

Living Income Webinar Series

Living Income and Standards Systems: Integrating Living Income

22 October 2020



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Today's webinar facilitators



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coffee_cherries_Mexico ©
Rainforest Alliance.jpg

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Agenda

1. Introduction
2. **Living Income and standard Systems**
 - Webinar series delivered so far
 - Recap & What is the evidence telling us
3. **The Rainforest Alliance approach**
Living Income - Emma Harbour (RA Director of advocacy)
4. **Discussion/Q&A**



coffee_seedlings_Mexico © Rainforest Alliance.jpg

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Measurement of
certified farmers
actual income
levels



Strategies to close
the income gap used
by standards systems

How standard systems are integrating living income requirements and what challenges still exist?

For more information and to join the community
visit: www.living-income.com
Contact: livingincome@isealalliance.org

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 **iseal**
alliance

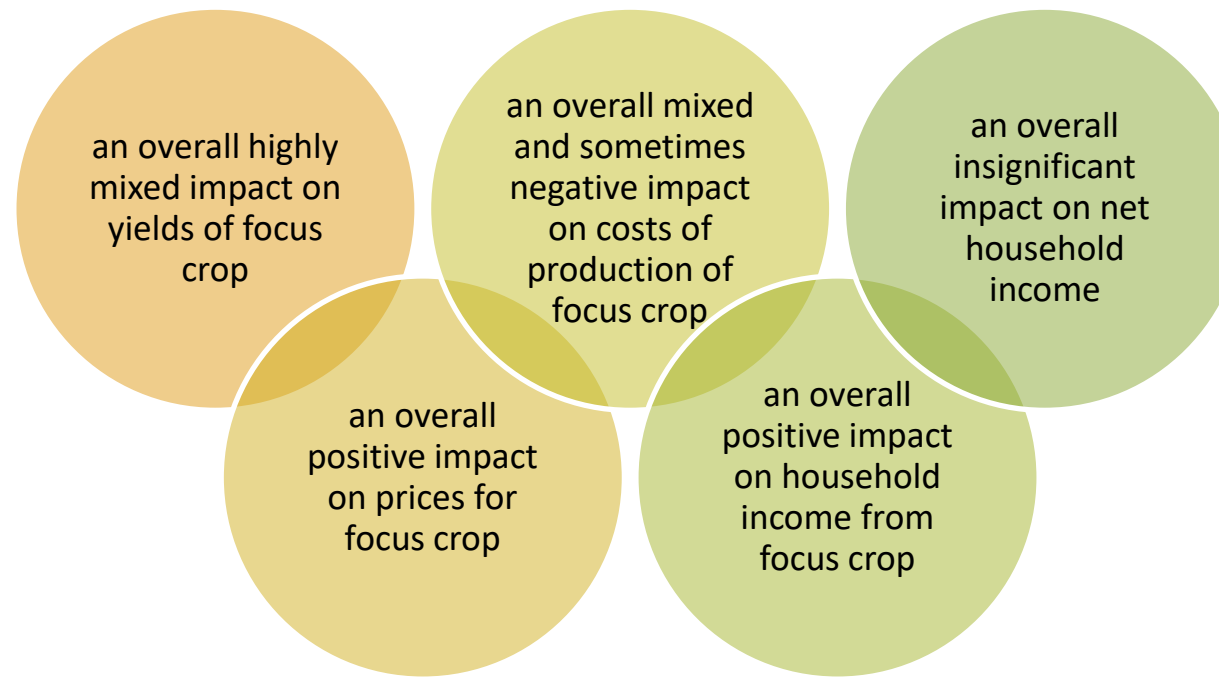

SUSTAINABLE FOOD LAB

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



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Sustainability Systems and Living Income

What have we covered to date?

WEBINAR 1

February 27th 2020

Introducing Living income

<https://www.living-income.com/webinars>

- ✓ Living Income Definition
- ✓ Measurement of Income
- ✓ Strategies to close the income Gap

WEBINAR 2

Sept 16th 2020

Main challenges and cross-sectoral learning

<https://www.living-income.com/webinars>

- ✓ Living Income Concept
- ✓ Role of standard systems
- ✓ Strategies to improve livelihoods employed by Standard systems
- ✓ Sharing examples: RSPO and FTUSA

WEBINAR 3

October 22nd 2020

Integrating Living Income into Standard Systems

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Recap: Living Income Key Concepts

