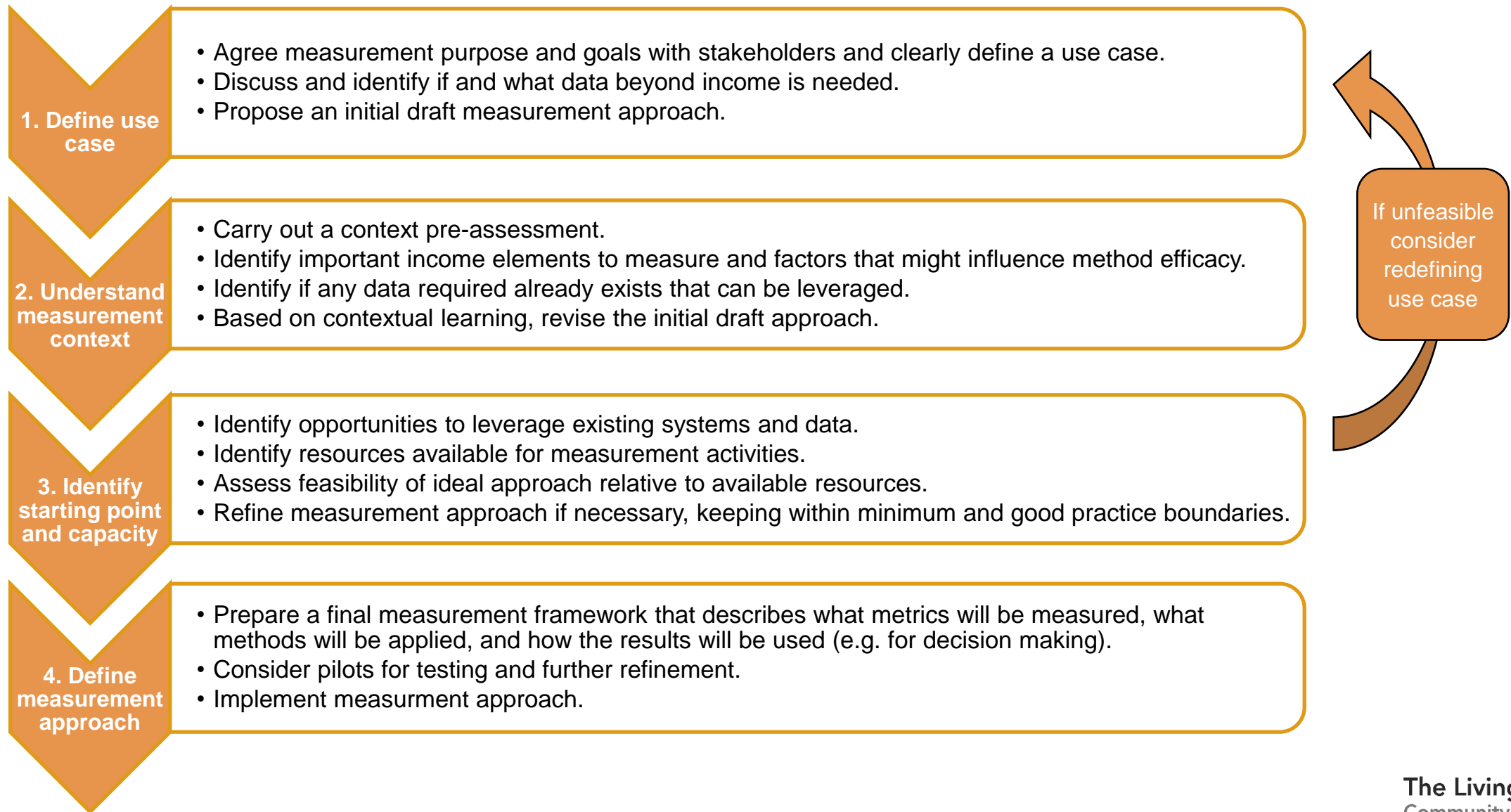
The income and gap measurement FAQ



- **FAQ aims to support users on income measurement** by responding to key questions commonly asked within the CoP.
- Provides **an overview of key measurement concepts and principles**.
- Links to **key guidance materials** and **other useful resources**.
- **Use for a quick and visual overview** of more technical content covered in other guidance documents.

