



Report

Living Income Benchmark for rural Togo, focusing on coffee-producing households in the Wawa prefecture

by NewForesight

in collaboration and coordination with the Comité de Coordination des Filières Café Cacao (CCFCC) and the Inter-African Coffee Organization (IACO)

commissioned by the International Coffee Organization (ICO) and its Coffee Public-Private Task Force (CPPTF) as part of the Task Force Roadmap 2020-2030

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The Living Income benchmarking methodology for this study is recognized by **IDH, the Sustainable Trade Initiative**, and the methodology can be used in organizations' work with **B Corp's** standards



Foreword

This report was authored by NewForesight. NewForesight is a strategy consultancy specializing in sustainability and market transformation. NewForesight seeks to drive innovation in the field of sustainability. Over the past years, we have worked with companies, sector initiatives and platforms, standards organizations, governments, donors, and investors to push the decent work agenda, through our work measuring wage gaps, developing wage improvement strategies to close the gaps, convening the stakeholders required, and developing practical tools for partners to make it actionable closing the wage gap.

At NewForesight we believe that today's deep-rooted sustainability issues can only be solved with **market-driven solutions**. To create change that lasts, sustainability needs to be an integrated part of sourcing and the entire supply chain. But for this to happen, one needs to thoroughly understand the business case for companies. At NewForesight we do precisely that: We understand not just the sustainability issues on the ground, but also how it impacts and is impacted by supply chains and markets. We understand the intricacies of supply chains and the inherent differences across market segments. We have a deep understanding of the market dynamics and develop solutions that fit within the economic reality and competitive nature of companies.

To further the work of our clients and partners in the field of Living Income and Living Wages we have developed a **benchmark methodology** to aid the development and spread of available Living Income and wage benchmarks. Our hope is that this will, in turn, provide even greater visibility of the current income and wage gaps, and support continuous improvement towards closure of the gaps.

The Living Income Benchmarking methodology for this study is recognized by **IDH, the Sustainable Trade Initiative**, and the methodology can be used in organizations' work with **B Corp's** standards.

This report was developed by NewForesight (Shweta Mazire, Angie López, Andres Ayon, Joost Backer), with support from Comité de Coordination des Filières Café Cacao (CCFCC) and the Inter-African Coffee Organization (IACO). For any inquiries on the report, reach out to Daniel Viviers-Rasmussen at Daniel.Viviers-Rasmussen@newforesight.com. This report was commissioned by the International Coffee Organization and its Coffee Public-Private Task Force, as part of the Roadmap 2020-2030.





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Living Wage
For more detail of Living Wage click [here](#)





Introduction | ICO Coffee Public-Private Task Force



This Living Income Benchmark report was commissioned by the International Coffee Organization (ICO) Coffee Public-Private Task Force (CPPTF), and specifically its Living-Prosperous Income Workstream, to conduct living income benchmarking studies in several ICO Member Countries.

These studies are a unique example of joint action by coffee companies and governments alike, and are supported through collaboration with leading regional platforms. In line with the Task Force Roadmap 2020-2030, members of the ICO Coffee Public-Private Task Force (CPPTF) have committed to jointly implementing activities to close the living income gap to reach prosperity for target producers in at least 50% of the ICO Member coffee-producing countries by 2030. To that end, the Roadmap foresees establishing living income benchmarks in 80% of ICO Member producing countries by 2025.

Therefore, the Living Income Benchmark studies are designed to support the governments of the target coffee-producing countries to better identify the most effective strategies and activities to improve prosperity of their coffee sector. The studies will inform investment plans, developed in collaboration with private sector and civil society stakeholders, to advance a prosperous coffee sector for all actors. Ultimately, the studies form an essential step in reaching a sustainable and prosperous future for coffee producers and the sector as a whole.

Throughout the process, NewForesight has closely collaborated with the Comité de Coordination des Filières Café Cacao (CCFCC) in Togo, the Inter-African Coffee Organization (IACO) and regional experts. The results of this study will be an important input for future investments in the long-term prosperity of the coffee sector in Togo.

July, 2023





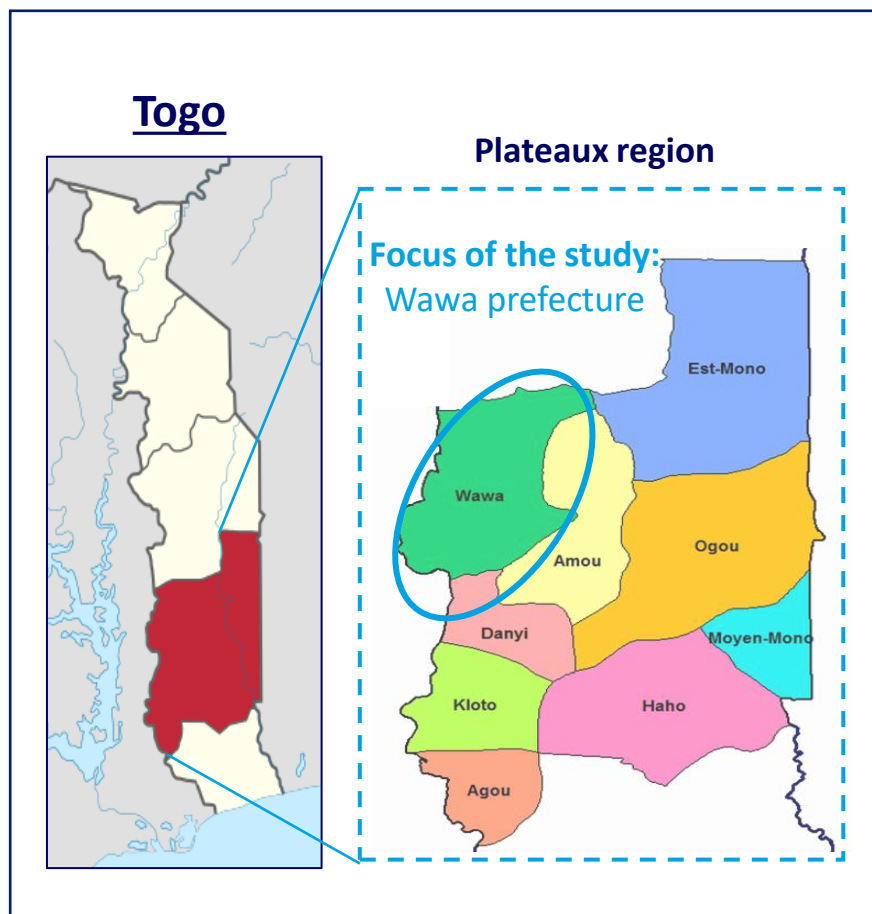
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Context | This study estimates the Living Income in rural areas in the Wawa prefecture of the key coffee-producing regions in Togo

Geographical focus and socio-economic context



Geographical focus and socioeconomic context

Togo is a low-income country located on the west coast of Africa. Around 70% of land in Togo is dedicated to agriculture¹, employing more than half of Togo's working population². Although Togo is not one of the largest coffee-producing countries in the world, coffee is an important commodity for Togo's economy, constituting 10% of its exports³. In 2021 coffee export recorded a significant drop from the previous year which adds to the struggles of producers and hence is seen as a matter of concern by the Coordination Committee for Cocoa and Coffee (CCFCC)³.

Approximately 57% of the Togolese population lives in rural areas⁴ and despite a decrease in the poverty rate from 61.7% in 2006 to 53.5% in 2017, poverty and inequality continue to be major issues in the country⁵. In rural regions, 69% of households were classified as living below the poverty threshold in 2015⁵.

The Plateaux region is Togo's largest area and is often known as the agricultural lungs of the country. It has a notable reputation for cultivating cash crops, with the mountainous western area being primarily devoted to coffee and cocoa cultivation⁶. Nearly 40,000 hectares of land in this region are dedicated to coffee cultivation, with Wawa prefecture accounting for 45% of this total⁶. Coffee farming dominates most of the Wawa's agricultural land, yielding an average of around 560 kg per hectare, followed by maize and other cereals⁶. This study targets coffee-growing communities in Wawa prefecture and the food prices collected represent local markets in Zogbegan, Akébou, and Badou which are frequented by the surveyed households.



