FARMER INCOME LAB

Boosting farmer income: further insights from great cases

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Boosting farmer income: further insights from great cases

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Last year's research into "What works to raise farmer income" left us wondering whether we could learn more from cases of greater, more structural change in farmer income. New research this year took that work a bit further. What we found, and our preliminary insights on what is working and why, have just come out in this Stanford Social Innovation Review (SSIR Online) article, "Boosting Farmer Incomes in Agricultural Supply Chains".

To complement the SSIR article, this article for the Farmer Income Lab describes our approach in greater detail. We also point to the need for additional applied research to fully understand underlying contributory factors and processes that made these programs successful. Such work can help business to make clearer and more strategic choices about how to invest their resources to effectively deploy promising practices intended to raise farmer income in their supply chains.

Customize, Bundle, Connect and Partner: last year's findings

Last year's work highlighted a number of critical insights for business looking to increase incomes in their global supply chains. The research confirmed a key fact that has been debated: it is possible to raise income in a deliberate manner through specific interventions. It also identified and ranked 16 interventions most invested in or considered most effective. This includes interventions such as subsidising inputs, contract farming, cash remittances and access to finance. To rank these interventions we used parameters for how significant, structural and wide-scale their effect on income seemed to be.

Four underlying success factors were identified that contribute to meaningful improvements in income: bundling interventions, tailoring programs to farmers' needs and contexts, developing tighter connections across the supply chain and partner for change.

Even with meaningful increases in incomes, these outcomes remained below the doubling or tripling of income that many farmers need to achieve a living income, and were not equitably distributed. Furthermore, since income was defined in many different ways across programs, it was not possible to conclude if increases were 'net income', nor was it possible to compare them to baseline income levels.

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In search of great cases

Since taking an intervention-based approach had not yielded satisfying insights on 'what works' we decided to approach the question in a more exploratory manner by crowdsourcing cases where high levels of income growth had been achieved. With our team - WUR, Mars, SocialSide, and Oxfam - we tried to deduce what could have contributed to those increases.

It is important to note that this work reflected a rapid desk analysis with interviews with lead implementers. We did not carry out an in-depth - on the ground study of these programs. In order to deliver plausible and relevant insights we developed a structured rigorous process to aggregate, analyse and validate initial insights.

Our first step in ensuring reliability was to crowdsource cases from over 80 highly experienced professionals working on smallholder farmer agriculture. We asked these experienced practitioners "What were the best cases you know of leading to significant improvements in farmer income and systemic changing of barriers preventing income increase?"

Our crowdsourcing approach surprisingly proved to be a tough request; as most people were not confident that their programs/projects would meet the criteria for outstanding examples. Nonetheless, this generated a rich harvest of over 100 cases, which we have published as a separate document on the Farmer Income Lab resource section. d. While cases need individual confirmation of claims, the fact they were highlighted as 'great cases' by well-respected experts makes this list is an excellent place to start for anyone who wants to do case-based research. The Farmer Income Lab hopes to expand on this list. If you send us[5] a brief case description and links to some substantiating evidence we will add continue to build out this list.

What makes the good cases so good?

From the longlist we prioritised those cases with the greatest (claimed) improvements. To our surprise, over 20 cases referred to income improvements of 100% or more, and a number reaching 200+%. Last year's best interventions contributed to 50-100% increases. We were able to investigate nine cases where we had found evidence for the claimed and verified income improvements. Brief interviews on each case, together with reliably validated data, allowed us to understand the cases better.

Structured analysis

We then reflected on each case in a similar manner using two frameworks. The first consisted of ten 'factors of success': a refinement of the four success factors mentioned in last year's report (see figure 1).

