

# Living Income Workshop 4/5/6 October 2021

## The Living Income Community of Practice



Federal Ministry  
for Economic Cooperation  
and Development



Deutsche Gesellschaft  
für Internationale  
Zusammenarbeit (GIZ) GmbH



SUSTAINABLE FOOD LAB

Ensuring a decent standard of living for all

4 October 2021

14:00-16:00 BST (GMT +1)



## Part 2: LIVING INCOME APPROACH

From abstract to concrete: What do organizations think about when mainstreaming living income?

### LICOP Moderator



**Sheila Senathirajah**  
Senior Manager,  
Innovations  
**ISEAL Alliance**



**Yan Wyss**  
Senior Public Affairs  
Manager – Social and  
Environmental Impact  
**Nestlé**



**Karène Volpato**  
Ethical Sourcing Expert,  
Verification Programme  
Coordinator  
**The Union for Ethical  
BioTrade**



**Karin Slobbe – Visser**  
Project manager and advisor  
human rights, business and  
sustainable livelihoods  
**Cordaïd**



**Noura Hanna,**  
Human Rights and  
business expert  
**Hanna Advisory services**



# “I am not sure if an approach focused on income/livelihoods is the right approach for my organization”

*How have other organizations approached this?*

*What were their steps /thoughts as they embarked on this journey?*

**Linking training with cash incentives** is a unlock for adoption of new practices and improving incomes

**Productivity** is important for farmer livelihoods. Is not a silver bullet for living income but is an important variable.

**Collaboration** is key as living income is multi-layer. Especially building strategic partnership that encompass a range of stakeholders.

Mainstreaming living income starts by **using the same terminology and language**. It means we all look at what and how to measure in the same way

Living income means **going beyond the commodity constrains to observe the household dynamics**. This holistic view allows for modelling and exploring alternative scenarios.

**Collecting and analysing data in the context of living income is complex**. An easy first step is simplifying the process., for example, using assumptions.

We need to move **from individuals responsibility to system change** and shared responsibility.

Is **crucial to understand farmers actual income** (level you are trying to work towards to). research can play an important role to shape strategies.

Understanding farmer income composition is important when thinking about strategies and approaches to close the income gap

Understanding Living Income gaps often brings with the realisation that for many small farmers, that gap is so large that bridging and requires higher level structural change

**Role of training and strengthening internal capacity** within organisations is key due to the complexity of the topic

**Technology has an important role to play** in mainstreaming living income. It can help reducing costs (e.g data collection) and increasing transparency (e.g traceability).

# Reflections and discussion points

## Data management / Measurement

- Who decided on **data quality**? High quality data collection needs resources.
- Is there a way to have an **universal methodology** that applies to all sectors?
- Is it possible to get a **fast track method** that allows for an easy update of data when is outdated?
- Getting familiar with the **difference between minimum wage and Living income** is still a challenge

## Accountability

- Who will be responsible for **measuring and assuring that living incomes are being paid**?
- Understanding the **how and who of paying a living income** -- lots of finger pointing in commodity value chains
- how to make sure off taker will buy all the product and **price protections are in place**? increasing production, will decrease the price

## Systemic change

- Moving the needle on farmer income at scale requires an **integrated solution**, so individual companies making goals alone can be extremely challenging.
- How can **companies pay a living income to smallholder farmers** (as well as tackling child labour, deforestation etc), across all their supply chains **without going out of business** / not meeting LEGAL commitments to shareholder profit?

## Structural barriers

- **Integrating HREDD issues into the LI concept**, so that the cost of implementing these measures isn't rolled off onto smallholder farmers
- Living income in agriculture will always be conditioned by **land size**
- Resources to dedicate to get a **full assessment farmers actual income**
- **Farmers are aging** and getting young people engaged is a challenge
- **Child labour** is still present in supply chains

## Strategic angle

- How do you measure living income, and how do you integrate the monetary incentives into that structure? How does that translate into your theory of change/monitoring framework?
- How do you expect to **engage and incentive your suppliers** of cocoa, coffee to support your Living income strategy?
- Once the reference price is defined, what are the **strategies so that the producer invests the excess cost in something that they really need** or are used for uses that contribute to the proposed decent standard of living