Executive summary | The Living Income benchmark for rural Togo in April 2023 is CFA 247,621 per month

Living Income benchmark results



2 adults
3.7 children
1.6 earners

Reference household size
Rural Togo

The benchmark outlines the cost of a decent standard of living for a reference household size of 2 adults and 3.7 children residing in the rural Zogbegan, Otandjobo, N'Tarre Kope, Todome, Zomenou, Adossou villages in the Wawa prefecture of Togo in April 2023. The benchmark is applicable for the reference household size defined based on the latest household size, fertility rate, and under-five child mortality data available for Togo in the Global Data Lab database¹.

The cost of a decent standard of living is determined by quantifying the costs of four main items:



Food: costs of a low-cost and nutritious diet accounting for local food availability and preferences.



Housing: costs of owning or renting a house and paying utility costs that meet a standard for local decent housing



Non-Food, Non-Housing (NFNH): costs of other essential needs including education, healthcare, transportation, or clothing.



Margin for unexpected events: cost to account for potential unexpected events for the households (e.g. emergencies)

To afford a decent standard of living, a reference household of **2 adults and 3.7 children** will need a **Living Income of CFA 247,621 (USD 411) per month**. For workers, the gross Living Wage for a full-time worker is CFA 164,026 (USD 272), given that the average number of full-time workers in the household is 1.6* (for more details on Living Wage see page 25).

Cost category	Share	Cost per month	
		CFA	USD**
Food	53%	132,072	219
Housing	9%	22,235	37
Non-food, Non-housing	33%	81,523	135
Margin for unexpected events	5%	11,791	20

Living Income benchmark

CFA 247,621 / month
USD 411 / month

For the entire reference household

Note: Total costs and percentages are rounded up to the nearest whole number.

* The total full-time workers in the reference household is rounded up to the nearest whole number. The exact value corresponds to 1.57300

**Exchange rate of 602.888 CFA (April of 2023). Source: <https://www.oanda.com/currency-converter>

1. https://globaldatalab.org/areadata/hhsize/?levels=1%2B2%2B3%2B5%2B4&interpolation=1&extrapolation=1&extrapolation_years=3&nearest_real=0



Income Ladder| The Living Income benchmark is considerably higher than references of minimum income required to fulfill basic needs in Togo

Poverty lines

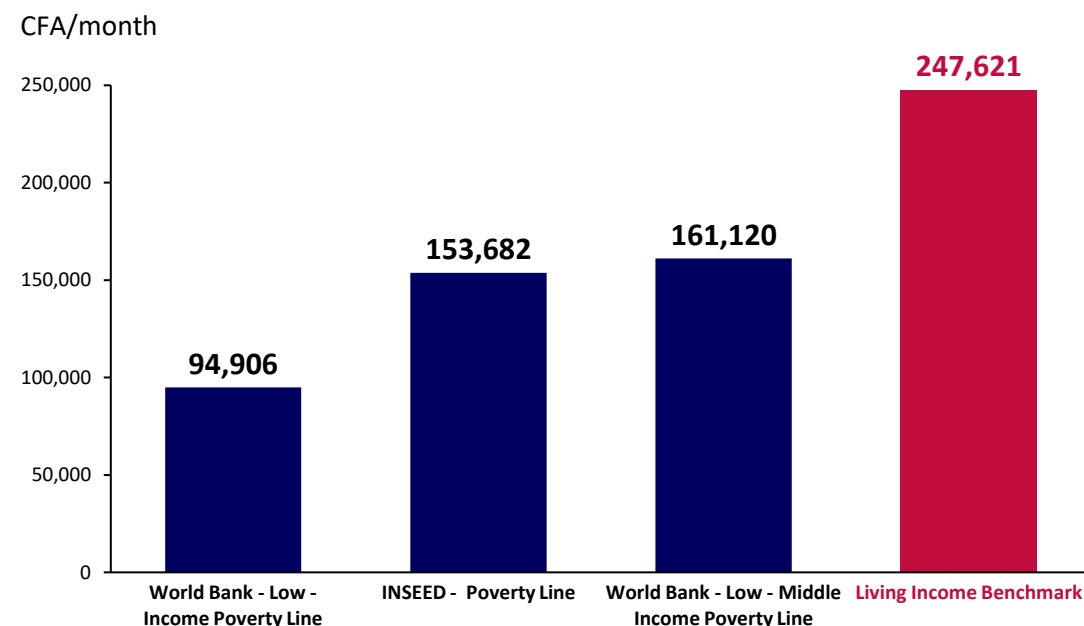
The Poverty Lines were standardized as a monthly income for a reference household of 5.7 people. These lines are then adjusted to account for inflation and purchasing power parity (PPPs)¹, ensuring their comparability with the Living Income benchmark established in this study. The Living Income benchmark surpasses national and international estimated Poverty Lines. This illustrates that the Poverty Lines are insufficient if compared with the income needed for maintaining a decent standard of life in the Wawa prefecture of Togo.

The latest Global Poverty Lines published by the World Bank correspond to USD 2.15 per person per day for low-income countries and USD 3.65 for low-middle-income ones, which are estimated based on 2022 prices and the purchasing power parity (PPPs) of 2017².

The latest national Poverty Line estimation was based on the Harmonized Household Living Conditions Survey (EHCVM) 2018-2019 and was published by the National Institute of Statistics and Economic Studies (INSEED) of Togo. The survey considered a total population of 7,635,896 inhabitants³.

Note: Variations in adult equivalent consumption units may exist among the benchmarks on the income ladder, although comprehensive underlying assumptions for all benchmarks are not accessible. Nonetheless, these discrepancies should not impact the primary findings, and the relative scale still provides a meaningful representation of the divergence.

Income ladder of a reference household of 5.7 people in Togo, 2023



An exchange rate of 1,079 CFA (16th of April of 2023) was used for the estimation.
Source: <https://www.oanda.com/currency-converter>





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Living Income concept | A 'Living Income' enables a household at a specific location to afford a decent standard of living, and forms a steppingstone towards a prosperous income

What is a Living Income?

According to the Living Income Community of Practice (LICOP) definition, a Living Income is the net annual income required for a household in a particular place to afford a decent standard of living for all members of that household.



How does a Living Income differ from other income concepts:

In reality, a Living Income is higher than the national or international (extreme) poverty line in most cases (see image on the left). By reaching a Living Income, Sustainable Development Goal 1 'End poverty in all its forms everywhere' is also fulfilled.

A Living Income is a steppingstone towards a prosperous income, in which a household can thrive and flourish economically, socially, and health-wise.

A Living Income is not the same as a Minimum Wage. Whereas a Minimum Wage constitutes the lowest wage in a country permitted by law or by a special agreement, a Living Income:

- Refers to an 'income' (earned by a household on a yearly basis), and not a 'Wage' (earned by an individual worker on an hourly or monthly basis)
- Is solely calculated on decent living standards, whereas the estimation of the Minimum Wage does not always fully consider these standards; instead, it considers other factors such as the country's economic and labor conditions.
- Can therefore be equal to, higher than, or lower than, a Minimum Wage.