Available NOW on the Living Income CoP website

Income measurement practitioner's guide



Key trade-off's between income measurement toolkits

	Farmer field books and record keeping	Farm level household recall surveys	Focus group discussions	Key informant interviews	Secondary data sourcing, and extrapolation
Benefits	<ul style="list-style-type: none"> + Can generate highly detailed and precise data. + Inclusive, giving power to smallholders. + Supports farmer professionalisation. + Can directly inform income self-improvement. + Information per farmer. 	<ul style="list-style-type: none"> + Flexible to implement. + Easily combined with existing farmer interactions and data collection activities. + Can collect more sensitive data if approached correctly. + Information per farmer. 	<ul style="list-style-type: none"> + Less resource intensive with fewer touchpoints. + Good for gaining qualitative info and understanding direction of change. + Deliberation helps to expel inaccurate claims. + Co-creativity and inclusivity good for buy-in of results. 	<ul style="list-style-type: none"> + Less resource intensive with fewer touchpoints. + Good for inferring general estimates and directionality. + Great for understanding context and informing other data collection methods. + Good for identifying data sources and gaps. 	<ul style="list-style-type: none"> + Can be highly resource efficient and low cost. + Useful for estimating sources with less variation across farmers and that contribute less to total actual incomes. + Can be leveraged in various other ways to support measurement activities.
Limitations	<ul style="list-style-type: none"> - Can be resource intensive - Require good numeracy skills. - Typical bias towards male and professionalised farmers. - Data completeness + quality can decrease over time. - High data volumes to manage. - Less appropriate for collecting off-farm and other income. 	<ul style="list-style-type: none"> - Recall limitations a common issue (lack of records). - Often accuracy uncertain. - Gender bias is typical when interviewing household members. - Survey fatigue is a common challenge (overused data collection tool). 	<ul style="list-style-type: none"> - Can only infer group averages (not per farmer). - Can have limited external validity. - Dominant group members can sway and bias conversations. - Tricky to collect more sensitive data (e.g., remittances). 	<ul style="list-style-type: none"> - Can only infer group averages or value ranges (not per farmer). - Limited reliability when insights from key informants are not evidenced with data. - Can have limited external validity. 	<ul style="list-style-type: none"> - Success dependent on research already completed. - Challenging to source representative data. - Challenging to evaluate source quality and reliability. - Broad assumptions are made when adjusting data for representativeness.

Also outlines key choices, and things to bare in mind when implementing each method for income measurement

Case study and learnings from income estimation using secondary data – Fairtrade and Johnny Cashew

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Community of Practice

A case study of income estimation using secondary data

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In 2021, [Fairtrade International](#) and [Johnny Cashew](#) were tasked with defining a living income reference price¹ for Tanzanian cashew farmers by a major retailer. This was required for the organisations to comply with new retailer obligations, which aim to ensure that farmers earn a sustainable income.

Calculating the reference price demanded the measurement of the actual incomes of cashew farming households and their gap from earning a living income. The principal activity was therefore to use household surveys and other primary data collection methods to build a picture of farmer incomes, and in absence of a living income benchmark for rural Tanzania, apply proxies to estimate the size of the gap.

Following the publication of the guidance '[Estimating farmer household income](#)' however, the organisations also saw an opportunity to test the utility of secondary data in estimating incomes and the gap. Referencing the guide, they decided to source secondary income data independently, which they would then compare with the primary statistics they collected in the field. The goal was to understand how effective secondary data could be as a predictor of actual incomes and identify opportunities for it to be leveraged in future to improve measurement efficiency and the reliability of income baseline calculations.

- Validating less reputable sources is difficult.
- Secondary data is more reliable for estimating some income components than others.
- Where there is good availability, secondary data can contribute full income estimates.
- Secondary sourcing provides a backstop for primary data collection.
- Review secondary sources prior to any income measurement attempt.
- Leverage expertise and be transparent about choices made.
- Share income estimates to support others.

***Income measurement is challenging, but sustainability systems have been leaders in this space!**

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Strategies: Different strategic approaches towards income improvement





FTUSA & Living Income:

Overview of
requirements and
planned innovations



March, 2022



Standard Requirements

In Agricultural Production Standard that support Living Income

Capacity building and empowerment

- Form and train a democratically elected Fair Trade Committee
- Training to improve farm management and business practices
- Empowerment in trade relationships through clear trade agreements

Premiums and price

- Defined Fair Trade Minimum Price: difference between FTMP and government (market) price must go directly to individual farmers
- Fair Trade Premium, set amount per product paid to producers towards a community development fund

Access to finance

- Buyers must provide if requested
- Coops and individual farmers who get pre-finance must have fair and transparent terms



Needs Assessment Redesign Project Overview

Project Outputs



Redesigned holistic Needs Assessment & Premium Project Process to support Premium project design, implementation, measurement at origin, and data capture by FTUSA



Toolkit to support process, project design, and implementation of Premium projects



Pilot new needs assessment and producer toolkit w/ ~8,000 tomato, berry, and coffee producers (Seafood and AHG under Packard and ISEAL)



Needs Assessment database to track across origins/commodities (e.g. data storage and access infrastructure)



Resource Hub – to centralize/publicize findings, research, producer stories

Impact on Living Income



- Increased Needs Assessment inclusion and satisfaction, to more accurately assess needs
- Increased producer empowerment in process
- More effective Premium projects that better linked to producer needs
- Community development projects that are adapted to local context, but can access learnings from across FT System








Additional Innovations

2022 – 2023 Project Plans



-  APS Major Revision
-  Increased focus on small producer
-  Evaluation of holistic strategy to living income