Relevance for standard systems

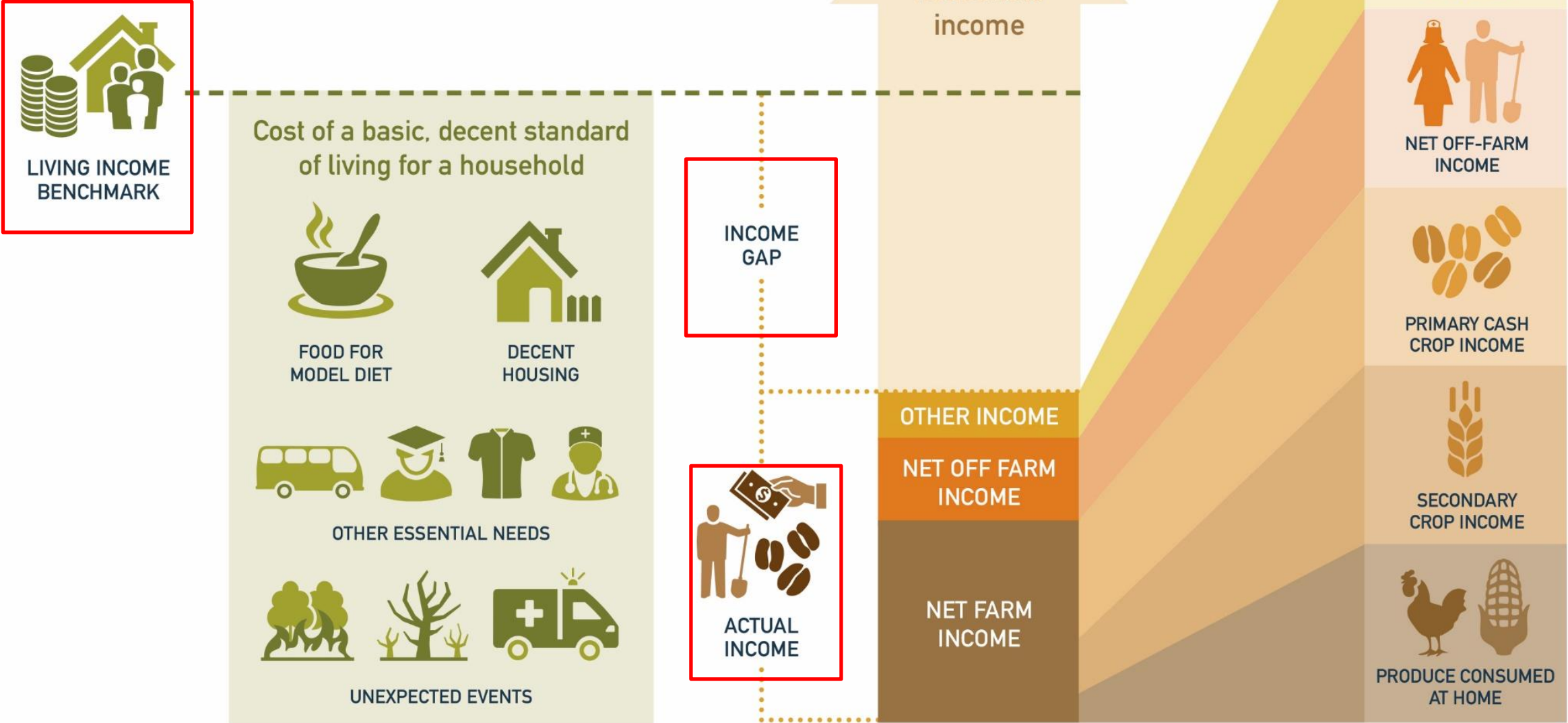
Understanding the components that constitute a living income is important as the concept goes beyond subsistence. It is about resilient and sustainable livelihoods.

- A **Living income benchmark** provides a reference by which to identify the gap.
- Measuring **actual income** provides clarity on the reality of household income and income composition.
- **Understanding of the living income gap** is critical in order to find strategies to improve farmers' livelihoods and close this gap.

For sector transformation to happen, we need a comprehensive framework along which strategies can be designed and role of all actors clearly defined