## Part 3: LIVING INCOME MEASUREMENT

Approaching living income measurement: Practical next steps & gauging feasibility

### LICOP Moderator



**Sheila Senathirajah**  
Senior Manager,  
Innovations  
ISEAL Alliance



**Jildemarie Brouwer**  
Project Officer  
Akvo



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

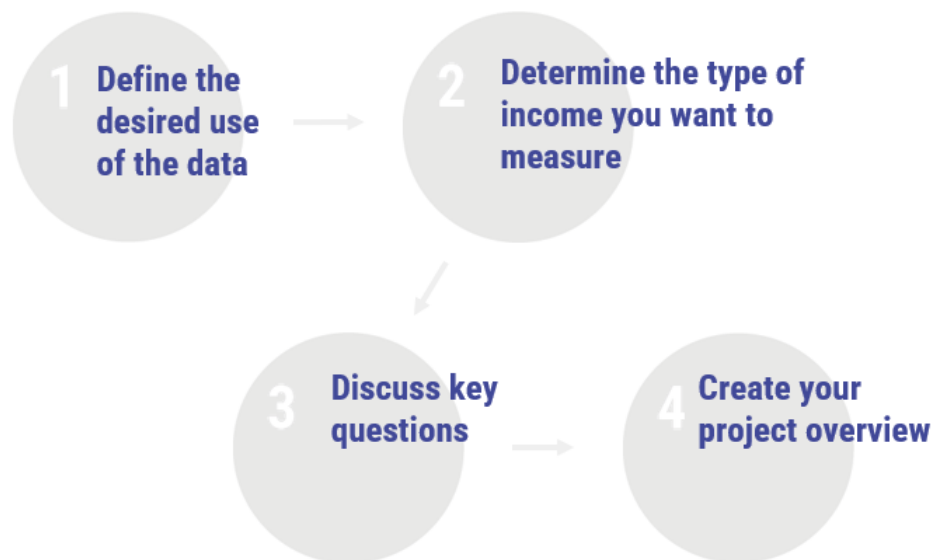


# “Measuring income of smallholder farmers seems complicated and costly “

*How can I assess the right measurement approach that suits my intentions and organizations capacity?*

*What are considerations and tips to get me started?*

## Process summarised



## Akvo's learnings and recommendations

- 1 **Describe your measurement approach** in a inception report that requires agreement of all stakeholders
- 2 Ensure **involvement off all stakeholders** in the design phase
- 3 Have **one or two facilitators** with PMEL expertise and farmer income knowledge that facilitate the design phase
- 4 Collect **qualitative data** to learn about farmer income dynamics and to be able to answer the “why” questions
- 5 Only **collect data on outcomes that you can influence**. Reflect: is the data required or “nice to have”?

## “Measuring income of smallholder farmers seems complicated and costly “

*How can I assess the right measurement approach that suits my intentions and organizations capacity?*

*What are considerations and tips to get me started?*

## How do I decide which methods to use?

The income measurement methods and approach you apply will ultimately depend on:



**Your use case** – What is your purpose for measuring the gap? What are you trying to understand or achieve by measuring it? Beyond the income gap, are you looking to explore other things with the data?



**The operational context** – What are key determinants of income for your farmers in their location? What are the norms and practices that determine income revenues and related costs within their context?



**Your starting point and capacity** – What income related data do you have/ already exists? Do you have capacity to collect the data? What is your budget and timeline?

**Relative  
level of  
importance**





# What's happening in the LICOP Community ?



Federal Ministry  
for Economic Cooperation  
and Development



Deutsche Gesellschaft  
für Internationale  
Zusammenarbeit (GIZ) GmbH






Photo © tea field Kenya Rainforest Alliance RA



# What resources are currently available?

All can be found in the 'Resources' section of the LI CoP website

## Income gap calculation



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

Prepared for the Living Income Community of Practice



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

## HEA framework






Applying the Household Economy Analysis to Measure and Address Income Gaps in Agriculture Supply Chains

Guidance Note for the Living Income Community of Practice – December 2019

Authored by Jessica Grillo and Jennifer Bush

## Income measurement using primary data





Guidance on calculating household income

Version 1.