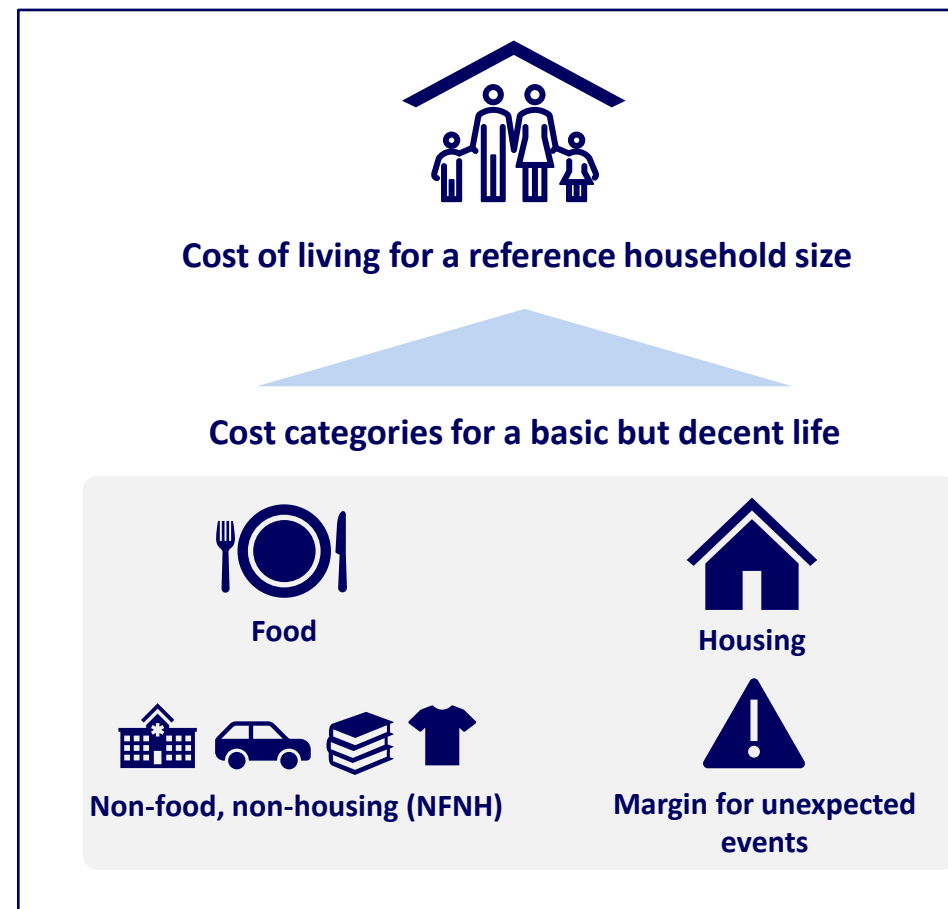
Living Income benchmark | Establishing a benchmark for Living Income helps to quantify the income any household should earn to make a decent living

A Living Income benchmark is an estimate of the cost of a basic and decent standard of living for a household. The benchmark is always time- and place-specific, depending on the cost of living and household reference size of a region or sector in a specific country, at a specific point in time.

The cost of a decent standard of living is determined by quantifying the costs of four main items:

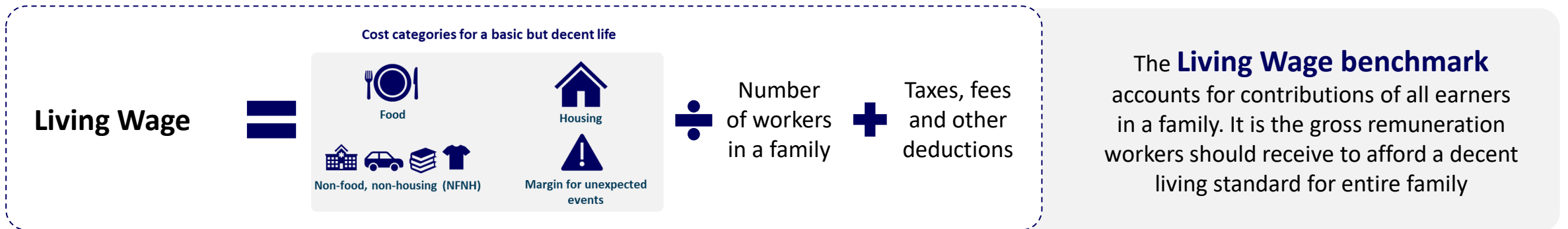
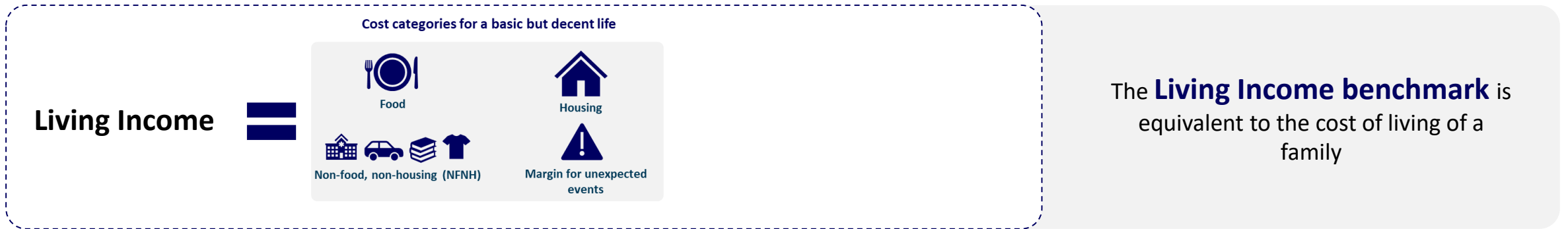
- **Cost of food:** this is estimated for a low-cost and nutritious diet accounting for local food availability and preferences.
- **Cost of housing:** this includes the costs of owning or renting a house and paying utility costs that meets a standard for local decent housing
- **Non-Food, Non-Housing (NFNH):** : this includes other essential needs including education, healthcare, transportation, or clothing.
- **Margin for unexpected events:** this includes a cost to account for potential unexpected events for the households (e.g. emergencies)

The costs of these items are multiplied by the number of persons in a household, and their respective needs. This accounts for the fact that larger households generally incur higher costs than smaller households.



Living Wage concept | A Living Wage is the gross remuneration that a full-time worker should receive to afford a decent living standard for them and their family

Living Income vs Living Wage



Closing the Living Income gap | Determining the Living Income Benchmark is a key phase in the journey toward closing the Living Income gap for coffee producing households

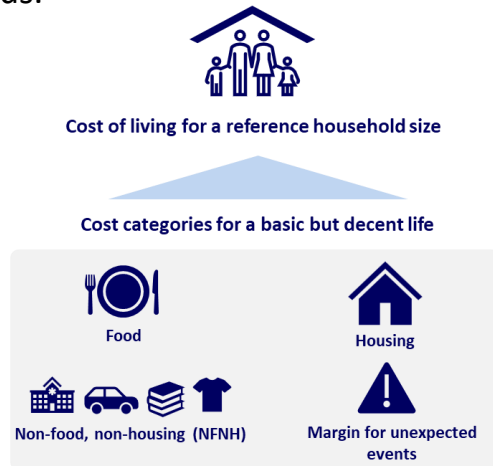
Journey towards closing the Living Income gap

Focus of this report

Future actions

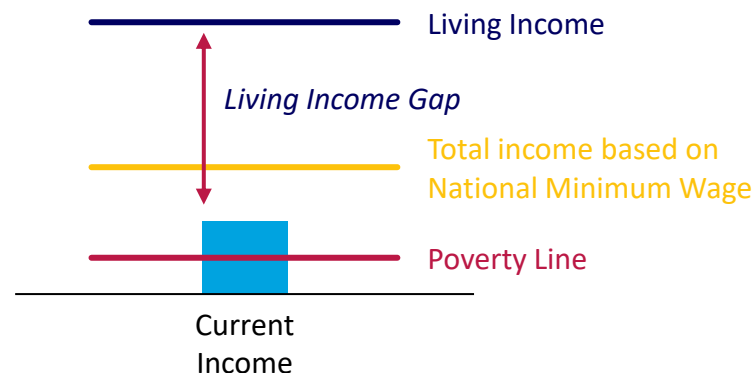
1 Determine the Living Income Benchmark

By determining, understanding, and agreeing on a Living Income Benchmark, coffee stakeholders reach a common target to work towards.



