

The Living Income Community of Practice

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An Introduction to Living Income



What is Living Income?

Living income is about the income level that would enable a family to afford a decent standard of living.

A basic, decent standard of living!

› Living income is a **household concept** vs a concept that refers to an individual.



A **worker** earns enough in a standard work week to enable his/her family to afford a decent standard of living.

<https://www.globallivingwage.org>

GLOBAL
LIVING WAGE
COALITION

Farming **households** earn enough in a year from all income sources to afford a decent standard of living.

www.living-income.com

The Living Income
Community of Practice

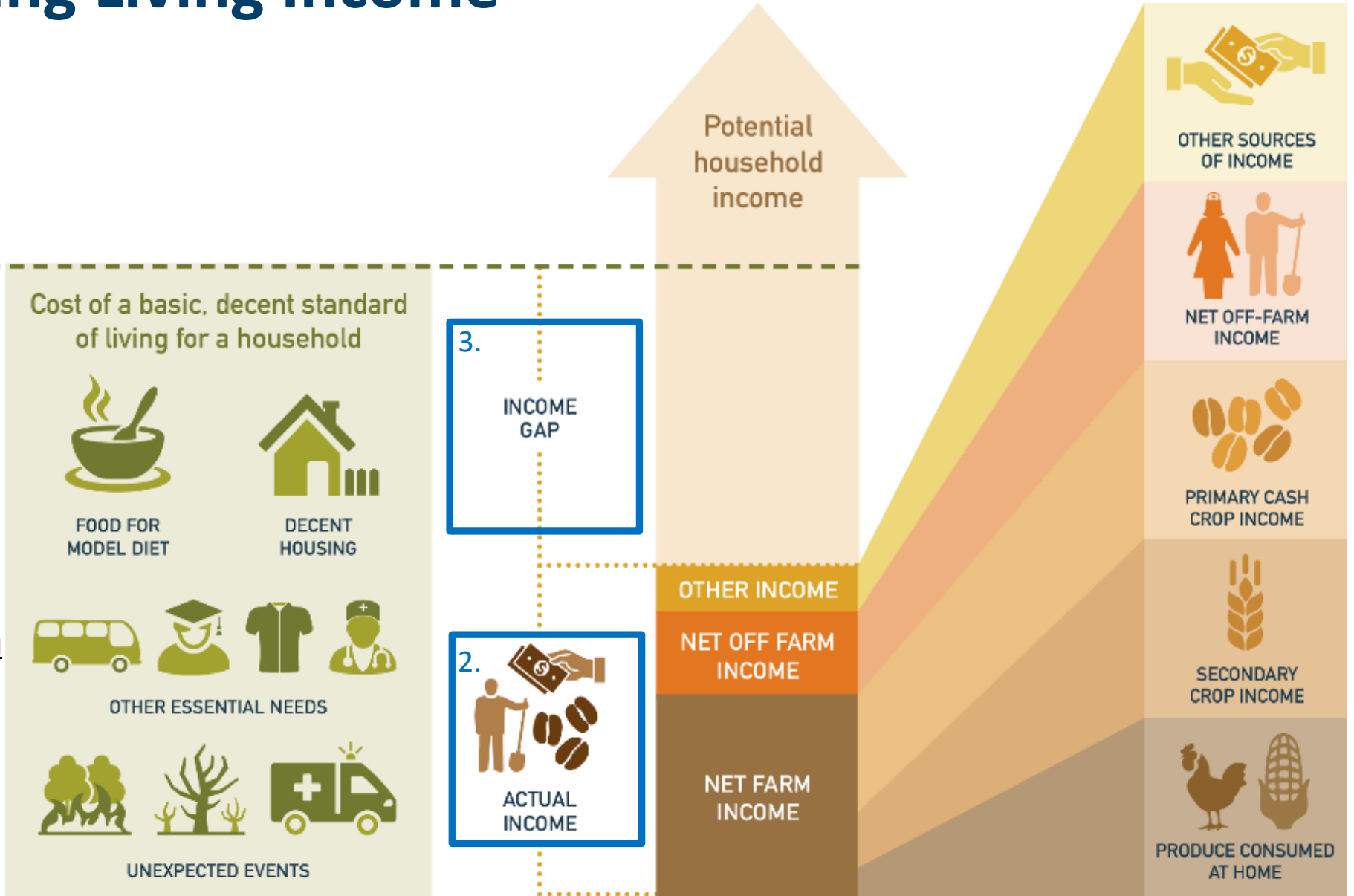


Understanding Living Income



Living income is the income level that would enable a family to afford a **decent standard of living**.

It answers the question: **'how much does a typical household in a particular place need to earn, from all income sources, in order to live a decent standard of living?**



Source: *The Living Income Community of Practice*

The Living Income Community of Practice

International Forum for Multi-Stakeholder Engagement

Objectives



Increase understanding
of living income
measurement and the
income gap



Identify & discuss strategies
for closing the
income gap



Share learning and facilitate collaboration
between actors

Activities

**Technical
Advisory
Committee**

News & Events

Tools & Resources

**Facilitation and
Strategy Advisory**

The Living Income Community of Practice

Highlights 2023



Action Learning Workshop

May 10th, 2023
Evidence in Living Income Programmes
in Abidjan, Côte d'Ivoire



LICOP webinars

8 online events organised reaching
over 900 participants in 2023



External events

Engaging with various international organizations
and initiatives to promote discussions on Living
Income



Partnerships

LICOP formalised its partnership with **IDH transforming markets** has also partnered with FAO and WBCSD around specific engagement opportunities.



This event was aimed at operational staff involved in the development of LI programmes from:

- Companies,
- NGOs,
- Government programs

The goal was to facilitate the exchange of evidence-based experiences addressing central learning questions within the dynamic context of the West African cocoa sector.



CGIAR

INITIATIVE ON
Rethinking
Food Markets

KISM

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Introducing KISM



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Knowledge Platform for Inclusive & Sustainable Food Markets

The KISM platform is a gateway to help farmer organizations, food businesses, governments, and practitioners access cutting-edge research and tools on innovative food systems and markets for better-informed decisions on inclusive and sustainable food value chains. It is a part of the CGIAR Research Initiative on *Rethinking Food Markets*.



NEW RESOURCES IN KISM

Postharvest technologies for small-scale farmers in low- and middle-income countries: A call to action
October 3, 2023

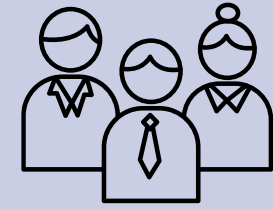
Rethinking Our Food Systems: A Guide for Multi-Stakeholder Collaboration
September 28, 2023

Food, Nature and Health Transitions – Repeatable Country Models
September 6, 2023

[See more](#)



KISM offers



Library

PUBLICATION YEAR

From

To

NARROW THE SEARCH

Knowledge Source

Topics

SDG Focus

Innovations categories

Value chain stages

Sectors

Commodities

Geographical area

Welcome to the KISM Library that hosts all the resources and research on this platform. Browse the library to find research papers, videos, blogs, databases and other useful information or knowledge to support your work. Use the filters to narrow down your search query or focus on specific countries or products of interest.

Continue your learning by accessing from research on this topic from the [Evidensia platform](#) and other databases in this field. You can read more about the scope and type of information we host on the KISM [here](#).