Q&A - FTUSA



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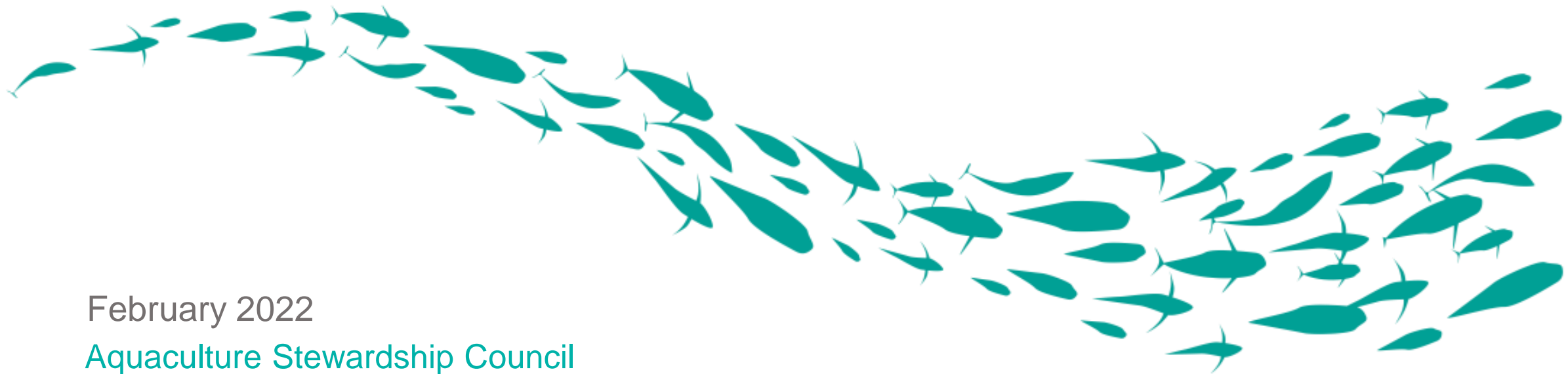


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Oil palm landscape © RSPO

Integration of enabling conditions for sustainable livelihoods



February 2022

Aquaculture Stewardship Council

www.asc-aqua.org

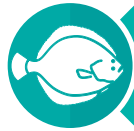
ASC Species Standard



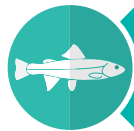
Abalone



Bivalve



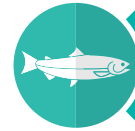
Flatfish



Freshwater
Trout



Pangasius



Salmon



Seabass, Seabream
and Meagre



Seriola and Cobia



Shrimp



Tilapia



Tropical Marine
Finfish

ASC Standards Scope



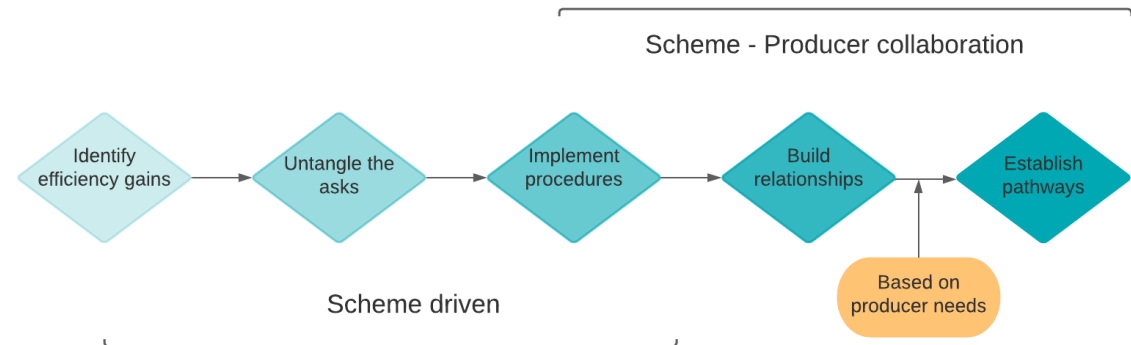
- ASC's standards adhere to seven principles
 - Ensure social responsibility towards their employees and local community
- Social criteria have been captured across our Standards
 - Focus on basic needs wages
 - Diverse sector introduces challenges
- *But we can do better*

To transform aquaculture towards environmental sustainability and social responsibility using efficient market mechanisms that create value across the chain.