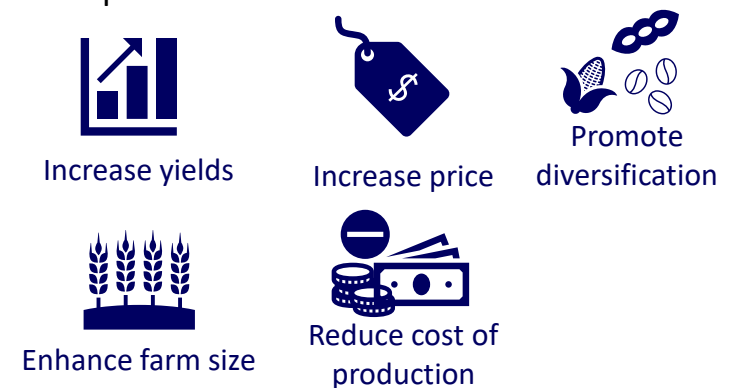
2 Determine the Living Income Gap

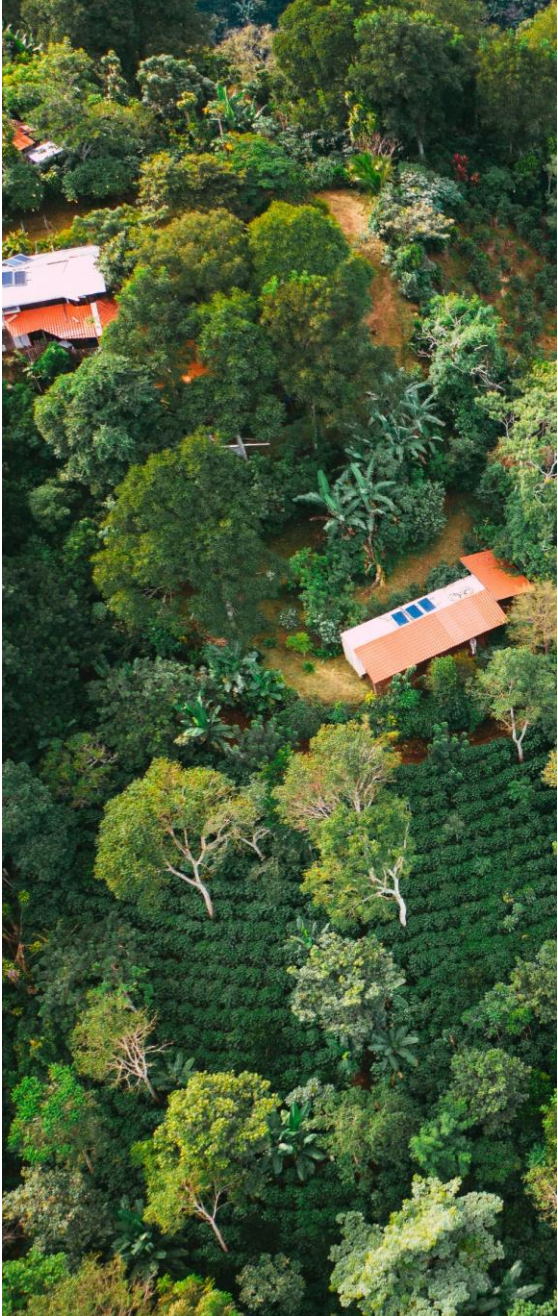
By measuring the gap between a Living Income benchmark and current incomes, coffee stakeholders know by what level incomes need to increase to reach a Living Income.



3 Take action to close the Living Income gap

By determining interventions at farm-, supply-chain- and sector-level, coffee stakeholders can take collective action to increase current incomes and reach a Living Income – thereby paving the way towards a Prosperous Income.





Living Income Report – Rural Wawa prefectura, Togo

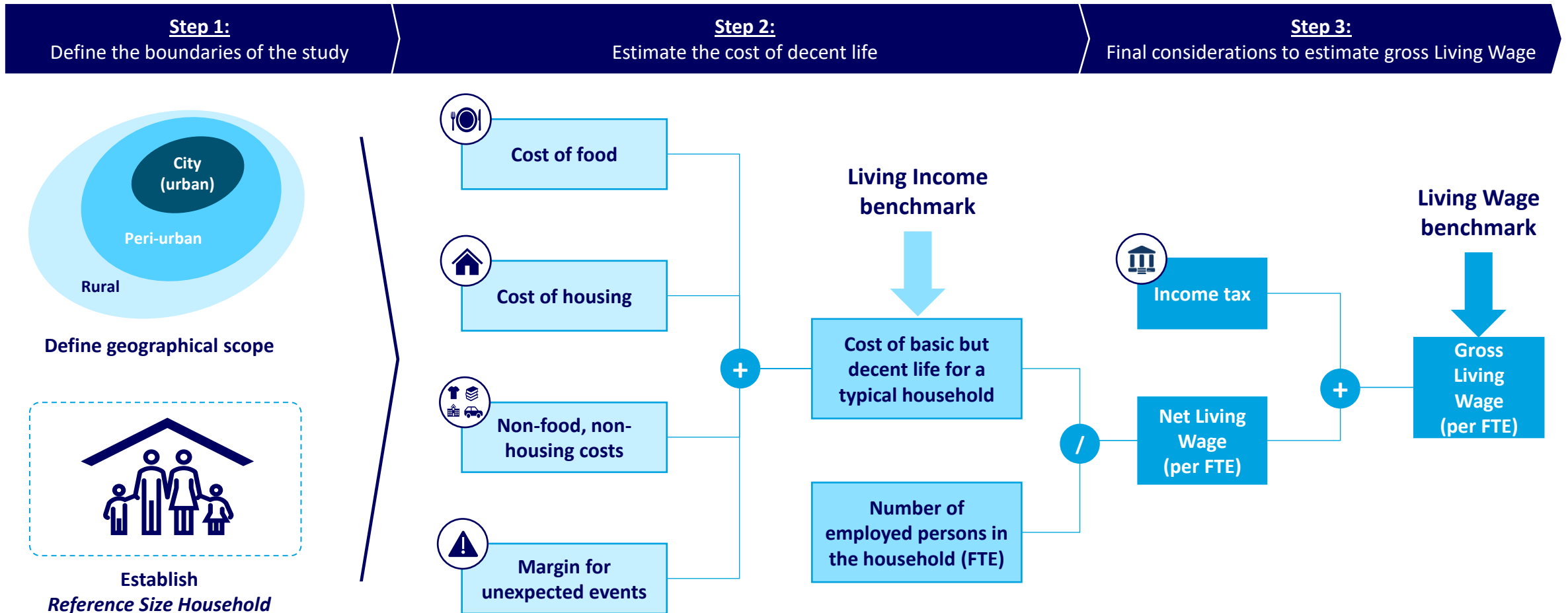
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Living Income methodology | The 3-step methodology to estimate the Living Income benchmark relies on both primary and secondary data

The NewForesight Living Income benchmark Methodology



Living Income methodology | Overview of the most relevant data sources used to estimate the Living Income benchmark

Data sources






LEGEND

PRIMARY DATA

SECONDARY DATA

INTERVIEW

ASSUMPTION

 <p>Reference size household</p>	<p>Household size, fertility rate, child mortality, disaggregated by urban vs rural and sub-region [secondary data from the Global Data labs]</p> <p>Number of workers: LFPR, unemployment rate, part-time employment rate [Secondary data via ILOSTAT database]</p>
 <p>Cost of food</p>	<p>Nutritious food items for local model diet [local nutrition expert]</p> <p>Local Food Price Survey: Local food prices [local consultant at food venues]</p> <p>Nutritional values of food items: % protein, % fat, % carbohydrates, and percentage of edible part [FAO and USDA]</p>
 <p>Cost of housing</p>	<p>Local standard of decent housing [<i>following Anker Methodology</i>]</p> <p>Local housing conditions & rent levels [secondary data via available national sources]</p> <p>Cost of living survey: Cost of decent housing & utilities [local consultant at households]</p>
 <p>Non-food, non-housing costs</p>	<p>Share of household expenditure [secondary data from International Monetary Fund (IMF) global database or country-specific data from national sources]</p> <p>Cost of living survey: NFNH questions [local consultant either in person or via phone] for cross-checks</p>
 <p>Margin for unexpected events</p>	<p>An additional 5% of the total of the other three categories to account for unexpected events</p>

- Primary data always collected on site, for the **relevant geographic area of the study**.
- Secondary data are also used to estimate Living Income benchmark

Please refer to the **Annex** for a detailed description of the methodology





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Results summary | The Living Income benchmark for rural Togo in April 2023 is CFA 247,621 per month

Household size - Rural Togo



2 adults
3.7 children
1.6 earners

Reference household size
Wawa prefecture

The **reference household size of 5.7 persons (2 adults, 3.7 children)** is used in this report, based on the latest available information on the house size in the rural regions of Togo (4.6 people) and in particular in the Wawa prefecture, as well as total fertility rate (TFR), and under-five child mortality (U5CM) available in the Global Data Lab from the Radboud University¹. The number of earners considers the labor force participation rate (LFPR), unemployment rate (U), and part-time employment rate and/or hours of work (PT) available in ILOSTAT.