151 results

Sort by: Newest

- A framework for gender-responsive livestock development**
November 27, 2023 - Food and Agriculture Organization of the United Nations, International Livestock Research Institute, International Fund for Agricultural Development, World Bank
- Food Safety, Traditional Markets, and Consumer Demand in Low- and Middle-Income Countries: A Landscape Synthesis**
November 27, 2023 - Global Alliance for Improved Nutrition
- Scaling Climate-Smart Agriculture for accelerated agri-food systems transformation in Africa**
November 27, 2023 - African Union Development Agency
- Business Models for Reaching Lower-income Consumers**
November 27, 2023 - Global Alliance for Improved Nutrition
- Working with smallholders: a handbook for firms building sustainable supply chains (third edition)**
November 15, 2023 - World Bank
- Postharvest technologies for small-scale farmers in low-**

Finding resources on globally integrated value chains



PUBLICATION YEAR

From

To

NARROW THE SEARCH

Making globally integrated value c...

Topics

SDG Focus

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Value chain stages

Sectors

Commodities

Geographical area

Evidence types

Global value chains (GVCs) are rapidly evolving, driven by changes in consumer demand, logistics, and technology. Expanding high-value markets represent opportunities for smallholders and agri-food Small Medium Enterprises (SMEs) to gain remunerative employment, climb out of poverty, and improve their diets. However, there are challenges:

- Vertical coordination in GVCs is difficult because of strict standards, long distances, and differences in scale between farmers and processors/exporters.
- Smallholders and agrifood SMEs are vulnerable to the market power of large processors/exporters in concentrated market structures and face greater obstacles in meeting export standards.
- Smallholders and agrifood SMEs often lack adequate access to information on production methods, market prices, and export standards.

This area of work is bringing together three types of innovations to lower the barriers of smallholders and SMEs in participating in lucrative and sustainable GVCs and vertically coordinated arrangements with processors/exporters.

Explore below insights on the topic.

5 results

Sort by: Newest

- Shrimp value chains in Bangladesh: A scoping study of possible research interventions**
June 30, 2023 - CGIAR
- Digital Innovations for the Coffee Value Chain in Honduras and Guatemala: A scoping study**
January 3, 2023 - CGIAR
- Market Links between Actors of the Honduras Coffee Supply Chains**
December 30, 2022 - CGIAR
- Scoping Study on Ethiopian Sesame Value Chain**
December 1, 2022 - CGIAR
- Crop commercialization in Ethiopia: Trends, drivers, and impact on well-being**

Using evidence to inform sustainability action

Use Evidensia's open access library, resources and events to learn about the effectiveness of market based sustainability approaches to inform your actions.

[Read the latest](#)

Search for evidence and information on...

 You could search for "Environmental Sustainability"

[Search](#)