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The Living Income Story



Applications of measurement of Living Income Benchmarks & Actual Income levels

Allow us to understand if a farmer is earning a living income

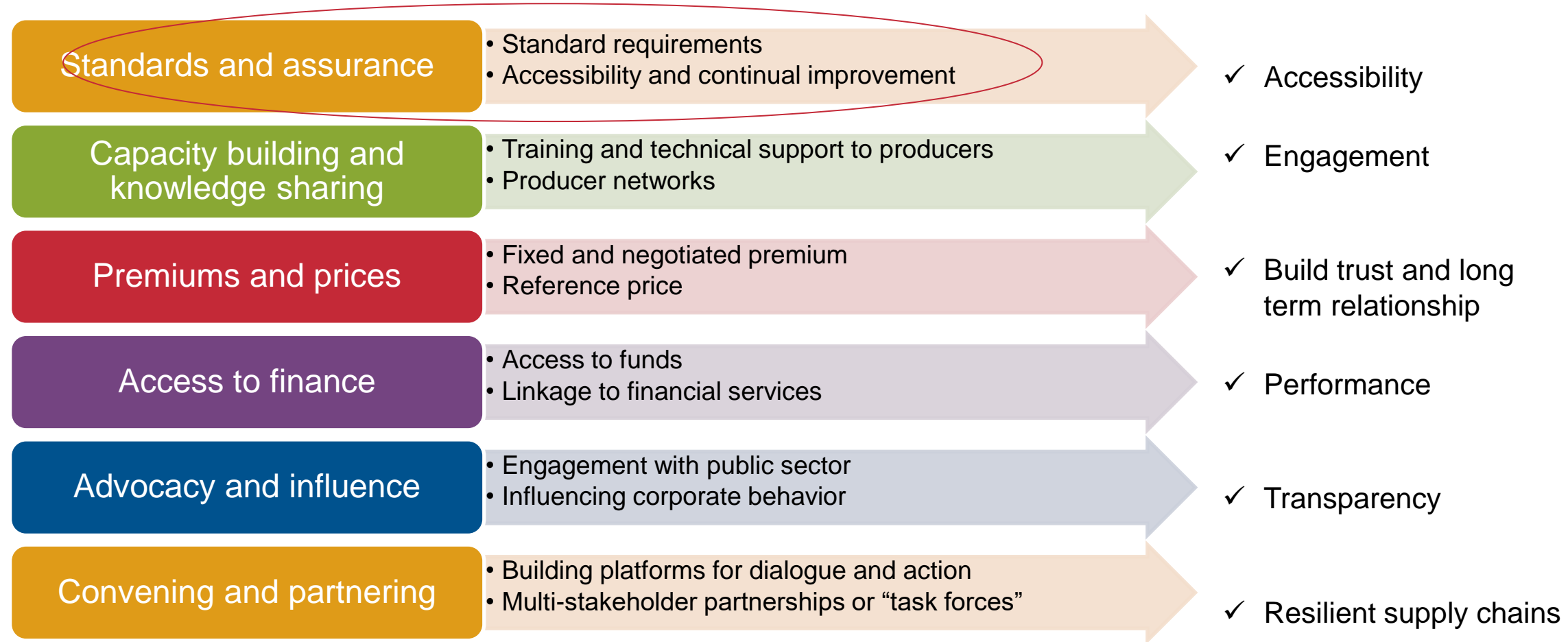
From this we can then

- Set clear targets
- Define intervention strategies-looking at various levers of change
- Develop an improvement program
 - Track & monitor progress
 - Further adapt interventions
 - Achieve desired impact

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Recap: Strategies to close the income gap

From the perspective of standard systems



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Standards and assurance (some examples)

1. Monitor, keep records, and provide training on measures to prevent invasive species
2. Require training on good business management and practices
3. Creating and strengthening producer groups helps to secure market access for small-scale farmers
4. The enforcement of labor rights, wage requirements, and health and safety
5. Implement practices related to inclusivity, transparency democracy and governance
6. Obtain prior and informed consent



Sources: <https://www.fairtrade.net/news/new-certification-requirement-for-cocoa-and-coffee-to-boost-farmer-incomes>,
http://www.bonsucro.com/tools_resources/bonsucro-production-standard-for-smallholder-farmers/, <http://datastandard.globalcoffeeplatform.org/en/latest/index.html>,
<https://rspo.org/smallholders>

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Time to hear from you

- 1) Are you currently measuring or tracking producer income (in some form or another)?
- 2) What is your biggest challenge faced with integrating Living Income into standards? (multiple choice)
- 3) Do you think standards organization should be tracking income in some form moving forward?