To afford a decent standard of living, the reference household in **Wawa prefecture (Zogbegan, Otandjobo, N'Tarre Kope, Todome, Zomenou, Adossou villages)** will need a **Living Income of CFA 247,621 (USD 411) per month**.

Cost category	Cost [CFA/month]	Cost* [USD/month]	Results
Food	132,072	219	The model diet is calculated based on a target of an average of 2,355 calories per person per day for the reference family. 41% of the calorie intake comes from grains and prepared cereals, followed by 18% from high-quality protein sources.
Housing	22,235	37	Most of the interviewed households have walls made of soil and cement, sheet metal roofs, concrete and stone floors, communal boreholes for drinkable water, and decent independent toilets. Costs associated with electricity are related to the fees of connection to the national grid and the use of alternative fuels to provide adequate lighting. All of the households have cooking facilities and use firewood as their preferred cooking fuel source.
Non-Food, Non-Housing (NFNH)	81,523	135	The NFNH ratio is 0.62 and the main monthly expenses for essential needs are health (visit costs and medicines) with 16% of the total, clothing (15%), transportation representing 12%, and education with 8%.
Margin unexpected events	11,791	20	Margin enables households to set money aside and cater for unexpected occurrences such as death, accidents, or illness.

Note: Total costs are rounded up to the nearest whole number.

*Exchange rate of 602.888 CFA (April of 2023). Source: <https://www.oanda.com/currency-converter>

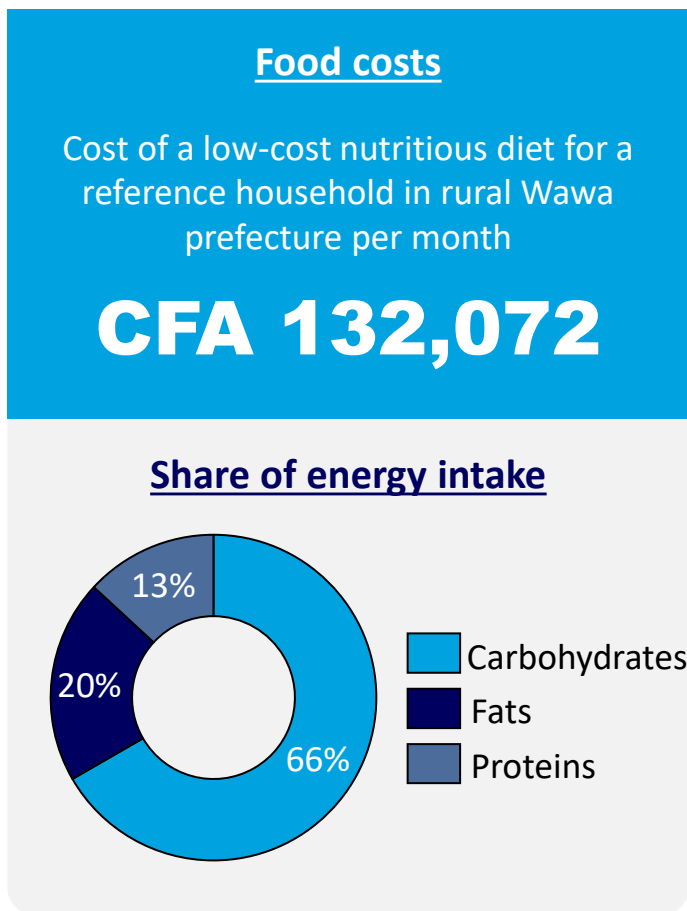
1. https://globaldatalab.org/areadata/hhsize/?levels=1%2B2%2B3%2B5%2B4&interpolation=1&extrapolation=1&extrapolation_years=3&nearest_real=0



Results | Food costs for rural Wawa prefecture in Togo are on average CFA 132,072 per month

Breakdown of food costs

Please refer to the [Annex page 30](#) for a detailed description of the methodology



Discussion of the results

Food costs were estimated by first developing a low-cost nutritious model diet consistent with the recommendations of a local nutrition expert regarding local food preferences, availability, and relative local food prices. Then the costs were calculated by surveying local markets where surveyed households usually shop. **The food cost of the model diet in Wawa prefecture for April 2023 is CFA 132,072 per month.** This is the cost required for a low-cost nutritious diet for a typical family of 2 adults and 3.7 children. The model diet is calculated based on a target of an average of 2,355 calories per person per day for the reference family of 5.7 members. The share of energy intake from macro-nutrients is in line with WHO/FAO recommendations, with 66% of energy derived from carbohydrates, 20% derived from fats, and 13% from proteins.

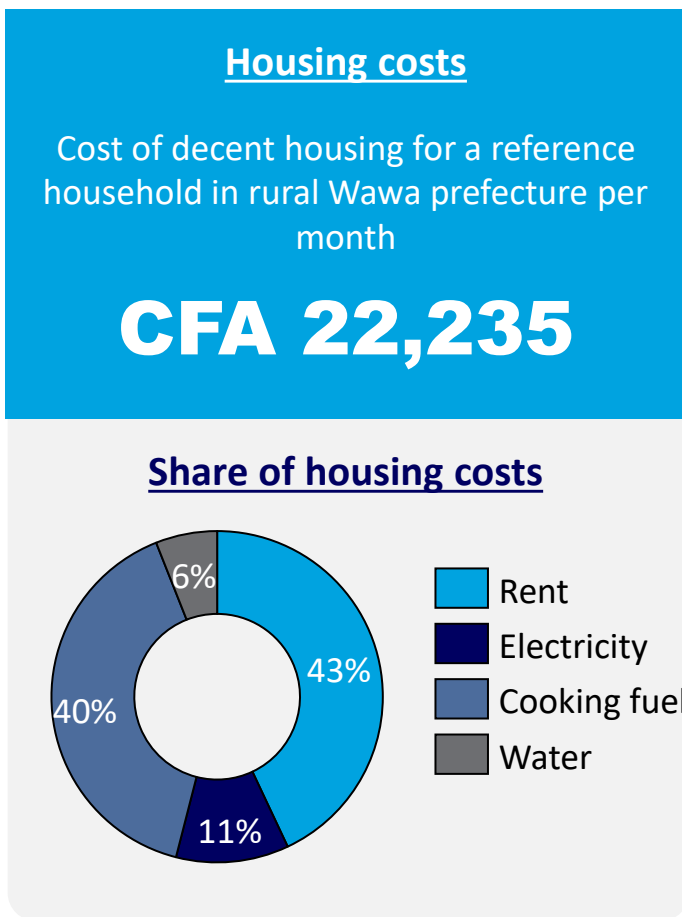
Overall, the model diet includes (see [page 32](#) for the detailed list of food items):

- Grains and prepared cereals such as maize and bread, which on average provide approximately 41% of the daily calorie intake, as is popular and generally less expensive than rice.
- High quantities of cassava and plantain as they are a staple within coffee-growing communities and because they are healthy food items that provide a fair amount of calories.
- Diverse protein sources should be included in the model diet to achieve WHO/FAO recommendations of more than 10% of calories from proteins. On average, high-quality protein sources (legumes and animal-based) provide 18% of the total calorie intake in the model diet. An average of 168 grams of legumes per day and 32 grams of fish or meat per day (pork and small dry fish) is required.
- An average of 400 grams of vegetables and fruits, considering what was available in the season when we carried out the primary data collection (April 2023).