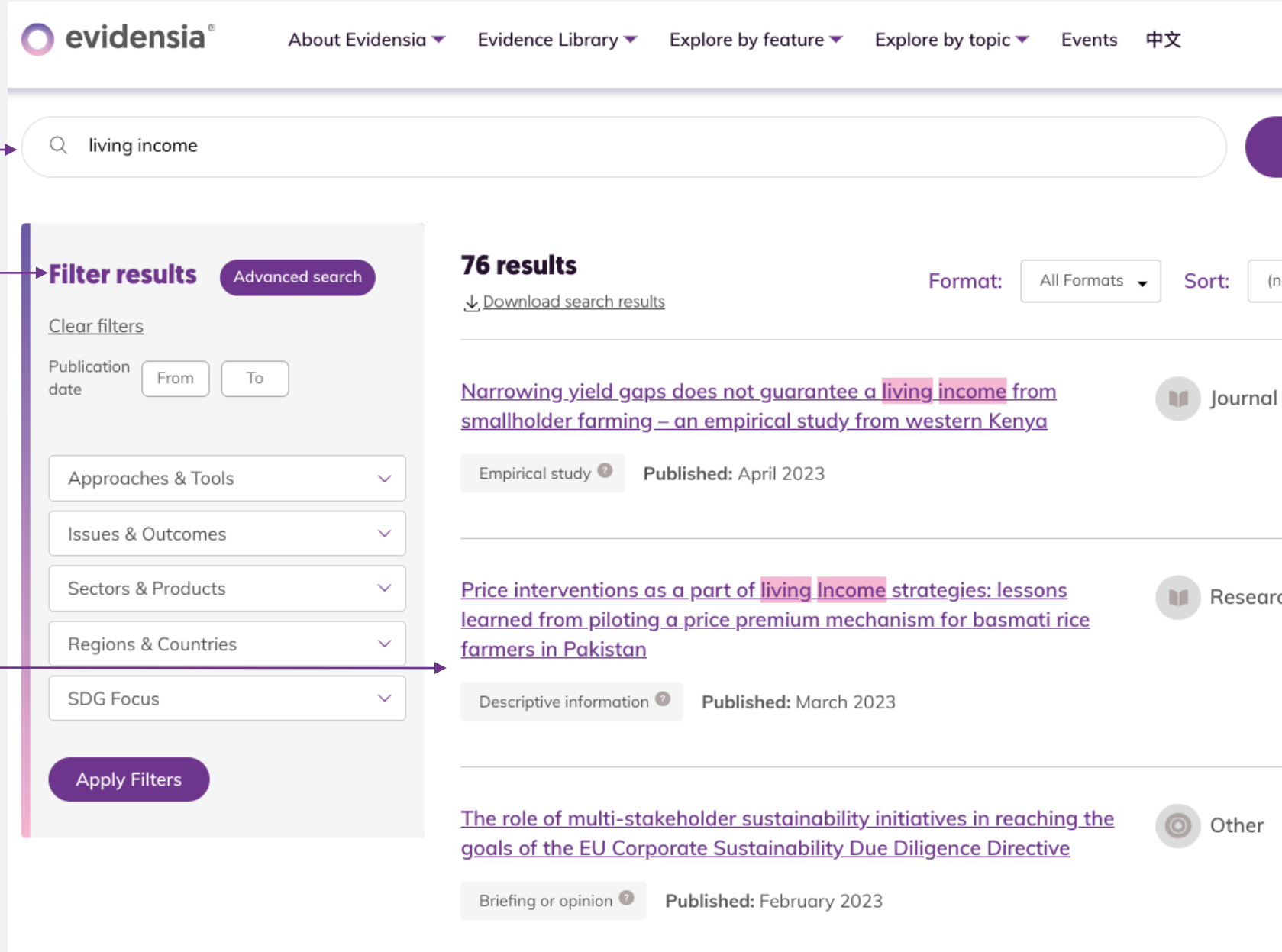
Online library

Powerful search engine

Filtering system

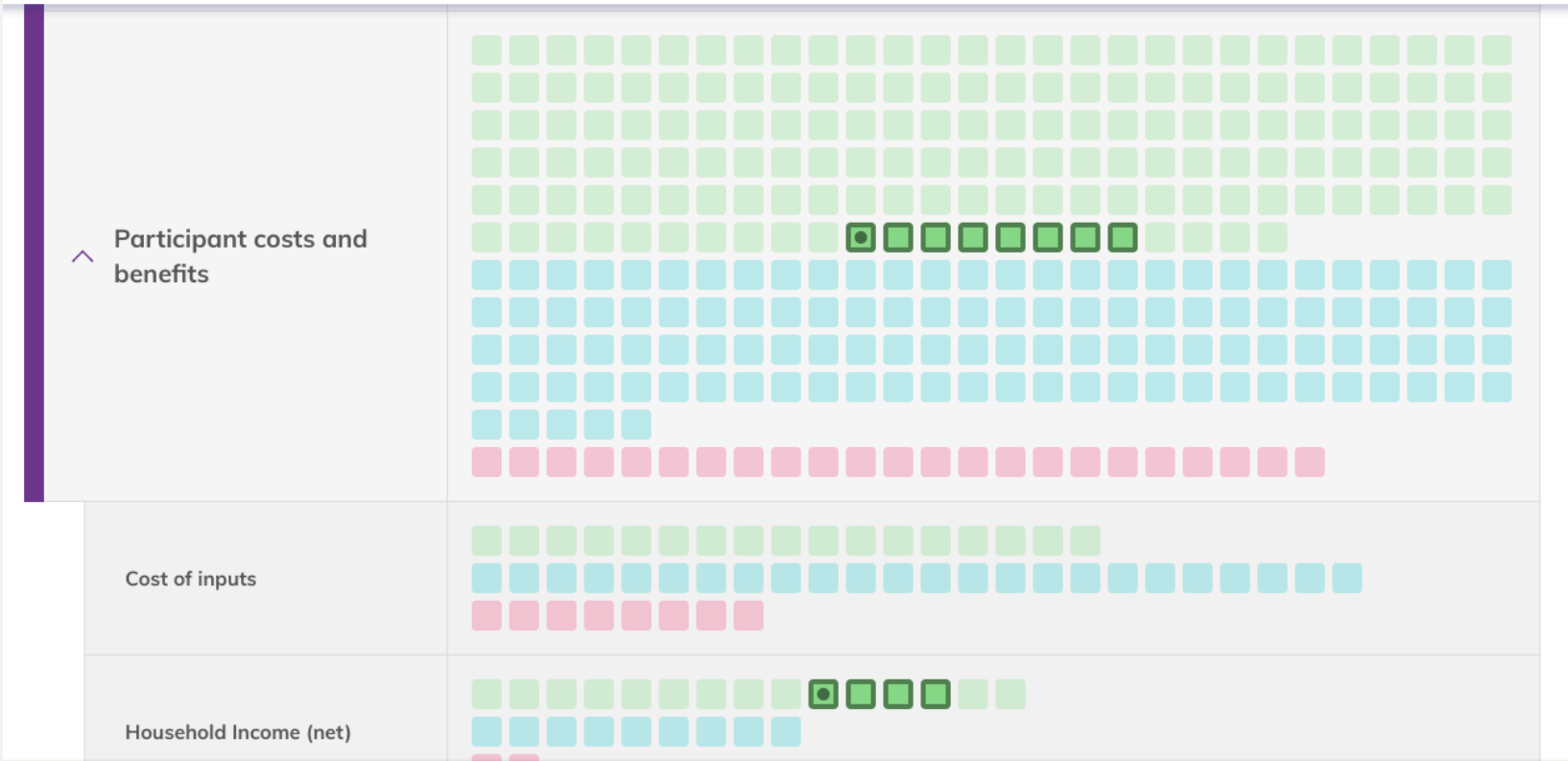
toggle between basic and advanced search. You can filter results on issue (e.g. climate change), sector (e.g. mining) and country and much more

Results come in a variety of formats - academic studies, reports and expert insight (blogs, webinars and podcasts)



The screenshot shows the Evidensia Evidence Library interface. At the top, the navigation bar includes the Evidensia logo, "About Evidensia", "Evidence Library", "Explore by feature", "Explore by topic", "Events", and "中文". A search bar contains the query "living income". Below the search bar, a "Filter results" sidebar is visible, featuring a "Clear filters" link, a "Publication date" range selector, and several filter categories: "Approaches & Tools", "Issues & Outcomes", "Sectors & Products", "Regions & Countries", and "SDG Focus". An "Apply Filters" button is at the bottom of the sidebar. The main content area displays "76 results" and offers options to "Download search results", "Format: All Formats", and "Sort: (n)". Three search results are shown, each with a title, a format tag, and a publication date:

- Empirical study** | Published: April 2023
[Narrowing yield gaps does not guarantee a living income from smallholder farming – an empirical study from western Kenya](#) | Journal
- Descriptive information** | Published: March 2023
[Price interventions as a part of living income strategies: lessons learned from piloting a price premium mechanism for basmati rice farmers in Pakistan](#) | Research
- Briefing or opinion** | Published: February 2023
[The role of multi-stakeholder sustainability initiatives in reaching the goals of the EU Corporate Sustainability Due Diligence Directive](#) | Other



Highlighted results relate to: ▾

How effective is multiple certification in improving the economic conditions of smallholder farmers?
Evidence from an impact evaluation in Colombia's coffee belt

[Resource details](#)

Published 2019 by Taylor and Francis. Authored by Dietz, T., Chong, A-E., Grabs, J., Kilian, B., Dietz, T., Chong, A-E., Grabs, J. and Kilian, B.

Visual summaries

- Evidensia’s Visual Summaries help you make sense of what the available evidence says on key research questions
- The summaries plot results from relevant impact evaluation studies
- Each square represents one result from a study, the source study is highlighted on each square



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State Secretariat for Economic Affairs SECO



FOLUR
Food • Land Use • Restoration



Evidence-based design of pathways towards a living income & prosperity for different types of households

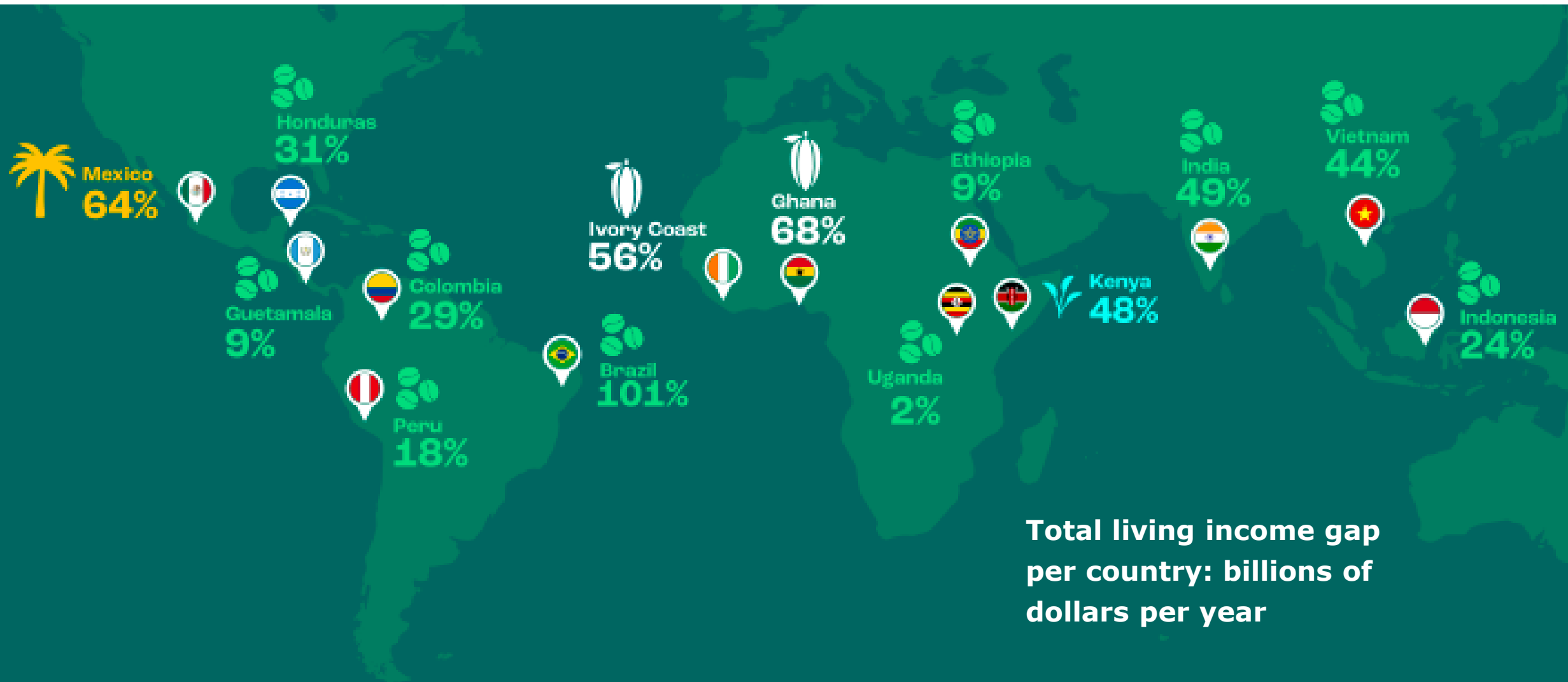
Insights from various studies and the wider literature