Developing a Strategy




- Focus on enabling conditions and drivers to sustainable livelihoods
Understand producer needs
- Understand current situation / gap analysis
- Define living wages
- Apply global requirements with regional flexibility
- Support producers to transition to more sustainable livelihoods



Learnings and opportunities




[What we do](#) [What you can do](#) [Programme improvements](#) [News](#) [Quick links](#) [Aquaculture explained](#) [Find a...](#) [INTL](#)

Improver programme

Programme improvements

The ASC standards s



Training Needs and Landscape Assessment of Shrimp Sector in East Java, Indonesia

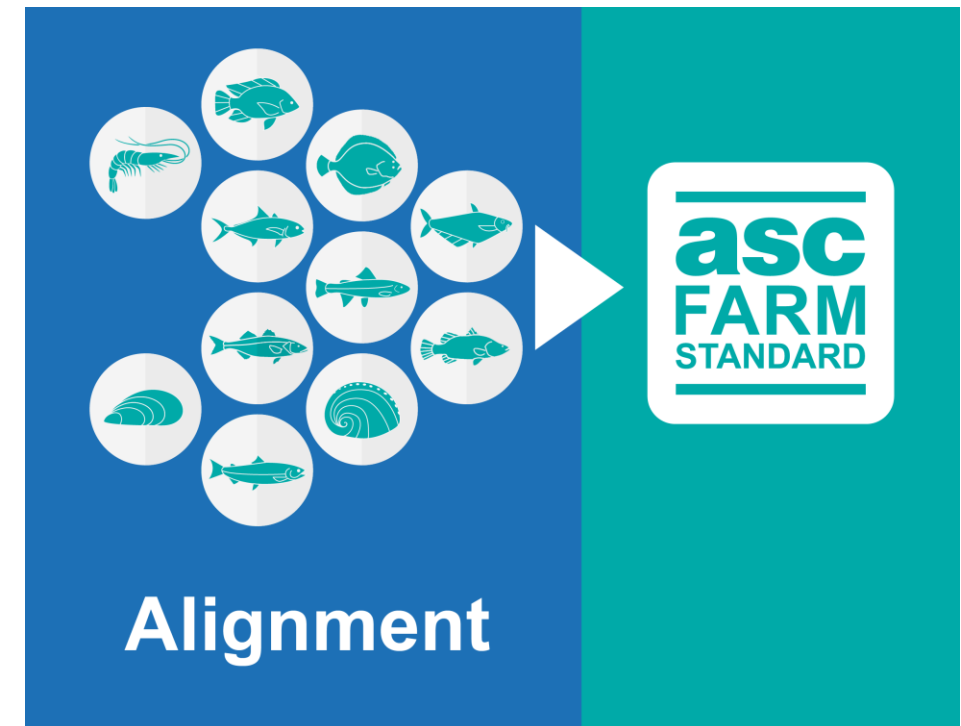
Prepared for:

AQUACULTURE STEWARDSHIP COUNCIL
27 Old Gloucester Street
London WC1N 3AX United Kingdom

Prepared by:

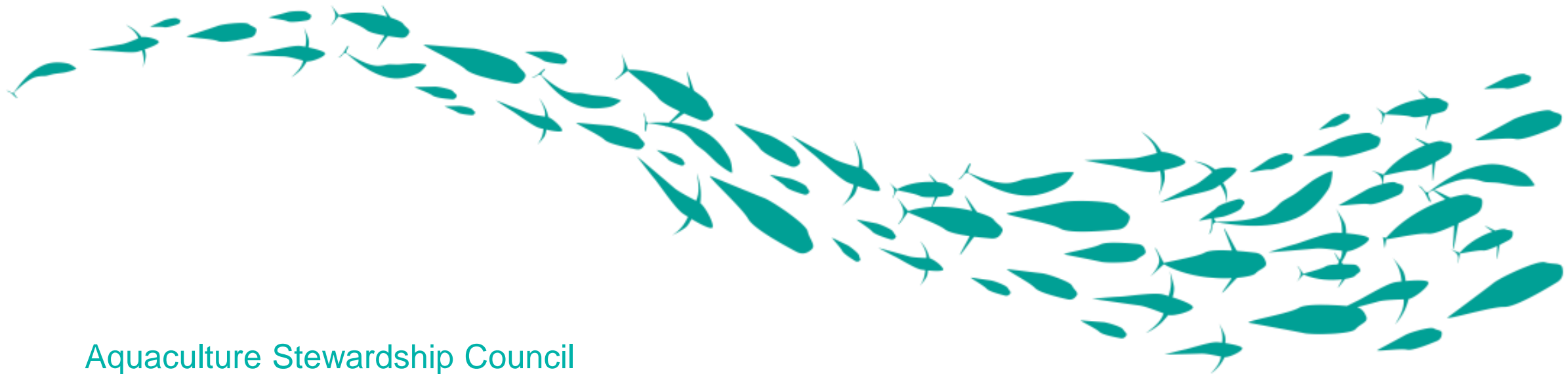
YAYASAN SUSTAINAQUA INDONESIA
Glendek Timur
Bogor 16112 Indonesia