The Rainforest Alliance approach Living Income

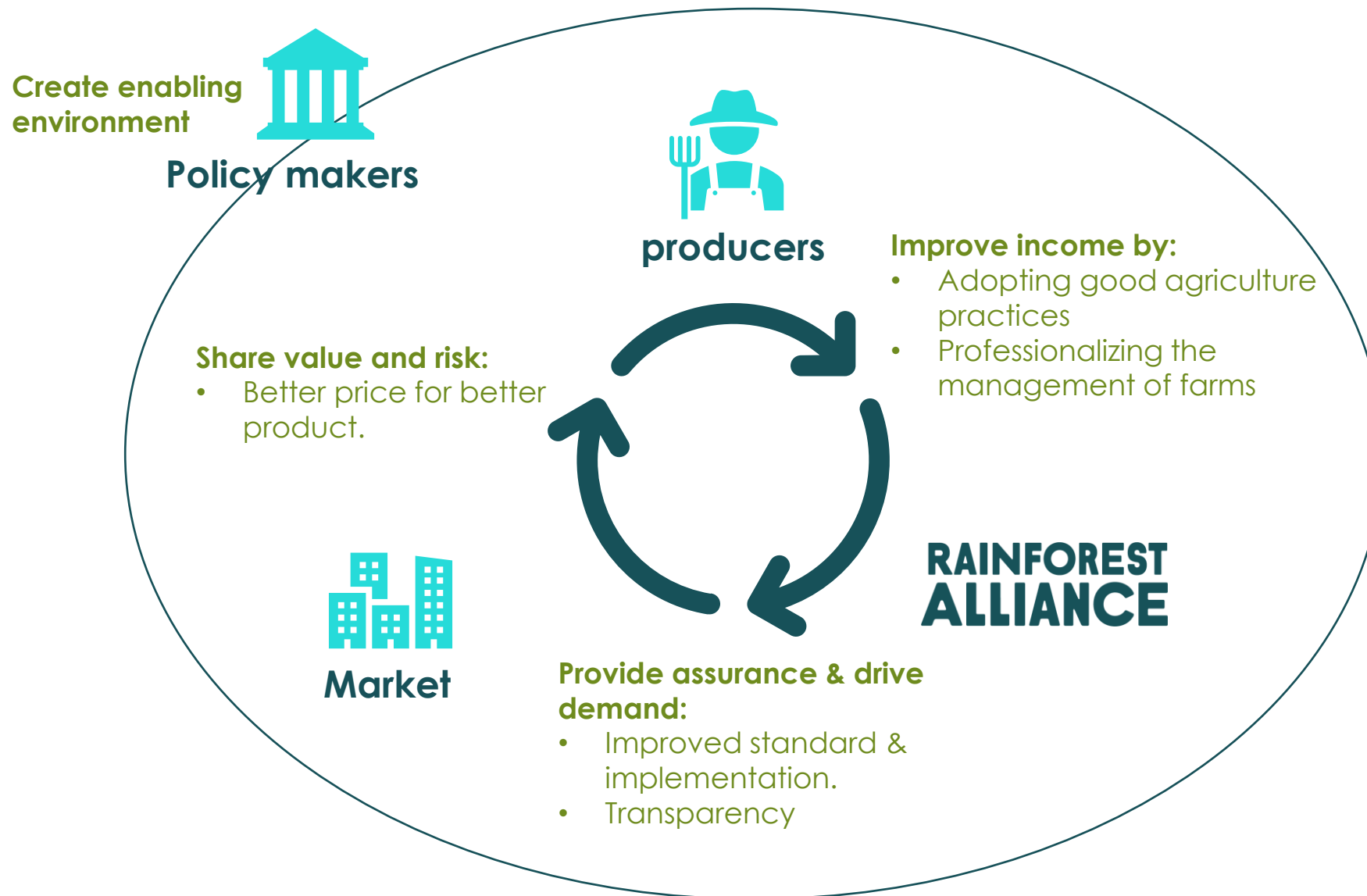


Why should sustainability standards consider a living income approach?



Sustainable livelihoods – our theory of change

Sustainable production that is profitable



A learning journey

The Living Income benchmarks

In the last three years, we have participated as a member of the advisory board in the Living Income Community of Practices to help disseminate knowledge on income gaps and foster actions that can contribute to closing them.