Yuca Waarts & team of researchers & partners



This Photo by Unknown Author is licensed under [CC BY-SA](#)
Photo 1 and 3: Jiska Van Vliet.

Net household / commodity income as proportion of the living income benchmark (on average)



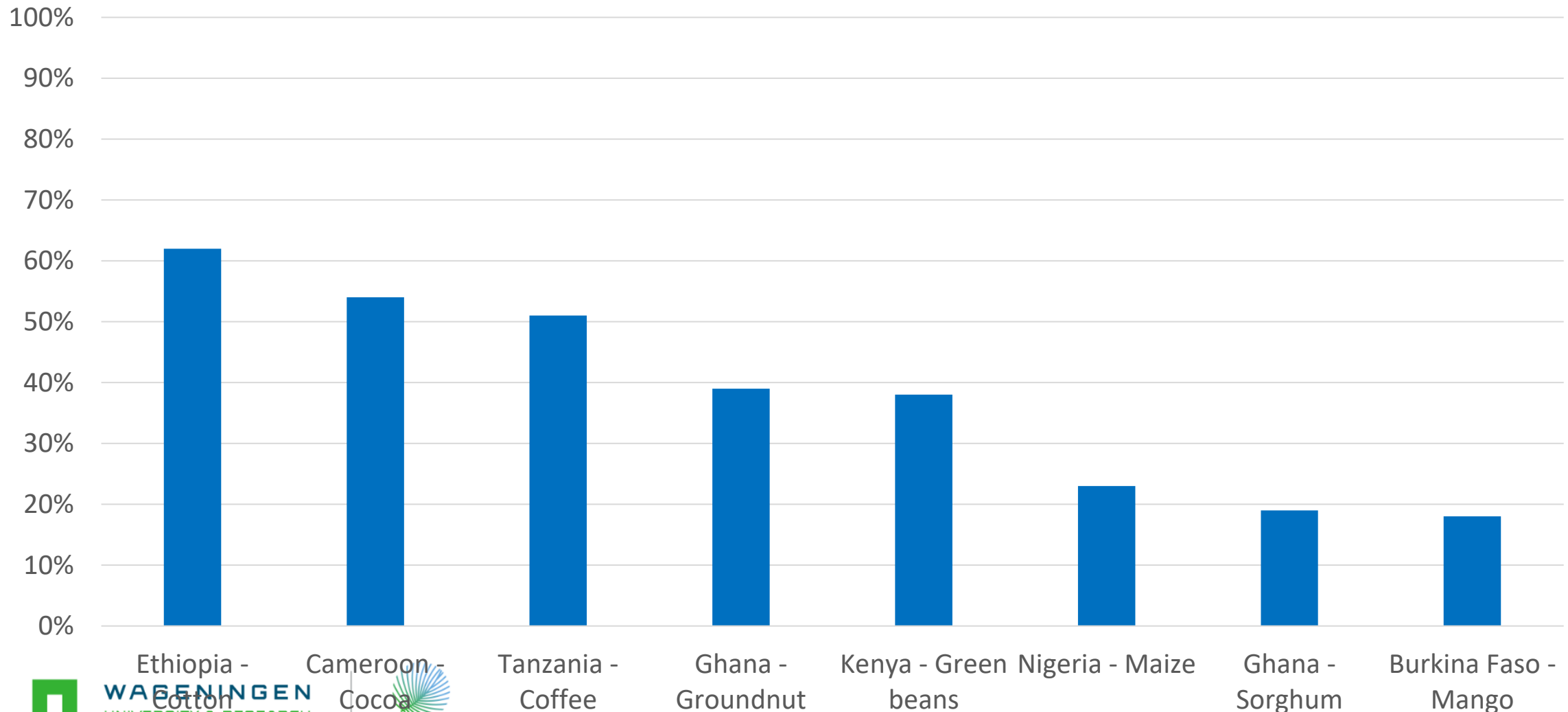
**Total living income gap
per country: billions of
dollars per year**

Coffee & palm oil: commodity income only



IDH & WUR, forthcoming

Households are far from earning a living income with studied activity (no total household info available)



The living income challenge

- **Huge total living income gap** (billions USD per country per year)
- Success examples but **limited effectiveness at scale** of policies and interventions, e.g.
 - Majority of households substantially increase income in a country
 - Majority of the households now earns above the WB extreme poverty line, or a living income as a milestone to prosperity
- Because **root causes** were not (adequately) addressed
- Need to address **needs**, possibilities and aspirations of the households, these differ (greatly) between households
- Need for much **more investments** from all actors to substantially increase incomes, especially of the poorest and most vulnerable

Need to address root causes of poverty for cost-effective investments and strategies

Inability to invest

- Money
- Time (incl. cost)
- High risk
- High cost (decent standard) of living

Unstable and unrewarding prices / premiums

- No voice
- Tendency for oversupply
- Price and sales risk
- Living wage payments for PES or carbon sequestration?