Results | Housing costs for rural Wawa prefecture in Togo are on average CFA 22,235 per month

Breakdown of housing costs (1/2)

Please refer to the [Annex page 33](#) for a detailed description of the methodology



Discussion of the results

The housing cost for rural communities in the Wawa prefecture of Togo for April 2023 is CFA 22,235 per month. This is the cost required to live in a house that meets local decency standards for a typical family of 2 adults and 3.7 children. Housing costs include the cost of dwellings (rent equivalent value) and costs of essential services such as water, electricity, and fuel:

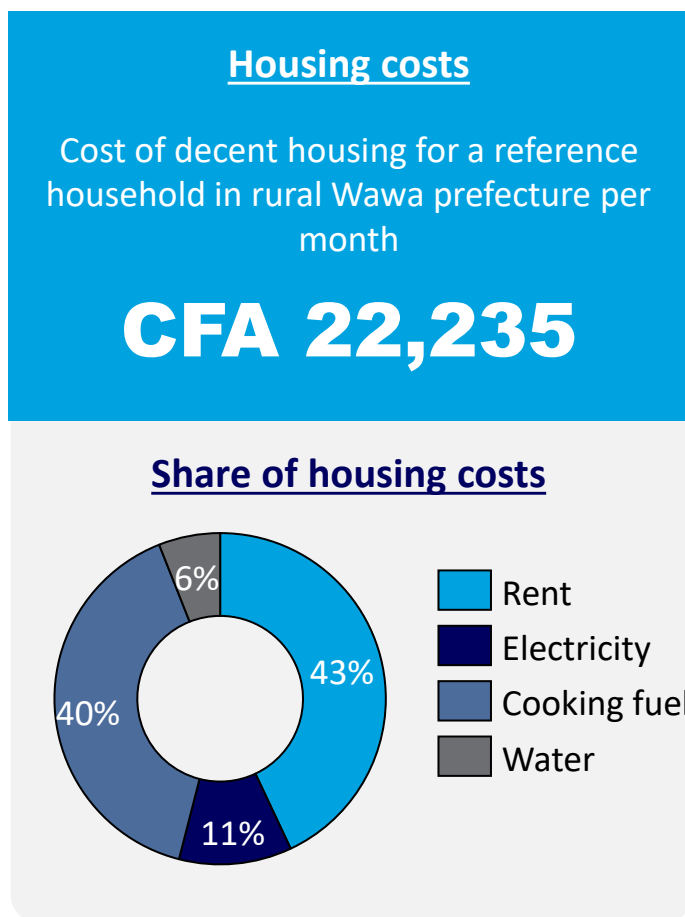
- The housing costs constitute 8% of the Living Income benchmark. As per the national and regional Consumer Price Index (CPI) weights, expenditure on these categories was 7.4% (2015 data) and 11.6% (2006 data) respectively¹.
- Permanent walls made of bricks, cement, or stone are considered decent based on international standards. However, the minimum local decency level can change between different countries and regions (urban vs rural) based on, for example, the level of development of the country. According to the Annual Statistical Survey¹ of the Plateaux region, 63% of the households have walls made of rammed earth or unbaked bricks. According to the Annual Statistical Survey of Plateaux region¹, the majority (63%) of households have walls made of rammed earth or unbaked bricks. Thus, the houses with walls made of soil and cement were accepted as decent by local standards, which constituted the majority of the houses surveyed in the current study. Houses with walls made of mud bricks without cement were not considered decent and hence were excluded from the analysis. All the surveyed households have durable roofs and floors. Sheet metal is the most common material used for roofing and it is accepted as decent. For the floor, concrete and stone flooring are considered decent.



Results | Housing costs for rural Wawa prefecture in Togo are on average CFA 22,235 per month

Breakdown of housing costs (2/2)

Please refer to the [Annex page 33](#) for a detailed description of the methodology



Discussion of the results

- In the current Living Income benchmark study, the decent criteria were to have a safe toilet in or near the house with the constructed floor slab, so open toilets and public toilets shared with the whole village were not considered decent. Of the total households surveyed, 73% have decent toilets.
- According to the Annual National Statistics¹, 25% of rural households in Togo had boreholes in 2015. In the current study, boreholes for drinking and river water for non-drinking purposes were accepted as decent. 34% of households surveyed use water from communal boreholes.
- The Annual Statistics survey for Plateaux region² showed that in 2017 36% of households in the region were using electricity as their main source of lighting. Connection to the grid might not be available, so access to alternative fuels to provide adequate lighting was considered decent in the current study. Nearly 50% of households surveyed have access to grid electricity, and others use flashlights and solar panels for lighting.
- The Annual Statistics survey for Plateaux region² showed that firewood and coal are the preferred sources of cooking fuel in the region. The heavy dependence on wood and charcoal is driven by the availability of woody traditional forests due to the climatic conditions³. However, deforestation, population growth, and the transport of wood to cities and towns have led to higher costs⁴. Besides, higher levels of expenditure-based and multidimensional energy poverty in rural Togo signifies that these households are less able to afford modern energy sources and have to bear the opportunity costs associated with traditional biomass³. Cooking outside or inside with adequate ventilation was considered decent in the current study. All the households surveyed have adequate cooking facilities and use firewood as their preferred cooking fuel source.



1. INSEED (2021). *Annuaire Statistique National 2014-2019*


2. INSEED (2020). *Annuaire Statistique 2019 de la region des Plateaux*

3. [Energy poverty in rural West Africa and its determinants: Evidence from Senegal and Togo](#)

4. Insights provided by the regional and coffee sector expert

Results | NFNH costs for rural Wawa prefecture in Togo are on average CFA 81,523 per month

Breakdown of Non-Food Non-Housing (NFNH) costs

Please refer to the [Annex page 35](#) for a detailed description of the methodology 

Non-food, Non-housing costs
 Cost for essential needs for a reference household in rural Wawa prefecture per month

CFA 81,523

CPI Cost Category ¹	Weight	NFNH-Food Ratio
Food	53%	0.62
NFNH (see categories below)	33%	
NFNH category	NFNH % share	CFA/month
Education	8%	6,195
Health	16%	12,885
Transport	12%	9,664
Clothing	15%	12,389
Communication	4%	2,973
Other*	46%	37,416

Note: Total costs and percentages are rounded up to the nearest whole number.
 *(i)Furnishings, household equipment, and household maintenance, (ii) Recreation and culture, (iii) Restaurants and hotels, and (iv) Miscellaneous goods and services

Discussion of the results

The NFNH cost for rural communities in the Wawa prefecture of Togo for April 2023 is CFA 81,523 per month. This is the cost required to cover all the household expenses for essential needs other than food and housing for a typical family of 2 adults and 3.7 children. Expenditures related to Alcoholic Beverages, Tobacco, and Narcotics are excluded as these items are not part of what has constituted a decent standard of living.

The NFNH costs are based on the NFNH-to-Food ratio, the estimated food costs for the reference family, and post-checks of the survey results of healthcare, education, and transportation costs with secondary data (see [here](#)). The secondary data corresponds to the average share of rural household expenditures the in the Plateaux region was gathered from a publicly available statistical study by the National Institute for Statistics, Economic and Demographic Studies¹.

NFNH costs are calculated using regional CPI weights and cross-checking the collected primary data for healthcare, education, and transportation cost categories. The calculated costs of health and transport were higher compared to the average survey results, and the education costs were lower. The survey results revealed that households incur costs ranging from 3,600 CFA/month up to 34,167 CFA/month for visits to health centers and the payment of medicines. Costs related to the use of motorbikes, bikes, and public transport for personal purposes different from work ranged from 8,000 CFA/month up to 11,200 CFA/month. The education expenses ranged from 7,750 CFA/month up to 77,667 CFA/month.