The Living Income Community of Practice

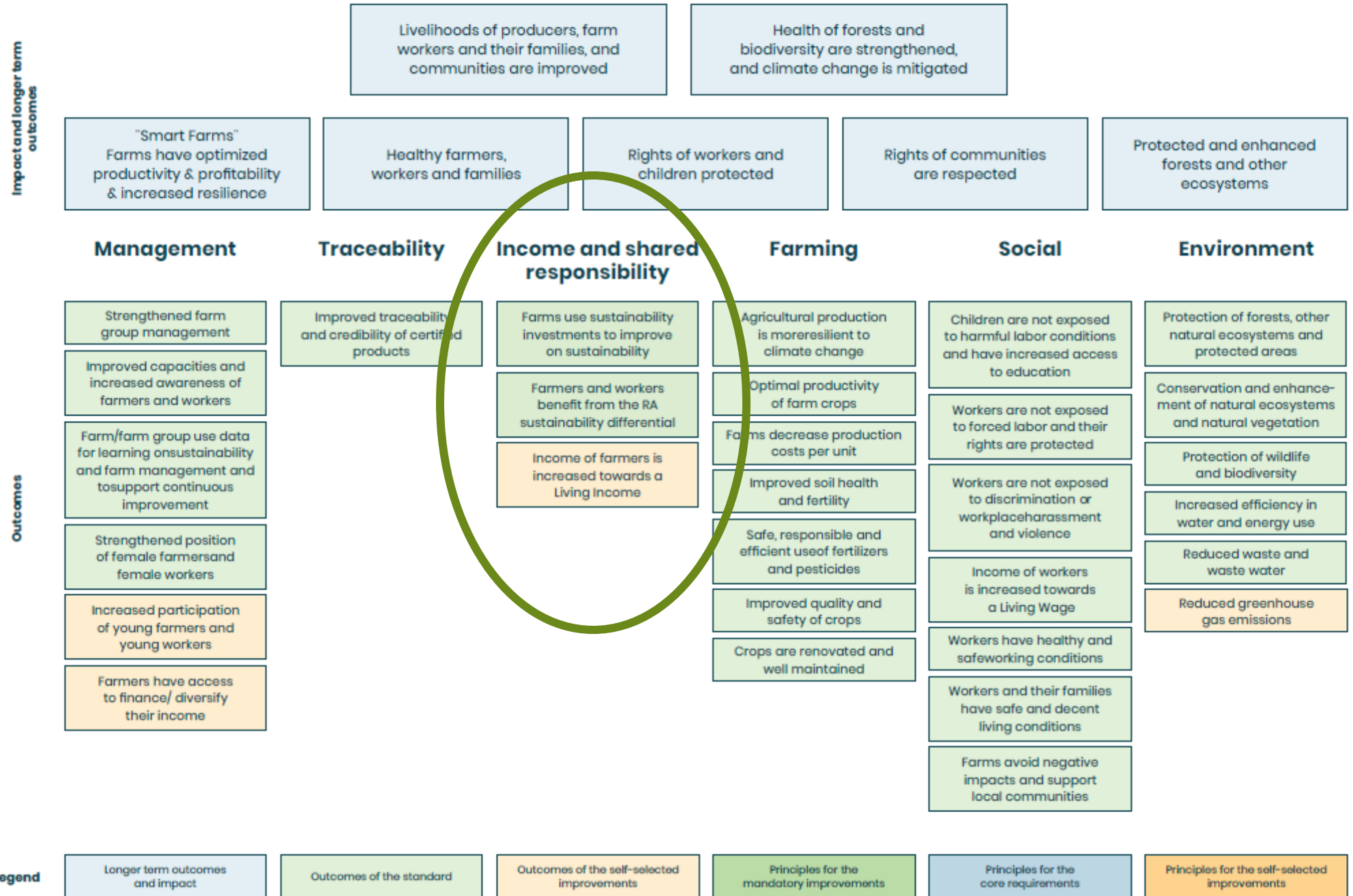
Over 200 organizations involved
www.living-income.com




2020 Agricultural Standard: Farm Requirements





EXPECTED OUTCOMES



3.1 PRODUCTION COSTS AND LIVING INCOME					
No.	Self-Selected Improvement	Group certification			Ind. cert.
		S-farms	L-farms	Group mgt.	S/L
3.1.1	<p><u>Group management</u> collects data on the key determinants of the production costs (e.g. costs of <u>fertilizer</u>, <u>agrochemicals</u>, paid labor, equipment) and calculates the net income from the certified crop for a sample of group members (i.e. gross income – production costs = net income). The group management shares the analyzed data with the group members.</p> <p>Indicator:</p> <ul style="list-style-type: none"> Production costs per kg of harvested product 			✓	
3.1.2	<p>The total net income for group member <u>households</u> is assessed against the <u>Living Income</u> Benchmark. The assessment is done by using the Living Income Tool.</p> <p>Indicator:</p> <ul style="list-style-type: none"> The total net income as assessed against the Living Income Benchmark <p> Please see Annex 5: Living Income Tool and Methodology</p>			✓	