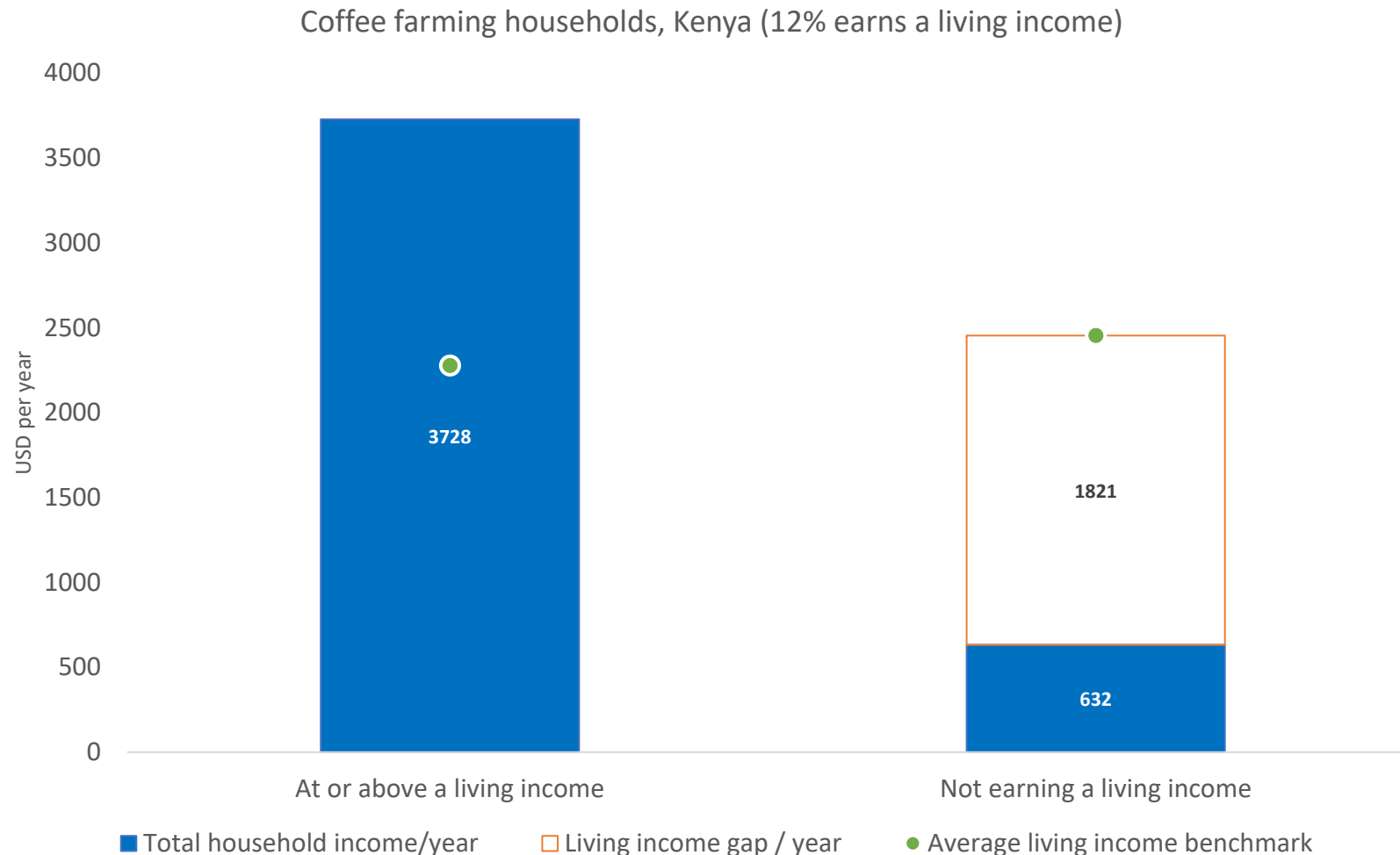
Low volumes

- Inability to invest
- Small farms
- Low yield
- (Small farms can have high yields!)

Commodity dependency

- Few alternative income sources
- Labour stickiness
- Low education level

Large differences between households in Kenya



Huge differences between farming households in Kenya but also generally in other crops studies.

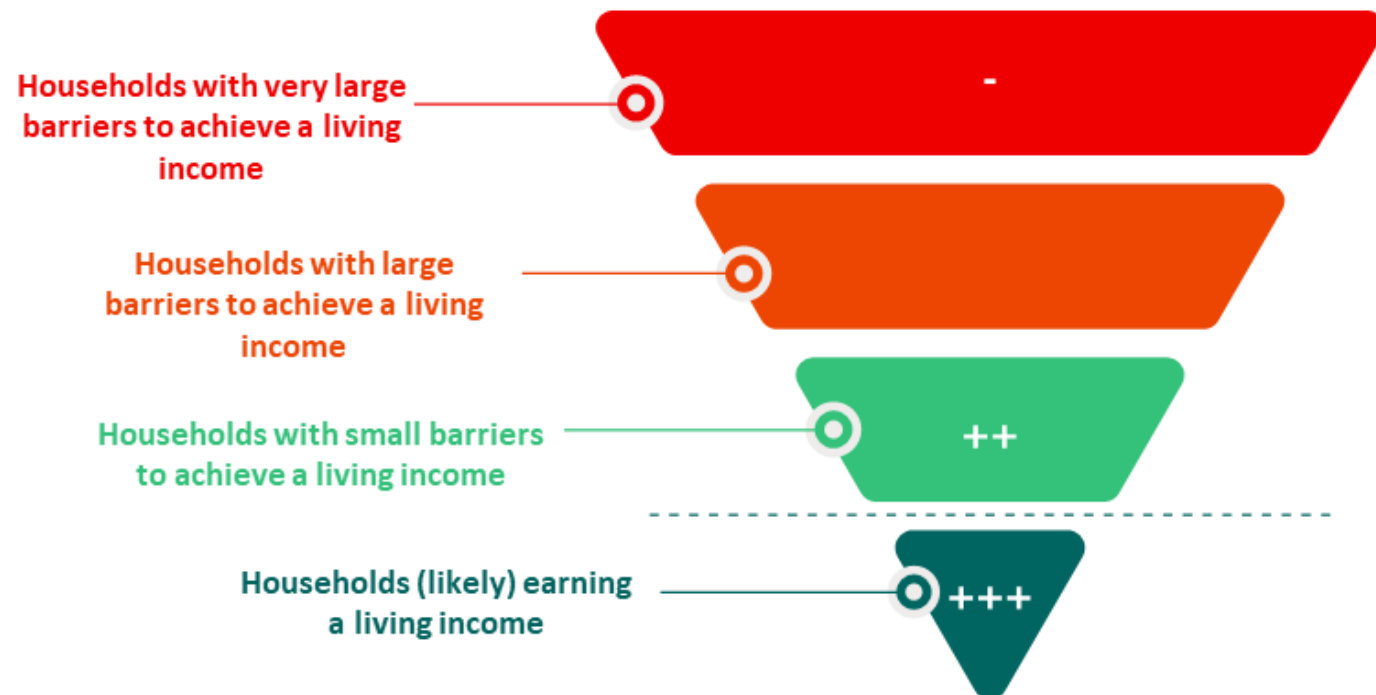
Average farm size: 0.6 ha total, 0.3 ha for coffee

Average proportion of time spent on coffee by household: 17%

Average total household income: 1000 USD/year

Four broad household groups and their barriers to entrepreneurial income growth

BARRIERS TO EARN A LIVING INCOME	TOTAL COMMODITY VOLUME	INCOME FROM DIVERSIFICATION
Very large barriers	Low Average	Low
Large barriers	Low Average	Low Average
Small barriers	Average Above Average	Low Average
(Likely) earning a living income	Above Average High	Above Average High



High yields on small farms are possible but connected to a maximum possible total volume

Characteristics of cocoa households in Côte d'Ivoire

Factors (mean)	Very large barriers (n = 164)	Large barriers (N = 368)	Medium barriers (N=116)	Small barriers (N = 32)
Total cocoa volume (kg)	680	1,500	2,200	2,300
Cocoa farm size (ha)	1.8	3.9	4	5
Other farm size (ha)	0.6	1.1	1.5	2
Cocoa yield (kg/ha)	432	470	572	510
Family days/ha	60	38	24	25
Willing to invest in cocoa (%)	0%	27%	30%	94%
Size of the gap (USD)	1,700	1,500	1,500	1,400
Women (%)	12%	7%	9%	6%

Towards effective strategies

■ **Factors to consider for cost-effective strategy design**

- Household characteristics: Ability to invest, Willingness to invest in farm/crop, Labour availability & cost, Other income opportunities, Farm size (commodity & other land), Aspirations household members

■ **Large group of households** with large barriers for entrepreneurial income growth need **structural change to achieve a living income**. Relevant strategies for these groups

- Price/premium increase (structural and substantial increases)
- Social protection / cash transfers (long term)
- Facilitating off-farm income diversification

Towards effective strategies

- **Address risk of exclusion of the poorest from (meaningful) interventions or supply chains** because they cannot grow income in entrepreneurial way because of e.g. legislation
- **Group of households can be supported to achieve a living income through farming.** Relevant strategies for this group (multiple strategies necessary):
 - Price/premium increase
 - Coaching and training
 - Access to inputs, labour gangs, credit
 - Diversification: Input & sales channels.