¹ INSEED (2020). *Annuaire Statistique 2019 de la region des Plateaux*

² Insights provided by the regional and coffee sector expert

* (i)Furnishings, household equipment, and household maintenance, (ii) Recreation and culture, (iii) Restaurants and hotels, and (iv) Miscellaneous goods and services



Results | A Living Income enables a household to provide buffer for unexpected/unforeseen events and expenses

How the margin for unexpected events is determined

Margin for unexpected events

Additional funds for sustainability and emergencies

CFA 11,791

Margin for unexpected events is provided to serve as a buffer for households



Risks



Accidents

How the margin for unexpected events is calculated

The margin for unexpected events for Wawa prefecture in Togo for April 2023 is CFA 11,791 per month. This is the minimum additional fund required to cover unforeseen events for a typical family of 2 adults and 3.7 children.

Income variability or unexpected expenditures can put at risk the economic resilience of the household. A margin on top of the cost of a decent standard of living is provided to enable households to set money aside and cater for unexpected occurrences such as death, accidents, or illness. This additional margin should enable producers and their families to cover unforeseen expenses and help prevent them from falling into the poverty trap.

The margin for unexpected events is calculated based on the estimated amount for all other cost categories. To determine the margin for unexpected events:

1. Aggregate all other cost components that constitute the cost of living for the reference household size
2. Apply an additional 5% margin to the total cost of living



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Living Wage | The Living Wage benchmark for rural Wawa prefecture in Togo is CFA 164,026 per month

How we determined the Living Wage benchmark

The Living Wage benchmark accounts for the contributions of all earners in a family. It is the gross remuneration workers should receive to afford a decent living standard for the entire family.

When considering Living Wages, it is crucial to include income taxes in order to calculate the total value of compensation that a full-time worker must earn to attain a Living Wage. Therefore, once the Living Income benchmark (LIB) is estimated, it is divided by the total number of full-time equivalents (FTEs) within the reference household to determine the Net Living Wage. By utilizing publicly available secondary income tax data sources¹, the income tax per FTE is added to estimate the gross Living Wage.

Overall, individual residents in Togo are subject to a specific direct income tax. Based on the collected income tax data, we estimated that a full-time worker in the reference household family would have to pay CFA 6,607 in income taxes. By adding up the calculated income tax costs to the Net Living Wage benchmark, a gross Living Wage of CFA 164,026 is estimated for the rural Wawa prefecture in Togo.

The **gross Living Wage for a full-time worker is CFA 164,026 (USD 272)**, given that the average number of full-time workers in the household is 1.6*.

	Cost [CFA/month]	Cost** [USD/month]
Food	132,072	219
Housing	22,235	37
Non-food, Non-housing	81,523	135
Margin for unexpected events	11,791	20
Living Income benchmark per household (LIB)	247,621	411
Net Living Wage (LIB / Full-time workers in the reference household*)	157,420	261
Income Taxes per FTE	6,607	11
Gross Living Wage benchmark per FTE	164,026	272

Note: Total values are rounded up to the nearest whole number.

* The total full-time workers in the reference household is rounded up to the nearest whole number. The exact value corresponds to 1.57300

**Exchange rate of 602.888 CFA (April of 2023). Source: <https://www.oanda.com/currency-converter>



Wage Ladder | The Living Wage benchmark is considerably higher than the official National Minimum Wage and other wage references in Togo

Minimum Wage and estimated average wages

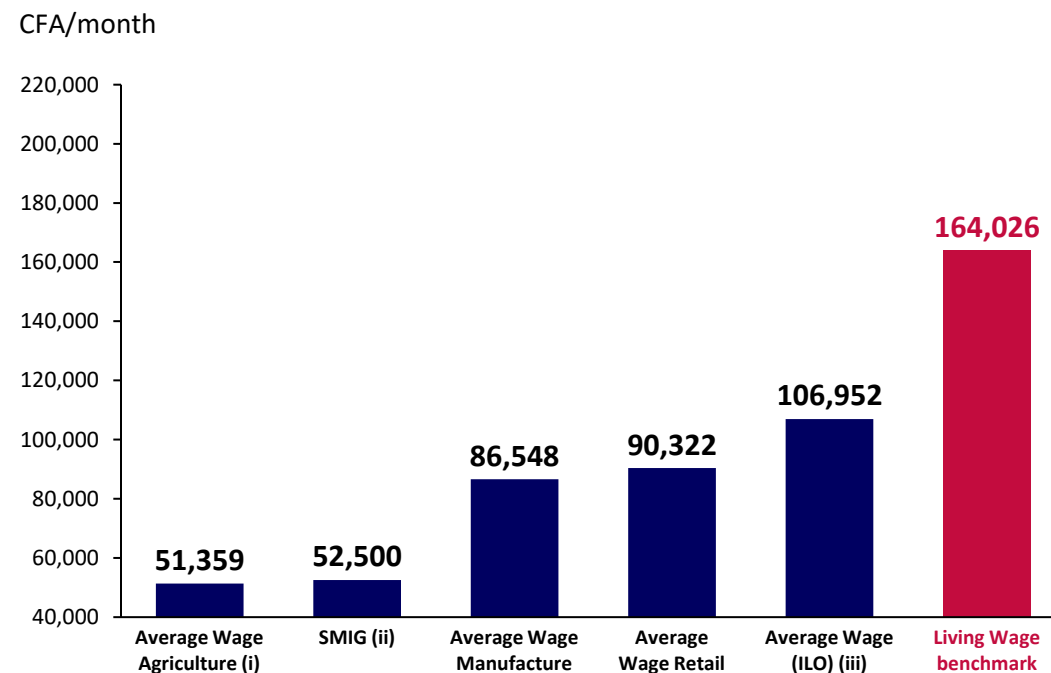
Available wage references are presented for 1 full-time equivalent (FTE) and adjusted to account for inflation, ensuring their comparability with the Living Wage benchmark established in this study.

A substantial difference is evident between the Living Wage benchmark and other wage references across various sectors. The most profound divergence is witnessed in the average wage in the formal agricultural sector¹ and the latest National Minimum Wage (SMIG)², which surpasses the former by a slight margin. A certain level of disparity also persists in other sectors, which collectively employ a significant majority of the country's workforce¹. However, this disparity is less compared to the average wage within the agricultural sector and the current SMIG.

The Living Wage benchmark exceeds the available average wage presented in the International Labour Organization's Global Wage Report³, which offers insights into real wages on a global scale. These disparities serve to highlight that the current earnings received by a full-time worker, regardless of some sectors in Togo, remain insufficient for sustaining a decent standard of living in the Wawa prefecture.

Note: Variations in household size may exist among the benchmarks on the wage ladder, although comprehensive underlying assumptions for all benchmarks are not accessible. Nonetheless, these discrepancies should not impact the primary findings, and the relative scale still provides a meaningful representation of the divergence.

Wage ladder for one FTE in Togo, 2023



- (i) Average salary in the formal sector of agriculture, livestock, and fishing.
- (ii) National inter-professional Minimum Wage.
- (iii) Average Nominal Wage refers to the average monthly gross remuneration of all employees taking into account regular bonuses for both worked and non-worked periods. It is an overall average across all employees, without focusing on specific categories such as manufacturing employees (Global Wage Report 2018/19 Appendix I).