3.2 SUSTAINABILITY DIFFERENTIAL					
No.	Core requirements	Group certification			Ind. cert.
		S-farms	L-farms	Group mgt.	S/L
3.2.1	<p><u>Group management</u> transfers the full amount of the Rainforest Alliance <u>Sustainability Differential</u> in cash or monetary payment to group members:</p> <ul style="list-style-type: none">• Pro-rata, based on volumes delivered• In a timely and convenient manner, at least before the next crop season, or at least once a year in case of continuous harvest <p><u>Group management</u> at least annually:</p> <ul style="list-style-type: none">• Documents prices paid by individual first buyers, and the Rainforest Alliance Sustainability Differential received per MT (per individual first buyer, not including other premiums, such as quality premiums or crop and country specific premiums such as the Living Income Differential)• Communicates to group members the price and Sustainability Differential received for the certified crop• Documents the payment of the Rainforest Alliance sustainability differential to the group members <p>Indicators:</p> <p>Amount of Rainforest Alliance Sustainability Differential received:</p> <ul style="list-style-type: none">• Total amount received at group management level• Amount received per kg at group member level				
3.2.2	<p><u>Farm management</u> uses the Rainforest Alliance <u>Sustainability Differential</u> to benefit workers. Farm management consults with a representation of workers on sustainability priorities and the allocation of the sustainability differential.</p> <p>Farm management documents at least annually:</p> <ul style="list-style-type: none">• The Rainforest Alliance <u>Sustainability Differential</u> received per MT (per individual first buyer, not including other premiums, such as quality premiums)• How the Sustainability Differential has been spent according to the categories: wages, working conditions, <u>health and safety</u>, <u>housing</u>, other <p>Indicators:</p> <ul style="list-style-type: none">• Amount of Rainforest Alliance Sustainability Differential received (total amount received, and per MT)• Distribution of the Sustainability Differential as % of the total amount received on the topics: a) wages; b) working conditions; c) health and safety; d) housing; e) other (to be specified)				

No.	Core requirements	Group certification			Ind. cert.
		S-farms	L-farms	Group mgt.	S/L
Applicable to farms and supply chain actors if purchasing certified product from other farms.					
3.2.3	The buyer of certified products ensures that the seller receives the <u>Sustainability Differential</u> in the form of a cash payment on top of the market price, quality premiums or other differentials.			✓	✓
3.2.4	Buyer and seller have a contract in place in which the Sustainability Differential amount payable and the terms and conditions are agreed upon. The Sustainability Differential is clearly distinguished from price, quality premiums and other differentials.  Please see Annex 6: Traceability and Shared Responsibility			✓	✓
3.2.5	The Sustainability Differential is paid within 3 months after change of physical ownership from farm certificate holder to the first buyer.			✓	✓
3.2.6	Sustainability Differential payments are recorded in the <u>traceability platform</u> once per quarter.			✓	✓
3.2.7	The Sustainability Differential paid amounts to at least the prescribed minimum.			✓	✓

3.3 SUSTAINABILITY INVESTMENTS					
No.	Core requirements	Group certification			Ind. cert.
		S-farms	L-farms	Group mgt.	S/L
3.3.1	<p>Management defines the investments needed to improve sustainability in an <u>investment plan</u>.</p> <p>The management uses the following sources to inform their investment needs:</p> <ul style="list-style-type: none"> • Audit reports (NCs and improvement areas) • <u>Self-assessments</u> • <u>Internal inspections</u> • <u>Management Plan</u> <p>Management documents the in-kind and cash Sustainability Investments received from buyers for this investment plan according to the Rainforest Alliance investment categories.</p> <p>Indicators:</p> <ul style="list-style-type: none"> • Investment needs specified per category in the Rainforest Alliance defined investment categories • Sustainability Investments received from buyers: In-kind and cash contributions received per investment category <p> Please see Annex 6: Traceability and Shared Responsibility</p>		✓	✓	✓
No.	Mandatory Improvement				
3.3.2 LI	<p><u>Group management</u> consults yearly with a representation of <u>group members</u> to jointly define the contents of the <u>investment plan</u>. Group management consults yearly with first buyers on the contents of the investment plan and their contributions to this plan.</p>			✓	
3.3.3 LI	<p><u>Farm management</u> consults yearly with a representation of <u>workers</u> to jointly define the contents of the <u>investment plan</u>. Farm management consults yearly with <u>first buyers</u> on the contents of the investment plan and their contributions to this plan.</p>				✓

Living Income Tool

The Living Income Tool

Aim: measure progress on LI of small holder cocoa farmers in Ghana and Côte d'Ivoire

IDENTIFIED DRIVERS OF:

1. Gross income from cocoa
2. Cost of production of cocoa
3. Income from non-cocoa sources



Net Household
Income Estimation
Model

Monitoring Living Income Tool

Collected data allows:

- Monitoring of cocoa farmers' economic performance
- Differentiate farm management characteristics of households living above and below the benchmark



INSIGHTS ARE SHARED WITH PARTNERS

Help partners understand the reality of the living income gap in their supply chains and facilitate the development of strategies to help address it.