Roles of actors

- All: Integrate evidence-based **living income KPIs** in strategies that do not lead to exclusion, incl. coherence. Investors as well.
- All: Find ways for **long term price increases and cash transfers** /social protection mechanisms to directly increase incomes
- All: increase **voice** of smallholder farming households in policy/strategy design, and increase **education/skills and health**
- Governments, multilaterals and investors to stimulate **employment creation & decrease cost of living**. Companies and NGOs can facilitate **off-farm income diversification**
- Governments: **legislation** to create enabling environment for thriving sectors and households, including avoidance of exclusion.

Thank you!

For more information, please contact:

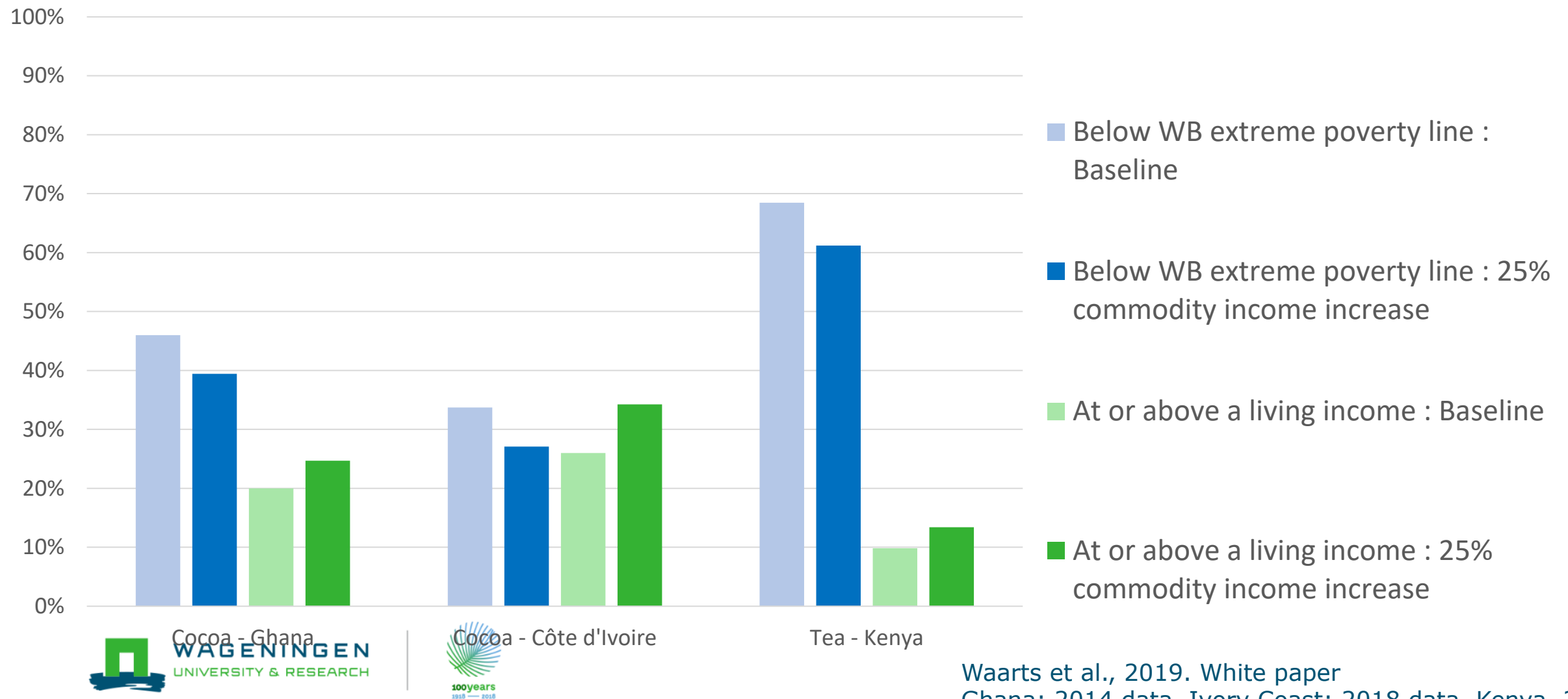
Yuca Waarts: yuca.waarts@wur.nl

Further reading:

- [Balancing the living income challenge](#) (2021)
- [Multiple pathways to living income](#) (2021)
- [WUR white paper on living income](#) (2019)



Effectiveness of 25% commodity income increase (keeping all else equal)



Strategies for different types of households: poorest majority needs different approach than traditional

Yield increase commodity

- High yield increases in short term possible for some but not for most households
- Households producing small volumes: large % increase \neq large absolute income increase

(Farm) diversification

- Poorest cannot invest much in diversification to substantially grow income
- On farm: food security improvement relevant
- Large % output increase \neq large absolute income increase
- Off-farm diversification important

Cash: Price vs Cash

- Price increases increase incomes of all
- Important: long term price increases / cash transfers
- Poorest selling small volumes benefit least from price measures
- Cash transfers may be more relevant for the poorest (if large and long term)

FARMER INCOME LAB

MARS



BILL & MELINDA
GATES foundation



What is the Farmer Income Lab?

A *Think-Do* Tank founded in 2017, the Farmer Income Lab, a by-industry for-industry initiative, was established to accelerate evidence informed action with one distinct goal:

ENABLE FARMERS TO EARN A LIVING INCOME

Private Sector Partners



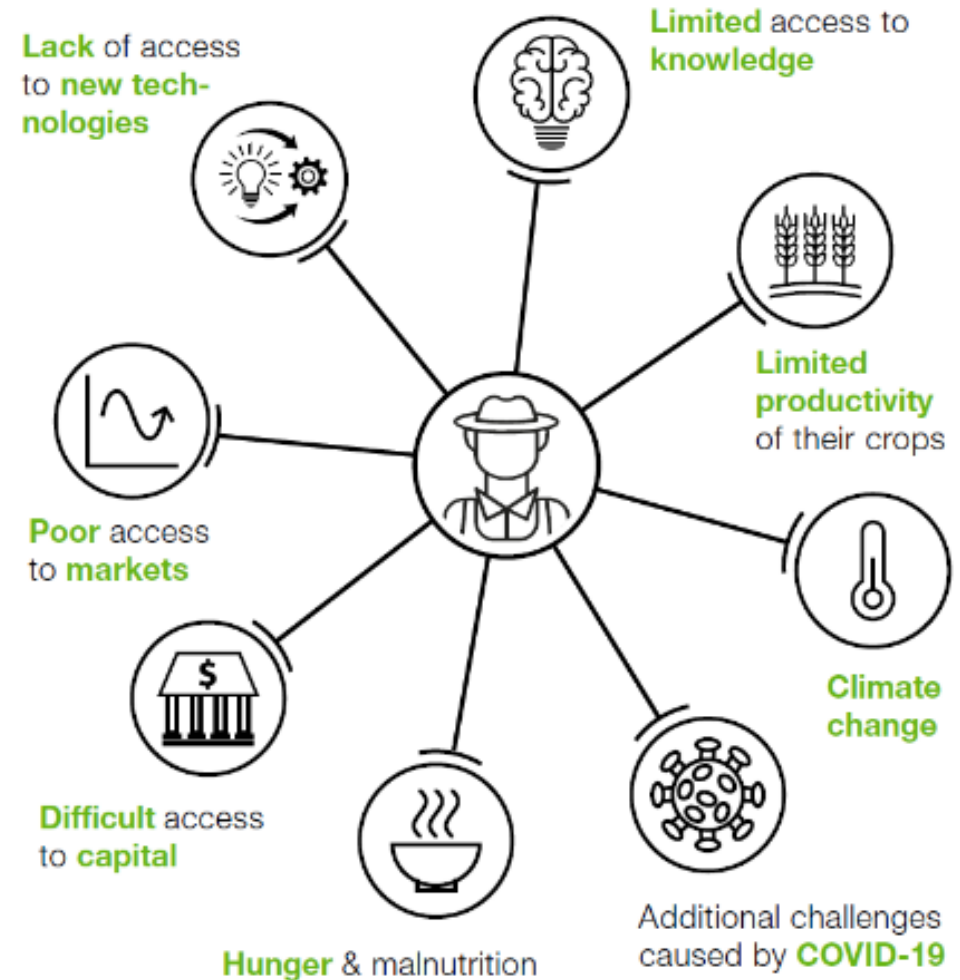
Advisory council



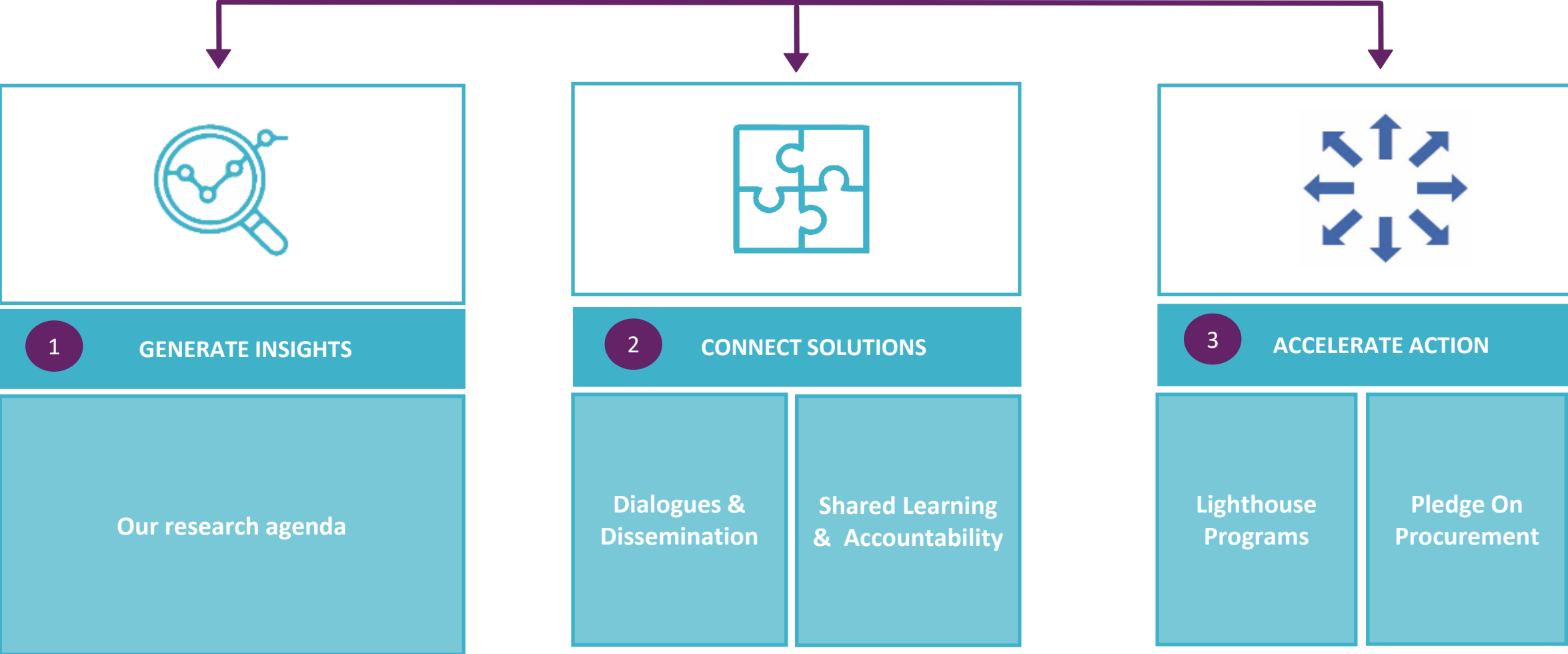
Why did we set up the Farmer Income Lab?

- **Low impact and effectiveness of existing livelihoods programmes**
- **Gap in evidence on “what works” to close the gaps to living incomes**
- **No agreed global framework**
- **Unclear roles & responsibilities between actors**
- **Status quo limits business resilience and growth, and people aren't thriving**

Typical Challenges Smallholder Farmers Are Facing



Which are the farmer Income Lab Workstreams?



What is the business case around living income?

Enabling farmers to be profitable, increase assets, reduce liabilities and risks, and have stable cash flow, will reduce food system vulnerabilities while providing value to business by:

1. Reducing supply risk as farmers may seek more profitable opportunities outside of agriculture
2. Meeting business responsibility and reporting requirements under internationally recognized frameworks such as the UNGPs or the HRDD.
3. Managing increased reputational risks as upstream vulnerabilities to people become increasingly scrutinized

What have we learnt from our research?