Figure 1: Farmer income interventions: success factors
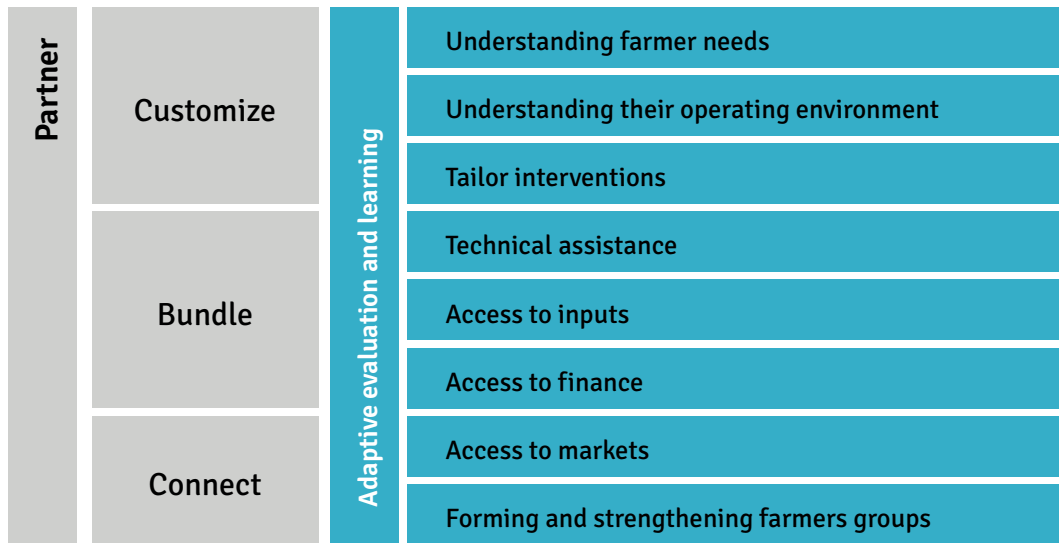
For each case, we considered whether the factors were at play in the case or not. This led to the following table.

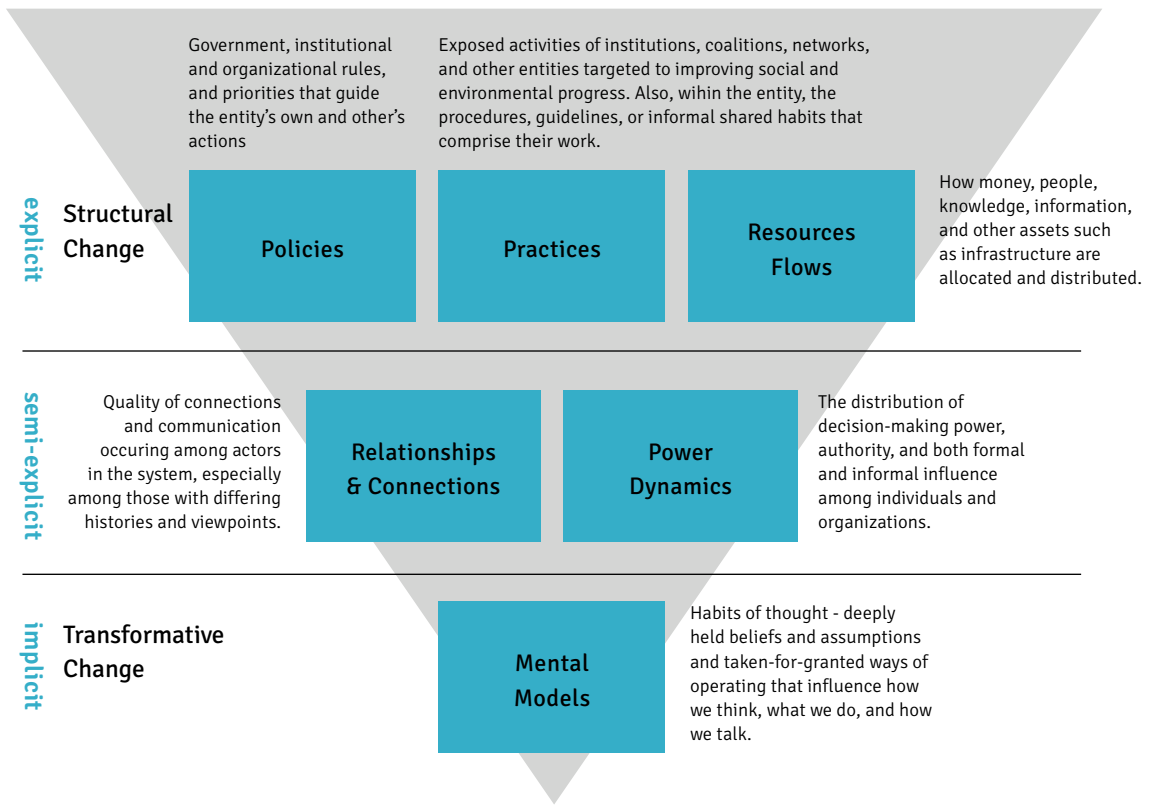Table 1: Presence of intervention success factors in cases