March 2021



Thank you

Jill.Swasey@asc-aqua.org



Aquaculture Stewardship Council
www.asc-aqua.org



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SUSTAINABLE FOOD LAB

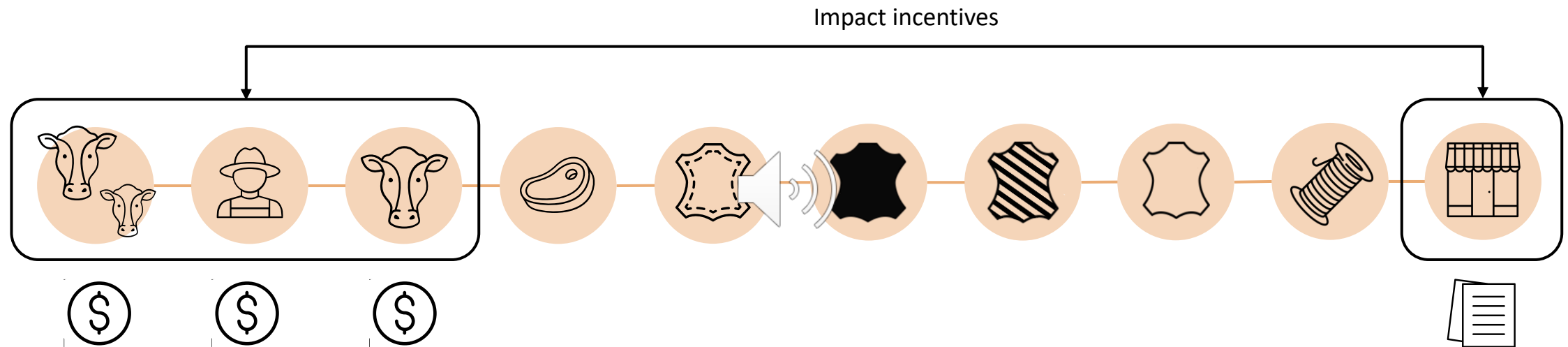
Oil palm landscape © RSPO



Textile exchange approach to support living income strategies

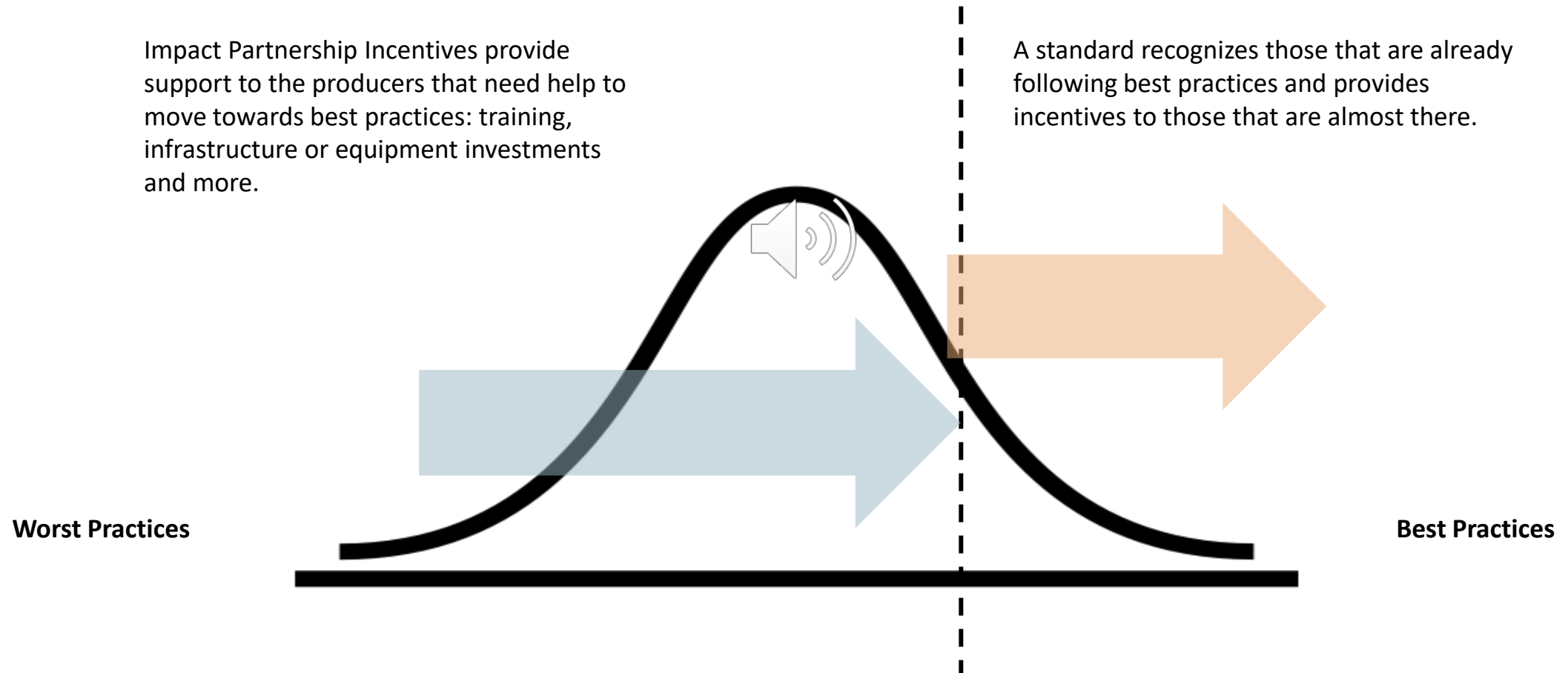


LIA Impact Incentives are issued to a farmer when a set of sustainability criteria are confirmed to have been met.