SIGNIFICANT TRANSFORMATION NEEDED TO DRIVE PROGRESS

ENABLING ENVIRONMENTS

Find or
Build Ecosystems of
Services

BUNDLING AND FARMER SEGMENTATION

Holistic farmer-
centered approach

COLLABORATING FOR IMPACT

Partner with Service
Providers, Suppliers
and Purchasers of
Other Crops

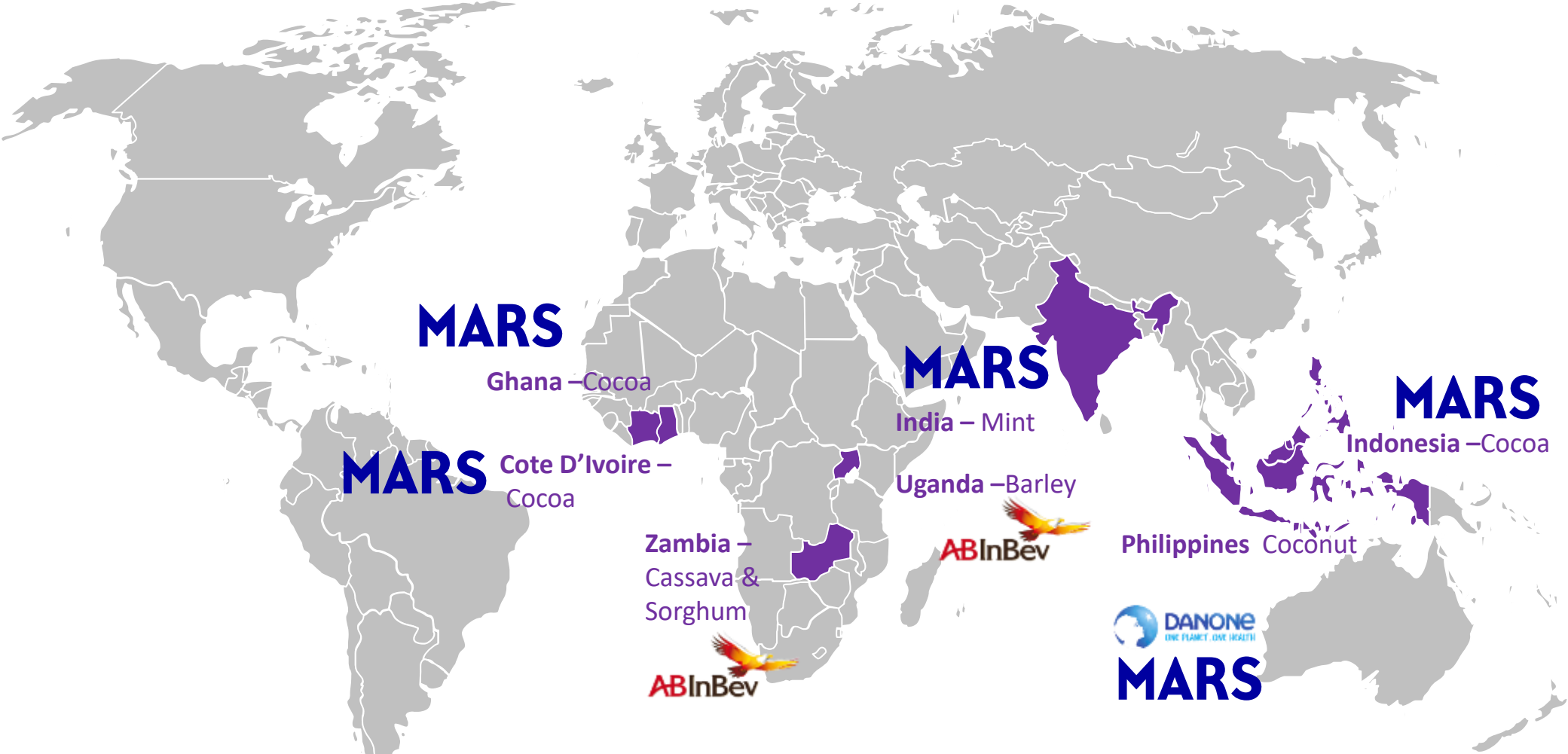
ADVOCATE FOR LEVEL PLAYING FIELD

Communications
Policy Advocacy
Coalitions

A NEW PROCUREMENT PARADIGM BEYOND COMMODITIES

How do we bring the FIL research learnings into action?

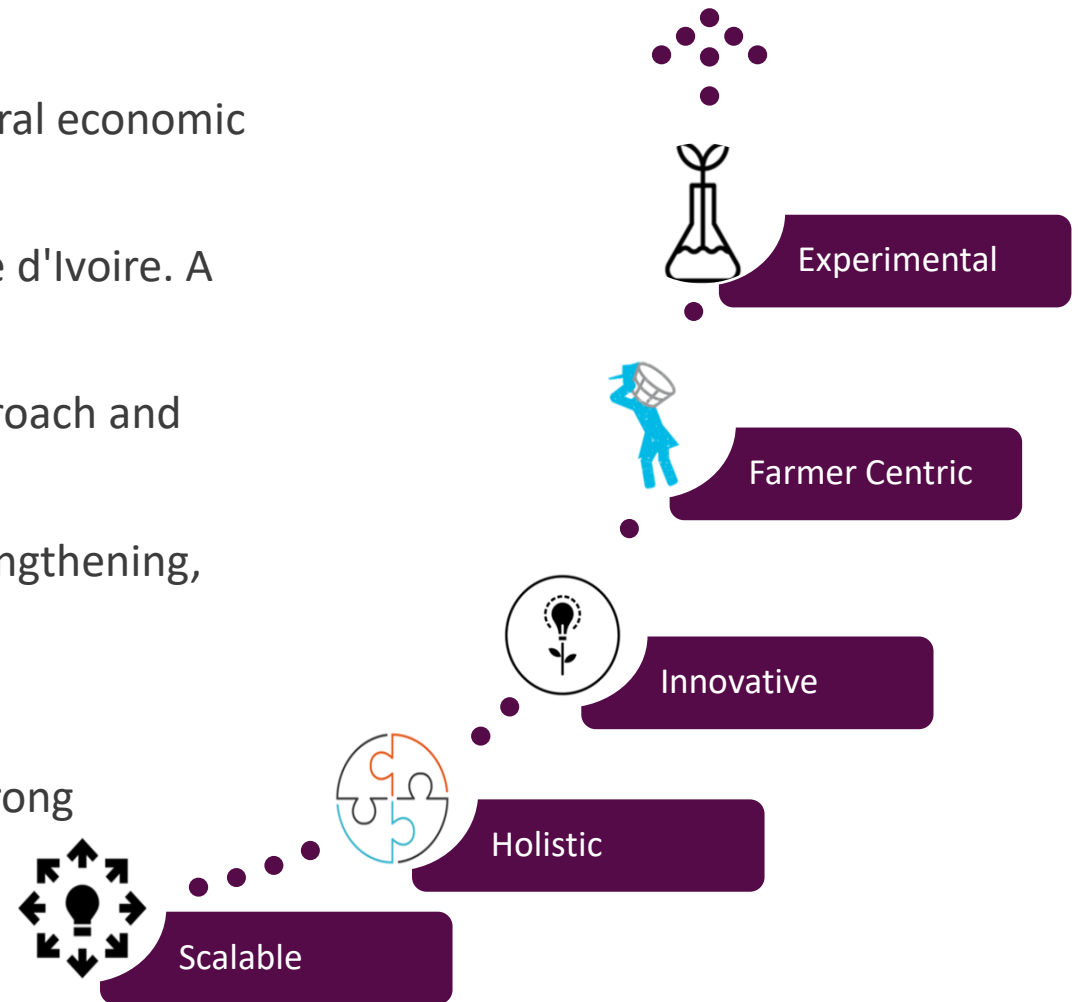
8 Lighthouse Programs Worldwide:



Case Study / LEAP IVORY COAST

The Livelihoods and Ecosystem Advancement Programme

- 5-year market systems pilot programme designed to improve rural economic development and put farmers on a path to achieving a LI.
- Pilot targets 5200 farmers in Ecookim Cooperative Union in Cote d'Ivoire. A longstanding supplier of cocoa to Mars.
- Assumes 'no average farmer' and builds on a segmentation approach and intervention bundling.
- Activities grouped in 3 core intervention areas: cooperative strengthening, income diversification and access to finance.
- Deliberately experimental in approach
- Builds on existing Fairtrade sourcing relationships as requires strong governance, trust with farmers and security of contracts.



LEAP Graduation pathways

The LEAP programme is based upon “Graduation Pathways”.

The Framework charts the development pathways between the status quo and a future in which Living Income is achieved for each farmer segment.

Not all farmers can achieve a LI from cocoa based on land size, current yields and prices but this model maximises what they can achieve and diversifies incomes for low resource farmers to build their income portfolios.