	Adaptive eval, learning	Understand farmer needs	Understand enabling environ- ment	Tailor inter- ventions	Technical assistance	Access to inputs	Access to finance	Access to markets	Forming, strength- ening farmers' groups
Kennemer Foods	■	■	■	■	■	■	■	■	■
Amul Dairy	■	■	■	■	■	■	■	■	■
CARI	■	■	■	■	■	■	■	■	■
NUCAFE	■	■	■	■	■	■	■	■	■
Tony Chocolonely	■	■	■	■	■	■	■	■	■
Mavuno Zaidi	■	■	■		■	■	■	■	■
Project Nurture	■	■	■	■	■	■	■	■	■
EADD		■	■		■	■	■	■	■
Honey Care		■	■	■	■	■	■	■	

Blue = best practice identified; **Unshaded** = unable to determine.

In almost all cases all factors could be identified; clearly, they are essential. However, these factors were also at play in the interventions considered last year, which had far less far-reaching effects. Our conclusion: all the success factors are necessary, but not sufficient, to make a case great.

Last year's work that concluded "To drive truly transformative increases, [it is necessary] to understand and address the systemic barriers farmers face and unique sector and supply chain dynamics at a systems level and the role they play in influencing farmer incomes". We therefore used a second framework to consider systemic change. We used the "6 factors for systemic change" developed by FSG (FSG, 2018. Waters of Systems Change) to see if we could identify more structural factors contributing to the outstanding effects of the cases.

Figure 2: Six Conditions of Systems Change

explicit

Structural Change

Government, institutional and organizational rules, and priorities that guide the entity's own and other's actions

Exposed activities of institutions, coalitions, networks, and other entities targeted to improving social and environmental progress. Also, wihin the entity, the procedures, guidelines, or informal shared habits that comprise their work.

Policies

Practices

Resources Flows

How money, people, knowledge, information, and other assets such as infrastructure are allocated and distributed.

semi-explicit

Quality of connections and communication occuring among actors in the system, especially among those with differing histories and viewpoints.

Relationships & Connections

Power Dynamics

The distribution of decision-making power, authority, and both formal and informal influence among individuals and organizations.

implicit

Transformative Change

Mental Models

Habits of thought - deeply held beliefs and assumptions and taken-for-granted ways of operating that influence how we think, what we do, and how we talk.

- Shifts in system conditions are more likely to be sustained when working at all three levels of change
- Transforming a system is really about transforming relationships between people who make up the system
- Most system theorists agree that mental models are foundational drivers of activity in any system

Source: FSG, 2018. The Water of Systems Change. Kania, J., Kramer, M., Senge, P.

Table 2 shows our initial attempt to map systemic change factors on the cases. Striking here is that systemic change can be seen in many dimensions, except in "Changing policies". Taking a systems approach seems to be essential.