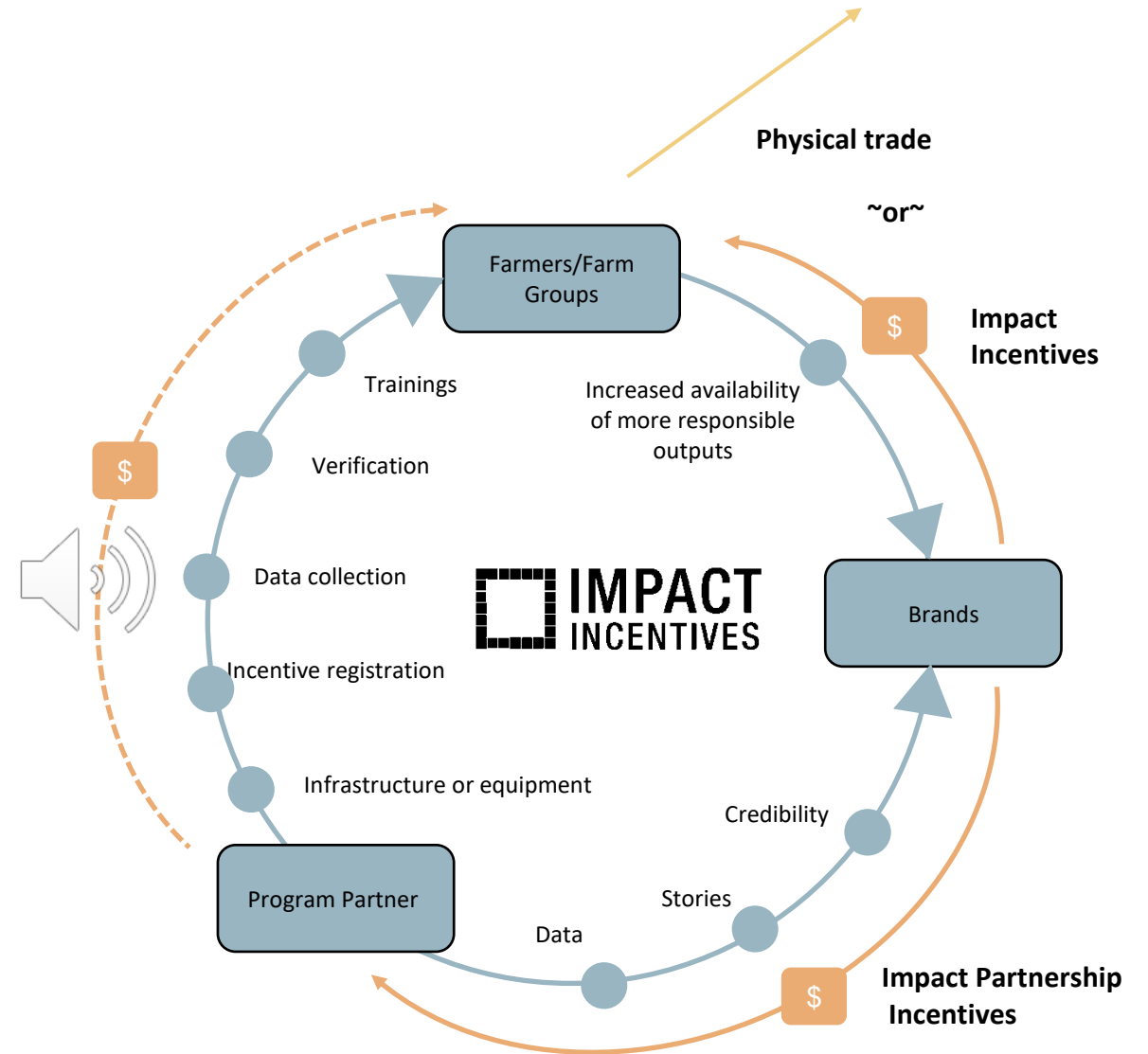
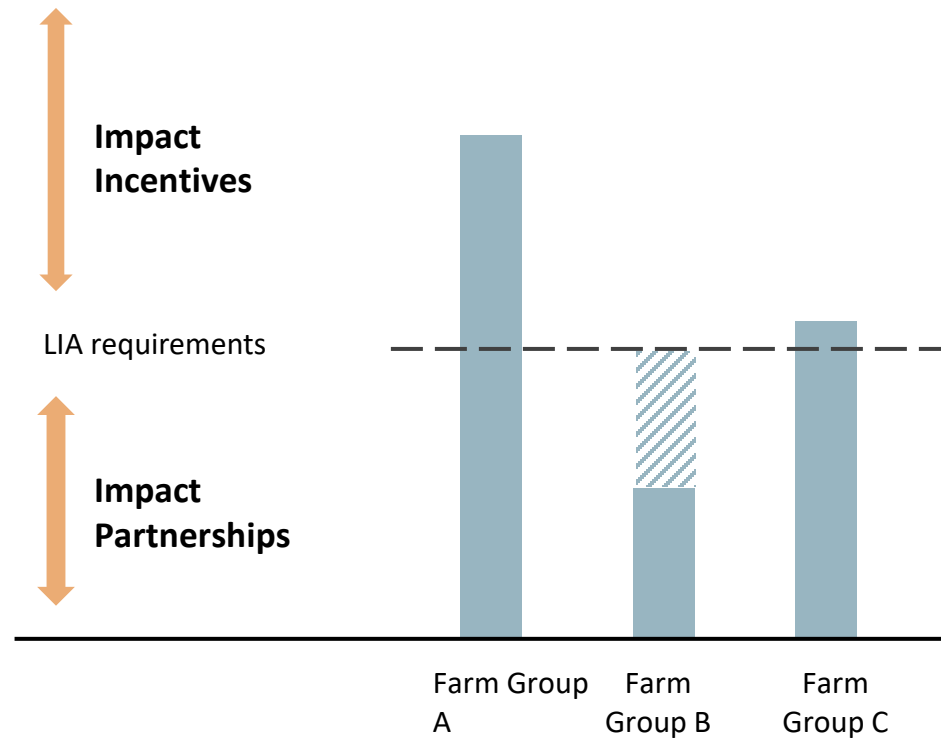