Prepared for the Living Income Community of Practice

## Income estimation using secondary data



Estimating farmer household income

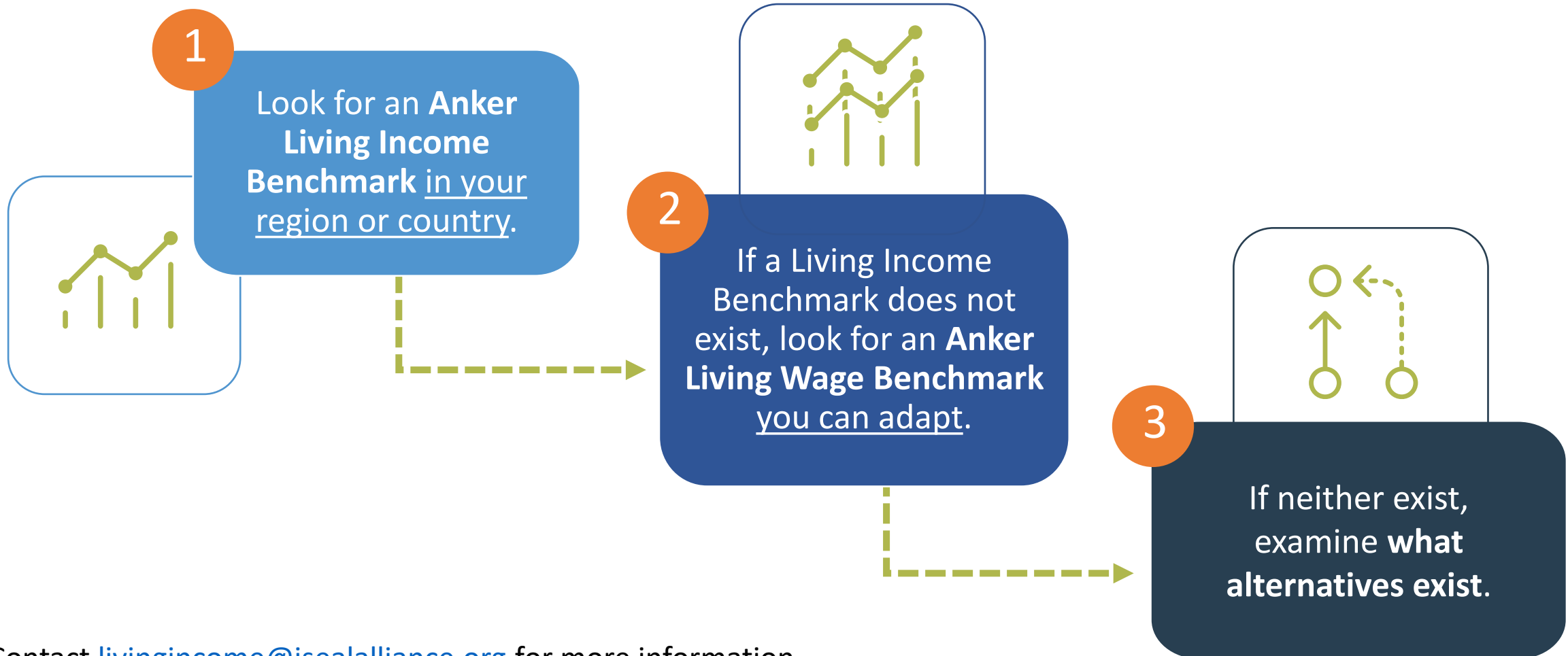
How to use secondary data to estimate farmer household income illustrated by two specific use case scenarios