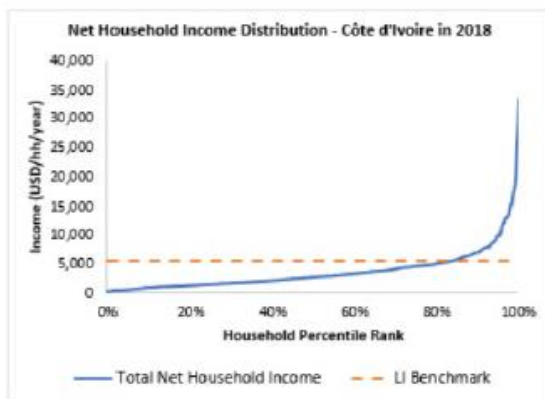
1. Overview Page

Please select one country and year that you want to see the situation on Living Income for from the list below:

Select Country Côte d'Ivoire
Select Year 2018

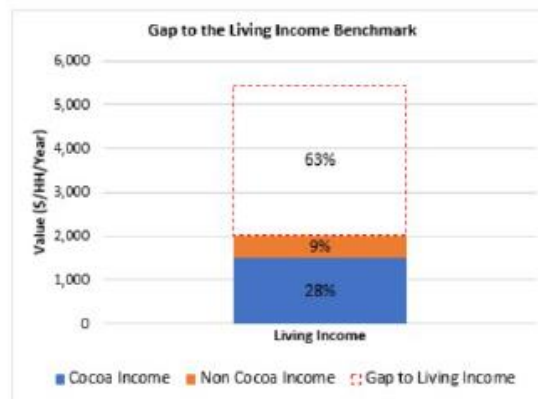
490 Is the number of farmers for whom data was entered

83% Of cocoa producing households lived under the Living Income Benchmark in Côte d'Ivoire in 2018



63% Was the average gap to the Living Income in Côte d'Ivoire in 2018 for those farmers that do not earn a Living Income

3,443 USD is the average additional amount of cash farmers need to earn for all to reach a Living Income