Impact Incentives provide a way for brands to deliver direct financial support to farmers for doing the right thing.

Driving change where it is needed most

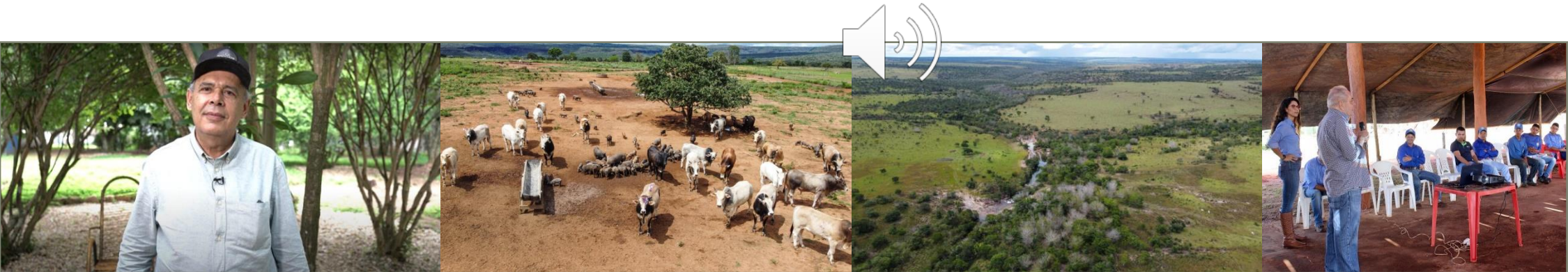


Impact Partnerships



Build Relationships

- A core element to sustainable strategies is deeper engagement in supply chains
- Opportunities for mutual learning and understanding
- The power of producers connecting with brands can be greater impact than financial support
- Great stories, and opportunities to send powerful message - amplify through social media and more



Bonsucro's Living Wage Journey

March 2022



WHAT IS BONSUCRO?

Bonsucro is the leading global sustainability platform and standard for sugarcane

Our purpose is to collectively accelerate the sustainable production and uses of sugarcane.



Strengthen human rights & Decent Work



Background

The Bonsucro Code of Conduct calls on all members to respect human rights in their sugarcane supply chains. Growing spotlight on social and labour aspects of sugarcane supply chain

Objectives

- Increase wages in the sugarcane farming and milling
- Improve occupational health and safety
- Enhance respect for human rights.

Targets

- 23%/43% reduction in accidents in certified farms after 5 years' certification.
- 30%/45% increase in average differential between wages paid above legal minimum wage in mills after 5 years' certification.
- Collective commitments and actions on Living Wage,
- Collective commitments and actions to promote UN Guiding Principles on Human Rights

Our Commitment to Living Wage

Aim: Strengthen human rights & Decent Work in sugarcane milling & farming			
Objectives	Indicators	Baseline	Target (disaggregated by gender)
Increase wages in sugarcane farming and milling	% increase in average differential between wages paid above legal minimum wage after 5 years of certification	Farm: +16% to +21% average differential Mills: +18% to +26% average differential	Farm: 30% increase Mill: 45% increase
	Collective commitments & actions** on Living Wage	To be determined through 2021-22	
Improve occupational health & safety in farming and milling	% reduction in accidents in certified farms & mills after 5 years' certification	Farm: 38% decrease Mill: 18% decrease	Farm: 43% decrease Mill: 23% decrease
Enhance respect for human rights	Collective commitments and actions** to promote UN Guiding Principles on Business & Human Rights & OECD-FAO Guidance for Responsible Agricultural Supply	To be determined through 2021-22	