Table 2: Systemic change factors mapped to cases

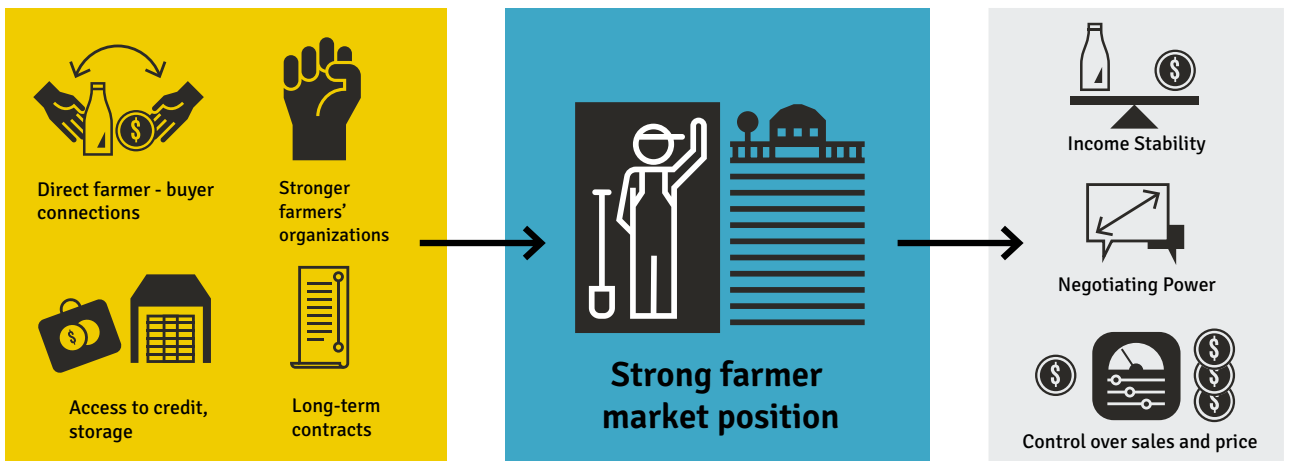|	Changes in beliefs, assumptions	Changes in relationships, connections	Changes in power dynamics	Changes in government policy	Changes in standard practice	Changes in resource flows
Kennemer Foods	Yellow	Yellow	Blue	Yellow	Yellow	Yellow
Amul Dairy		Blue	Blue	Blue	Blue	Blue
CARI	Yellow	Yellow		Yellow	Yellow	Yellow
NUCAFE	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow
Tony Chocolonely	Yellow	Blue	Blue		Blue	Blue
Mavuno Zaidi	Blue	Blue	Blue		Blue	Blue
Project Nurture	Blue	Blue	Blue		Blue	Blue
EADD		Blue	Blue			Blue
Honey Care	Blue	Blue	Blue	Yellow		Blue

Yellow = supply chain level systems change; **Blue** = sector level systems change;
Unshaded = unable to determine based on documentation. This assessment is based on a rapid review of existing documentation and more in-depth review would be necessary to validate it.

Digging deeper
for greater value

Our analysis pointed to three patterns we think we see across the cases (the SSIR article spells this out in detail). The most important thing is that the most successful cases are farmer-based business approaches, not projects or interventions. These models seek to ensure that farmers' needs , desires and interest are a primary focus in any program design. The initial insights we gathered from our rapid case analysis were:
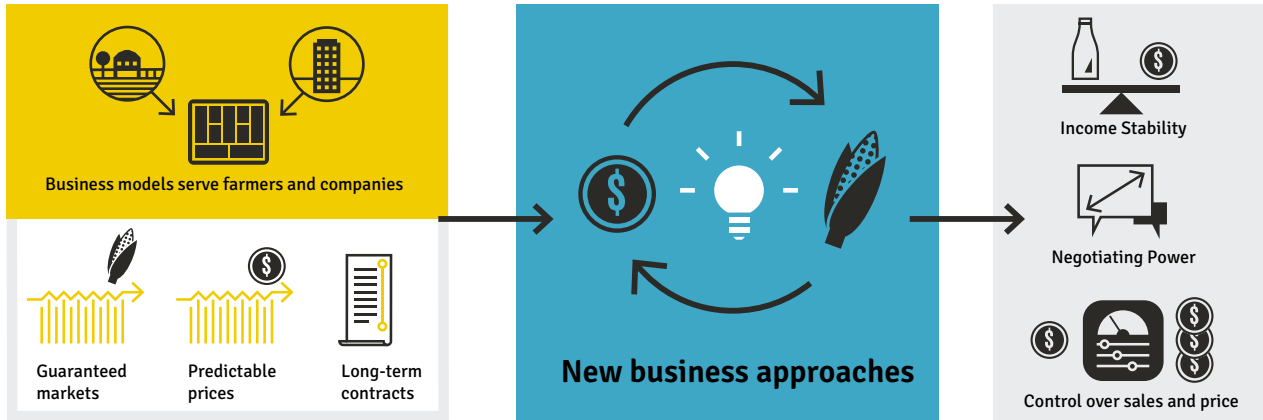
1. Greatly strengthening farmer market position

The cases reviewed offered farmers greater stability, negotiating power, and choice so they have greater control over when and where to sell, and for what prices. This goes well beyond typical focus on improving farmers' productivity.

