

Living Income: Introduction to the Concept

Prepared by

**The Living Income
Community of Practice**

Supported by the



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CIAT 2017

Relevance of Living Income

Guarantee Human Rights

- **A decent life**
- Absence of **slavery**
- The right to **fair remuneration**



Universal Declaration
of Human Rights

UN Guiding Principles

OECD and FAO
Guidelines

Promote Sustainable Development

- Fight against **poverty** and **hunger**
- Elimination of **child labor and forced labor**
- Reduction of **inequalities** (including gender inequality)
- Protection of **natural resources**



Secure supply and quality of raw materials

- Supporting farmers to **invest in their farms** and **diversify their sources of income**
- Promoting agriculture as an attractive **employment sector** for young people

Living incomes and living wages are both about the income level that would enable a family to afford a decent standard of living.

A basic, decent standard of living!



What does it mean to be able to afford a decent standard of living?

The net annual income of a household, which comes from a variety of sources, is sufficient to cover the cost of a decent standard of living for a typical household in a particular place.

What does decency mean in this context?



Toilets: Unacceptable quality and acceptable



Kitchen: Adequate air circulation



How is living income different than poverty alleviation?

The concept goes a step beyond traditional notions of poverty alleviation that are concerned with basic subsistence and survival.

It puts a strong emphasis on the idea of **decency and earning enough income to live comfortably.**

Living Income is becoming a critical topic and discussions on this are fast gaining momentum and being prioritised.

Living wage is an individual concept.

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



GLOBAL
LIVING WAGE
COALITION

www.globallivingwage.org

Living income is a household concept.

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



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www.living-income.com



The Living Income Story



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

FOOD FOR MODEL DIET **DECENT HOUSING**

OTHER ESSENTIAL NEEDS

UNEXPECTED EVENTS

INCOME GAP

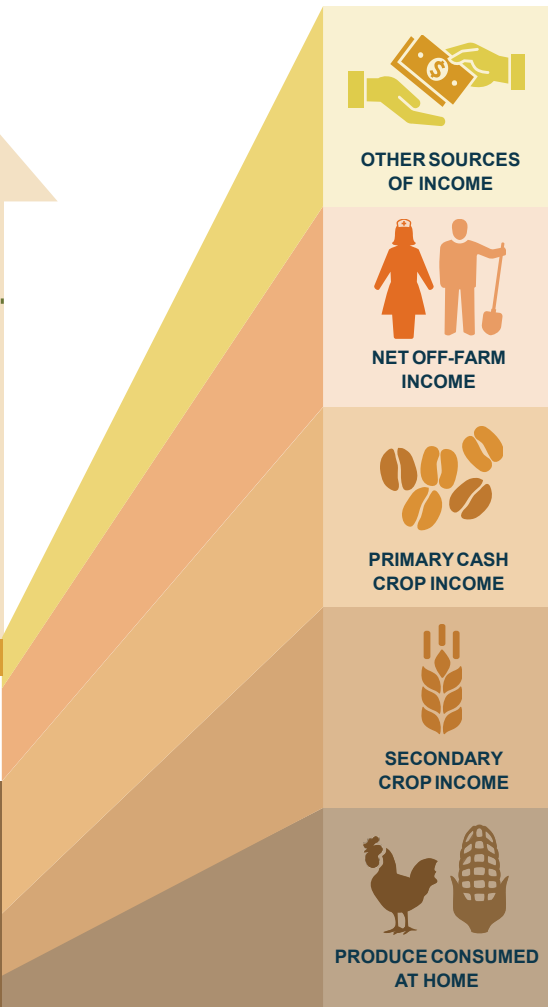
ACTUAL INCOME

Potential household income

OTHER INCOME

NET OFF FARM INCOME

NET FARM INCOME





Living Income Benchmark



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

Determining a LIVING INCOME involves calculating the **cost of a basic and decent standard of living** for a typical household.

3 Key points

- ✓ Based on **international standards** and **local validation** of the decent standard of living
- ✓ Based on the **households** (large families need more resources than small ones)
- ✓ Is specific to a **particular location**

Credibility of the Living Income Benchmark

A **credible study** for the calculation of the Living Income benchmark...

is elaborated **in consultation with the main actors of the sector**

is based on **national data** on expenses, food costs etc.

is conducted by an interdisciplinary team of **qualified researchers**

is supported by a **diversified technical team** for quality control



Validation Workshop, Abidjan, Sept 2018

Living Income Benchmark Calculation

COTE D'IVOIRE – Rural cocoa growing regions (2018)

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Based on an average household size of 2 adults and 4 children

- **FOOD** - CFA 124,625 (US\$ 216)
- **OTHER ESSENTIAL NEEDS** - CFA 95,102 (US\$ 165)
- **HOUSING** - CFA 29,850 (US\$ 52)
- **UNEXPECTED EVENTS** - CFA 12,479 (US\$ 22)



Living Income Report

Rural Côte d'Ivoire

Cocoa growing areas – Final Draft

By: Ivorian Center for Socio Economic Research (CIRES)

Supported by the



Photo of cocoa farming family in Côte d'Ivoire courtesy of – Nestlé (CC BY-NC-ND 2.0)

La Source: CIRES, 2018.