Our Journey So Far



- **2021:** Strategy commitment + Bonsucro Production Standard Revision
- **June 2021:** Bonsucro initiated conversations with CNV International and the Platform for Living Wage Financials (PLWF) on the Sugarcane Living Wage Road Map.
- **July 2021:** Bonsucro buyer and trader members attend a consultative session on the roadmap and share comments and questions.
- **October 2021:** The revised roadmap is shared back to Bonsucro members for further input and Bonsucro/CNV carry out 1-2-1 consultations with key members.
- **28 October 2021:** launch of the Sugarcane LW Roadmap at PLWF annual conference.
- **December 2021:** Bonsucro joins the Global Living Wage coalition Action Network

Next steps:

- **March 2022:** Finalise ToRs and get Members' Council approval (March 2022)
- **April/May 2022:** Living Wage working group/task force launched and regular meetings held (April-May 2022)
- **Q2-Q3:** Potential pilots of data collection tool and other projects (Q2-Q3)

Bonsucro's work with smallholders



Ritu Baruah
India Program Manager
Bonsucro



Discussion and Q&A



Useful references for Standard Systems

Webinars- Standard systems related

(Fairtrade) Income and pricing approaches <https://vimeo.com/159377531>

(Rainforest Alliance) Household economy approach <https://vimeo.com/193393633>

(Sustainable Food lab): Stakeholder levers for addressing income gaps
<https://vimeo.com/242544743#at=597>

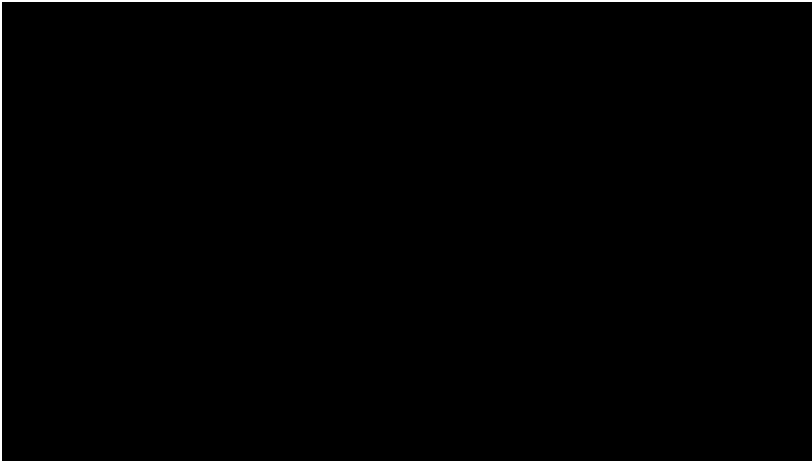
(ISEAL): Role of sustainability standard systems in living income strategies
<https://vimeo.com/276002596>

(Textile exchange): A guide for organic cotton trading models <https://vimeo.com/301811774>

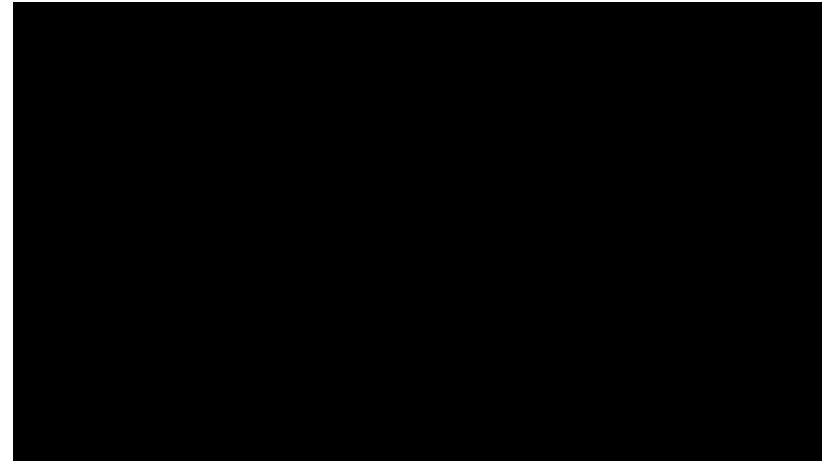
(Fairtrade and UTZ): Coffee and Living Income <https://vimeo.com/349908773>

Other resources

The Concept of Living income



Applications of a living income benchmark



Stay informed!

Living income

www.living-income.com

Mailing list: <http://eepurl.com/gMKLgT>

Linkedin group: <https://www.linkedin.com/groups/13784101/>

Living wage

<https://www.globallivingwage.org/>

Questions? Email us at:

livingincome@isealalliance.org



Thank you!