100%

Of female headed households were in poverty



82%

Of male headed households were in poverty



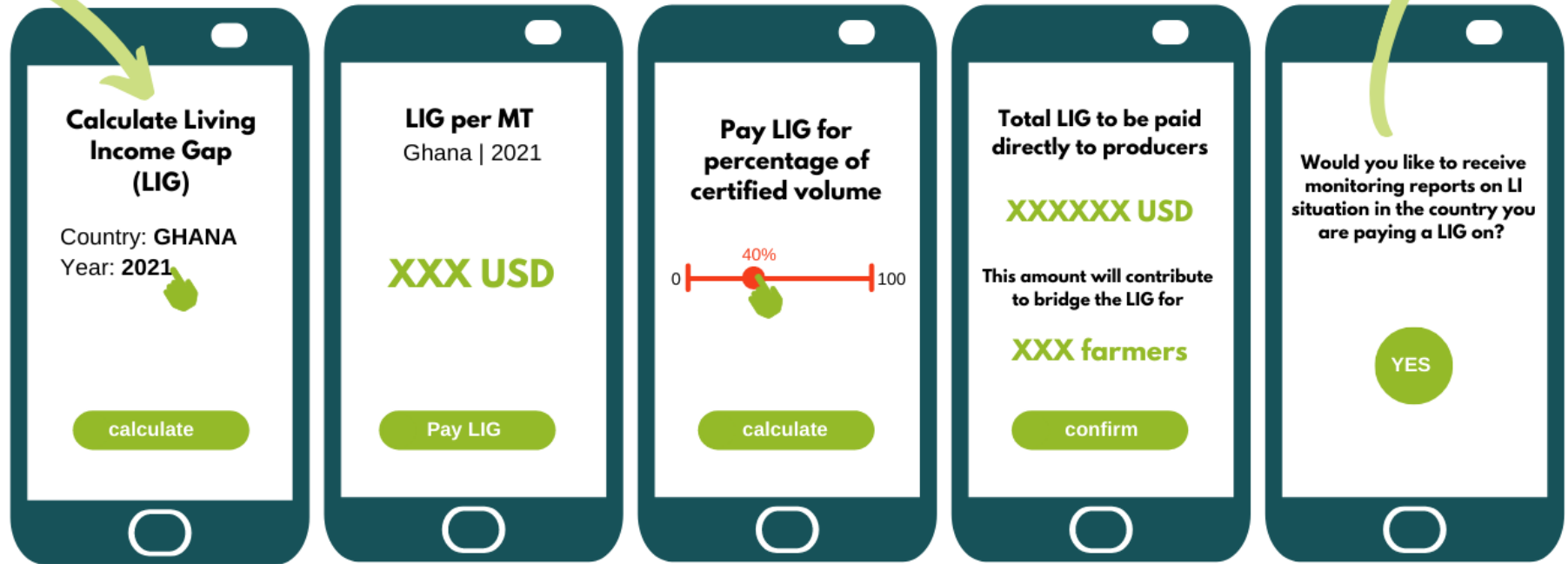
Living Income Module

RA Living Income Module – what will we offer?

- A tool that allows brands to pay a living income premium directly to farmers on top of certification
- An enabler to bridge the gap between cocoa prices and living income
- A tool with monitoring functionality to measure impact over time.
- An approach that bypasses the long and complex cocoa supply chain, while there are no structural solution for the excessively low prices of cocoa.

Living Income Gap Payment Module

Uses
Living income
benchmark
calculation



Connected to
Living Income
monitoring
tool

Living Income module at scale





**RAINFOREST
ALLIANCE**

| rainforest-alliance.org

Q&A



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Useful references for Standard Systems

- (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>

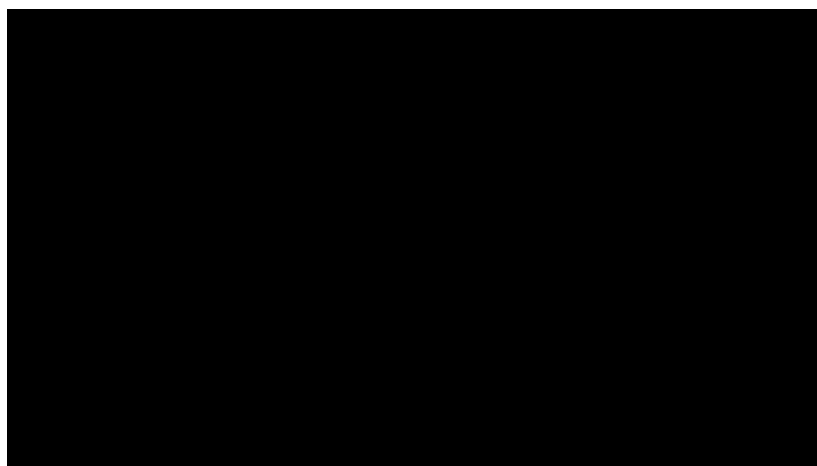
Towards a decent standard
of living for smallholder
farmers

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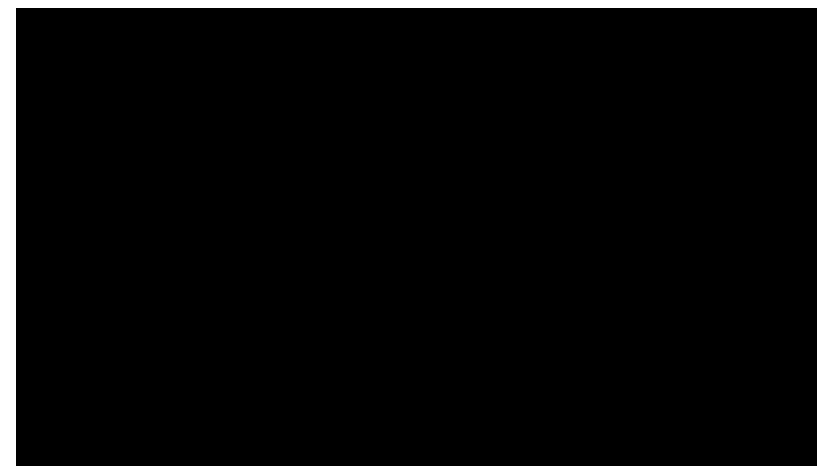


Other resources

The Concept of Living income



Applications of a living income benchmark



Towards a decent standard
of living for smallholder
farmers

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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

TOOLS to support organisations in developing their strategies to closing the income gap.

ALIGN is a guidance tool for agri-food companies aiming to reduce complexity around the topic of living wage and living income.

Evidensia is an evidence platform that aims to make it easy for sustainability practitioners to work with evidence on the impacts of supply-chain sustainability approaches.

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Tobago hillside © Jerry Rabinowitz, 2002, Rainforest Alliance



Thank you!