Applications of the Living Income Benchmark



- **Understanding the income gap** for a household or groups of households
- **Setting targets for household income growth** and model how to reduce the income gap at the household level
- Informing on the targets for **indicators related to agricultural production and crops** and analyzing the related indicators
 - For example: Use it as a reference to determine a fair price for different products

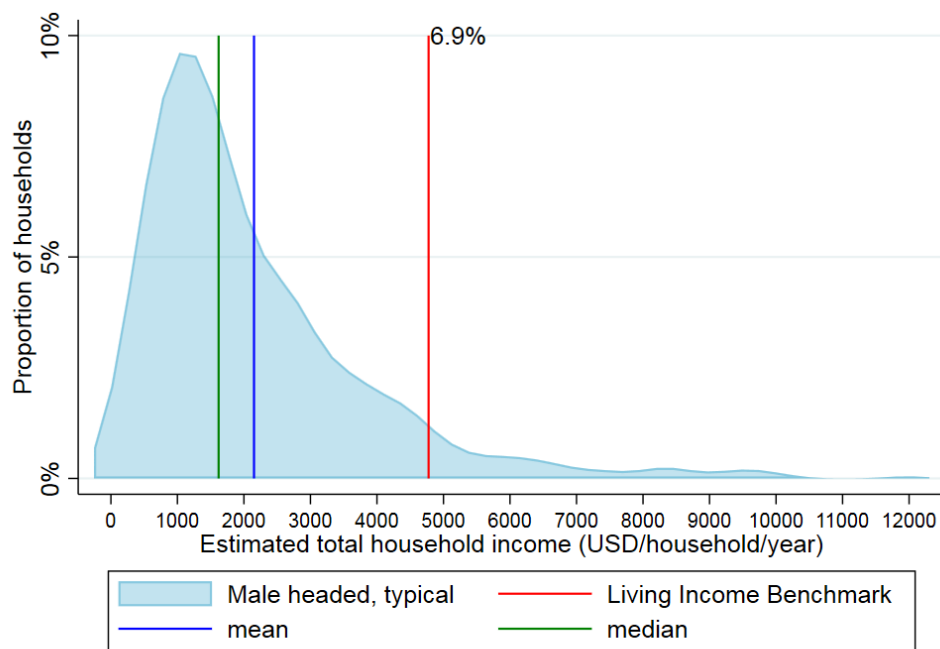


Actual Income Composition

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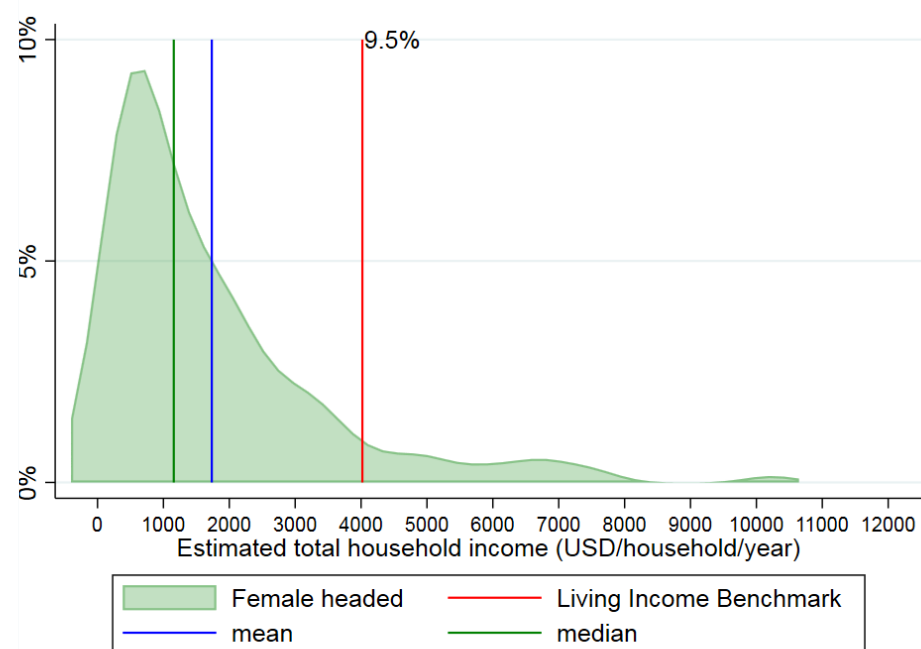


Income Gap Assessments compare farmers actual incomes to the living income benchmark



N = 593

Net HH Incomes, Male Headed Cocoa Households



N = 148

Net HH Incomes, Female Headed Cocoa Households

Where can I find Living Income Benchmarks?

The Living Income Community of Practice

www.living-income.com/living-income-benchmarks
www.living-income.com/reports

LICOP has compiled an easy-to-read **data sheet** with living incomes and living wages according to available references.

GLOBAL LIVING WAGE COALITION

www.globallivingwage.org

Thresholds of living income and reference values available in **26 countries**, with application in **multiple industries**

ALIGN

www.align-tool.com

Website aiming to host information on all **living incomes and living wage benchmarks**

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!