V1.2

Prepared for the Living Income Community of Practice



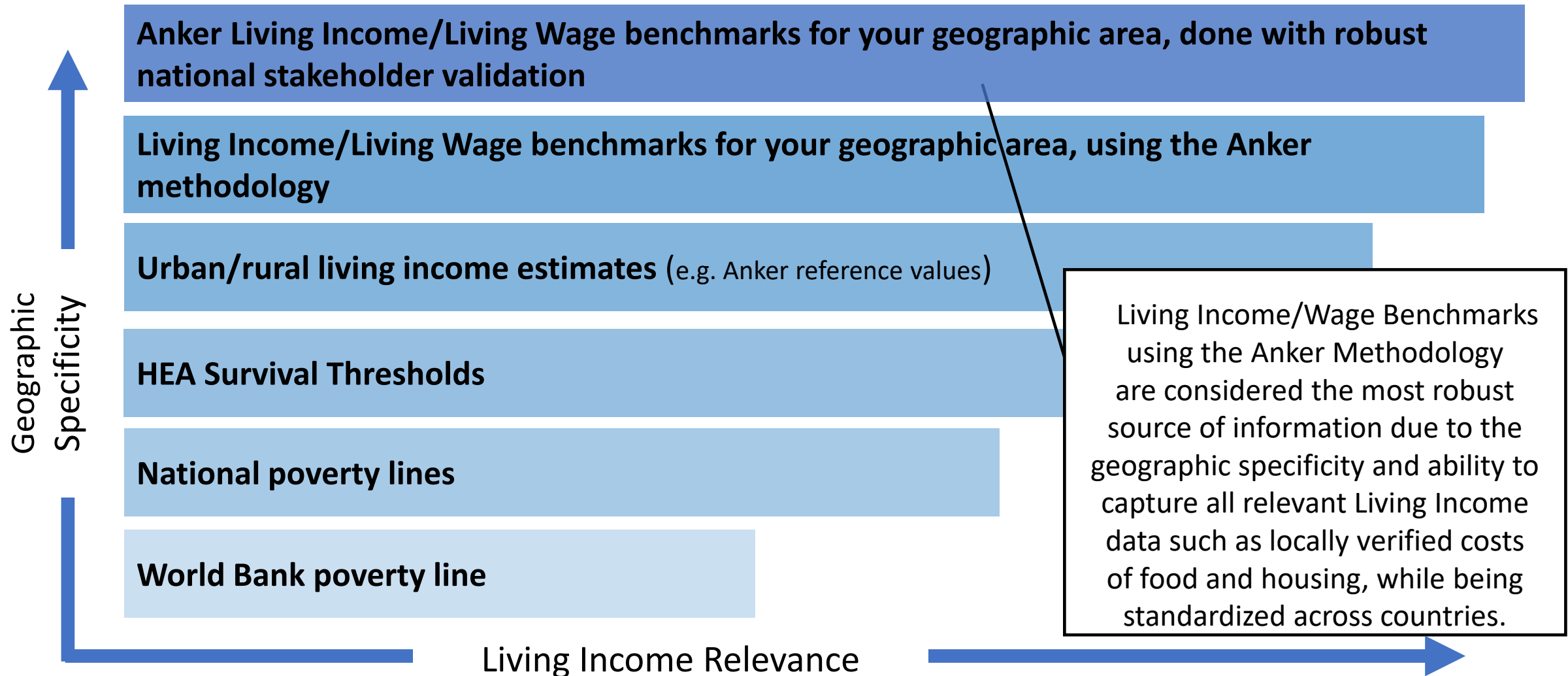
## Where do I start?



Contact [livingincome@isealalliance.org](mailto:livingincome@isealalliance.org) for more information  
or if you are interested in getting involved in benchmarking



# If I Don't Find a Living Income or Living Wage Benchmark, Is There an Alternative?





# Where Can I Find Living Income Benchmarks?

## The Living Income Community of Practice



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

All public Living Wage & Living income benchmarks are combined into one easy-to-read document. Cross-posted on ALIGN.

## ALIGN



[www.align-tool.com/resource-library](http://www.align-tool.com/resource-library)

Guidance on living income and wage strategy, and the benchmark database of public benchmarks. Cross-posted on Living Income.com

## GLOBAL<sup>7</sup> LIVING WAGE COALITION

[www.globallivingwage.org](http://www.globallivingwage.org)

Anker Living wage estimates available in 34 countries, with application in multiple industries.



[www.idhsustainabletrade.com/living-wage-identifier-tool/](http://www.idhsustainabletrade.com/living-wage-identifier-tool/)

The Roadmap on Living Wages offers solutions for measuring and closing living wage gaps and a global LW benchmark finder.