Direct farmer - buyer connections

Stronger farmers' organizations

Access to credit, storage

Long-term contracts

Strong farmer market position

Income Stability

Negotiating Power
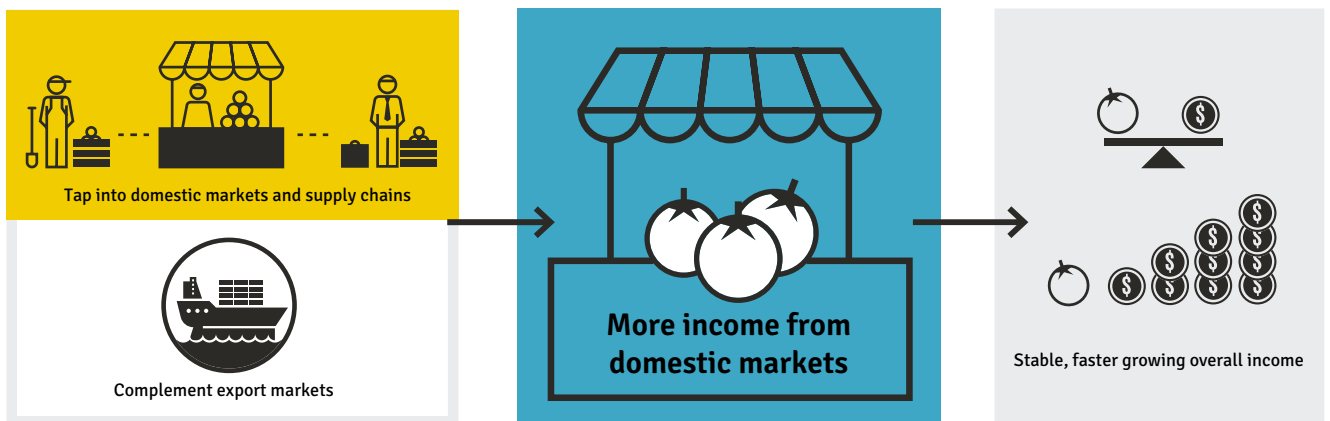
Control over sales and price

2. Businesses playing an important role, but not through business as usual

Six of the nine cases reviewed are business-driven, the remaining three catalyze and support new business approaches. This suggests that companies can have a serious, positive impact on farmer incomes, if they design and manage their business models to serve farmers' interests as well as their own.

Business models serve farmers and companies

Guaranteed markets

Predictable prices

Long-term contracts

New business approaches

Income Stability

Negotiating Power

Control over sales and price

3. Tapping into growing domestic markets

Conventional wisdom among global companies suggests that to earn more money, smallholder farmers should tap into export markets. Yet many domestic agricultural markets are less demanding, larger, and growing faster. Most cases emphasized some degree of selling into domestic supply chains.

Tap into domestic markets and supply chains

Complement export markets

More income from domestic markets

Stable, faster growing overall income

These ideas have possible implications for business when developing their sourcing and partnership strategies. We hope our work can be a launching pad for additional applied research and case-based learning, and invite anyone interested in following up to get in touch.

Confirming preliminary insights on success factors

A much better understanding of the intricacies of each case can confirm or present more relevant explanations for why these cases had such meaningful increases in smallholder farmer income. By unpacking insights into the policies, partnerships, practices and people this would likely provide convincing evidence that could influence business decisions – for those who choose to act on such findings.

Implementing insights in poverty hotspots

A key question going forward will be where business should test and try to replicate the insights gained from this analysis. The Farmer Income Lab recently conducted the first phase of a global poverty hotspot analysis that identified places of intersection between global agriculture supply chains and farmers living in poverty. Our work focused on income improvements in general. Most of the income data referred to crop income, not to household income. We therefore could not say anything about effect on household poverty. We also did not dive deep into demographics of whose income was improved (those in extreme poverty or those who are above the WB poverty line). For the future, we need to validate our data who benefited and who did not. We then need to connect insights on income with broader poverty eradication strategies, to strengthen business ability to program for greatest impact and where they may need to leverage and influence other actors to collectively address the system.

Evidence Informed Practice: applied research opportunities.

As global businesses, like those linked to the Farmer Income Lab, look to drive meaningful improvement in incomes, it will be critical to learn effectively from promising practices. This implies solidly understanding What Works and why. It also implies targeting systemic change, often through aligned action between multiple actors in a particular context. There is evidence that new initiatives can and do work. Aligned action coupled with shared accountability and investment will be key to scale the insights and learning, to secure supply for business and allow farmers to control their own means of earning a decent income for themselves, and those they care for.

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