Moving forward

Conclusion & Implications

Conclusion

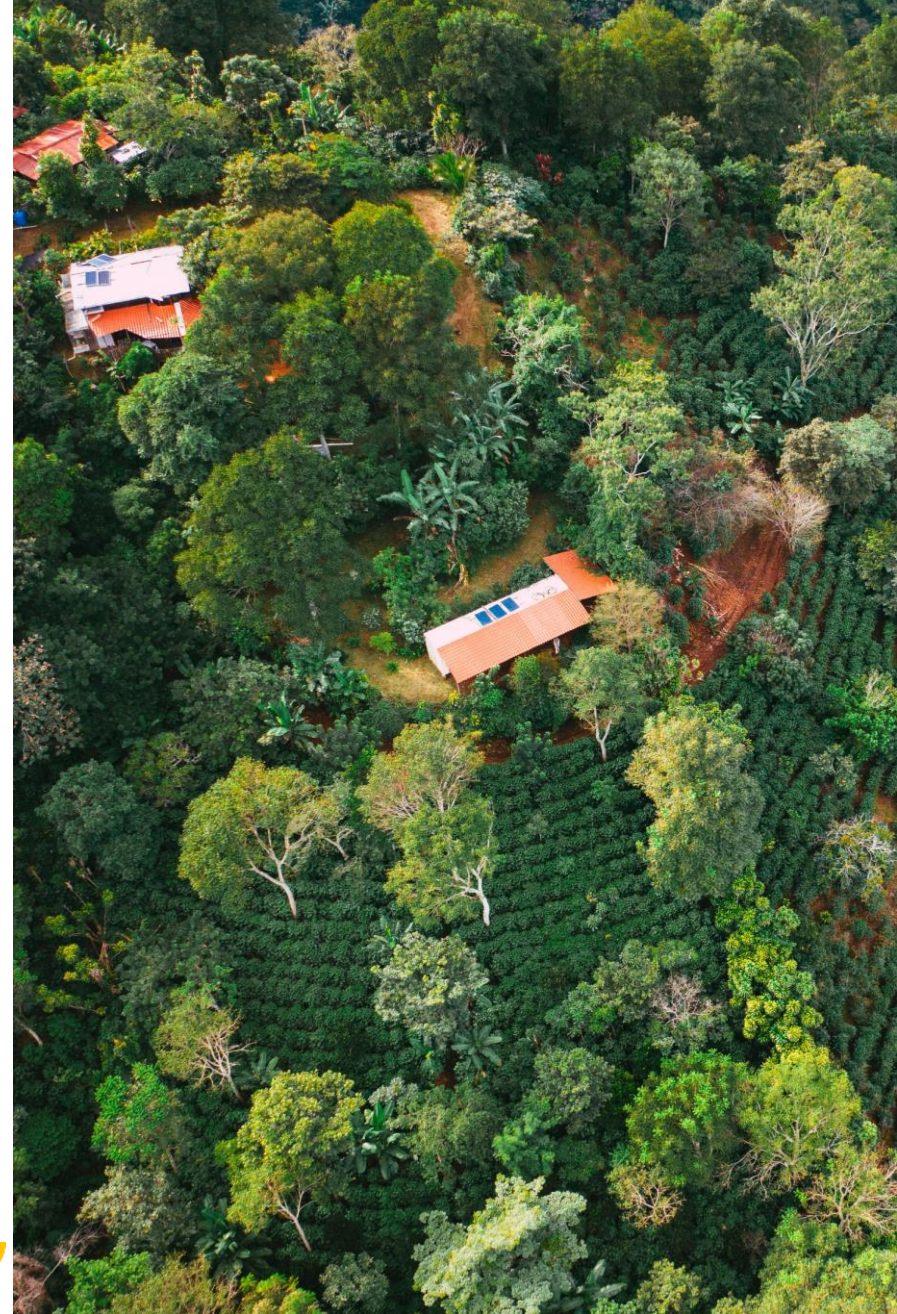
The Living Income benchmark for a reference coffee-growing household in the rural Wawa prefecture (Zogbegan, Otandjobo, N'Tarre Kope, Todome, Zomenou, Adossou villages) in Togo was estimated at 247,621 CFA/month for April 2023. The related gross Living Wage benchmark, considering a total of 1.6 earners in the family, is 164,026 CFA/month per FTE.

Food costs represent the highest expenditure category (53%), followed by Non-food, Non-housing costs (33%), Housing costs (9%), and Margins for unexpected events (5%).

Implications and potential next steps

The current study should not be considered a standalone document, but rather a key phase in the journey toward closing the Living Income gap for coffee-producing households. A potential next step consists of determining the most viable drivers (e.g. yield, price) that can help close the gap, and identify interventions that can help to do so.

Meanwhile, roasters, traders, producers, governments, and other key stakeholders can already take action to reduce the Living Income gap in their own areas of influence by advancing changes at the farm-, supply chain- and policy level. To know how, reach out to relevant parties or NewForesight (Daniel.Viviers-Rasmussen@newforesight.com).





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Annex | Establishing appropriate household size is important in the Living Income benchmark estimation process

How we determined the Reference household size



Reference household size

2 Adults + Estimated number of children

How we determine the Reference household size and number of workers

Producers should be able to support a family on a Living Income. This implies that farmers with larger family sizes will require relatively higher Living Incomes. Thus, establishing the average family size (the 'Reference Household Size') in that particular location is important. Reference Household Size serves as the reference basis for all calculations regarding costs of living.

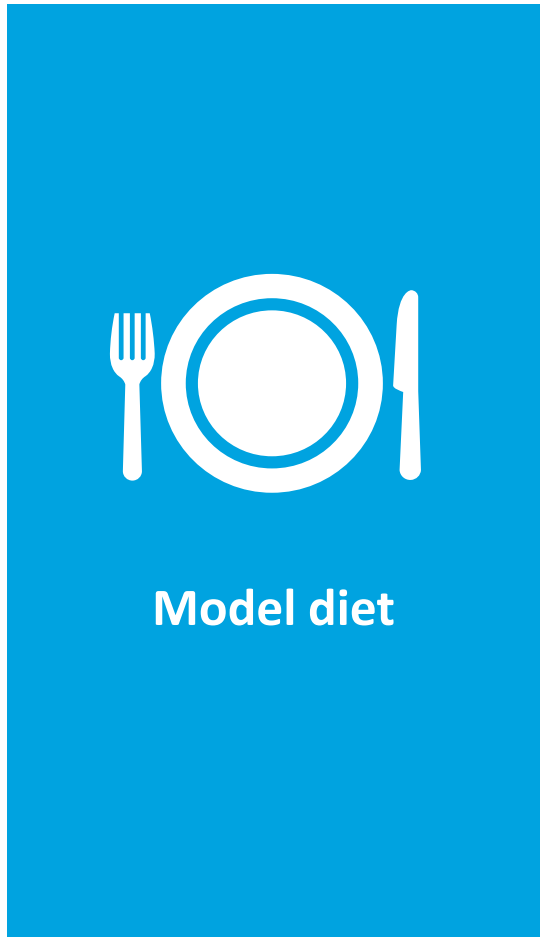
Important parameters to estimate the Reference household size:

- *Number of adults:* We assume that the reference household size consists of 2 adults and their children. No additional adults are considered in the reference household size
- *Number of children:* The estimated number of children is calculated using Total Fertility Rate and Child (under 5 year) Mortality Rate. Data is retrieved from Global Data Labs database (Institute for Management Research of Radboud University), which is an aggregation of household survey datasets at national and regional levels.
- *Number of workers:* We follow the Anker Methodology approach. Data on labor force participation rate, unemployment rate, and part-time employment rate are collected from ILOSTAT explorer database, retrieving the suitable indicators by sex, age and area type. When data is not available, ILO modelled estimates and projections or national and regional sources are used.

NewForesight's Living Income Benchmarking Methodology can adjust to estimate the Living Income for other accepted household configurations, such as the standard family size of 2 adults and 2 children or other personalized household compositions.

Annex | Methodology to estimate the cost of a local model diet

How we estimate the cost of a local model diet



How we estimate the cost of a local model diet

Food expenditures for households in developing countries can usually make up to 50% of the total household costs. It is therefore important to collect high-quality, accurate local food price data to ensure credibility of the Living Income/Wage benchmark.

We rely on a combination of primary and secondary data to estimate the cost of the model diet:

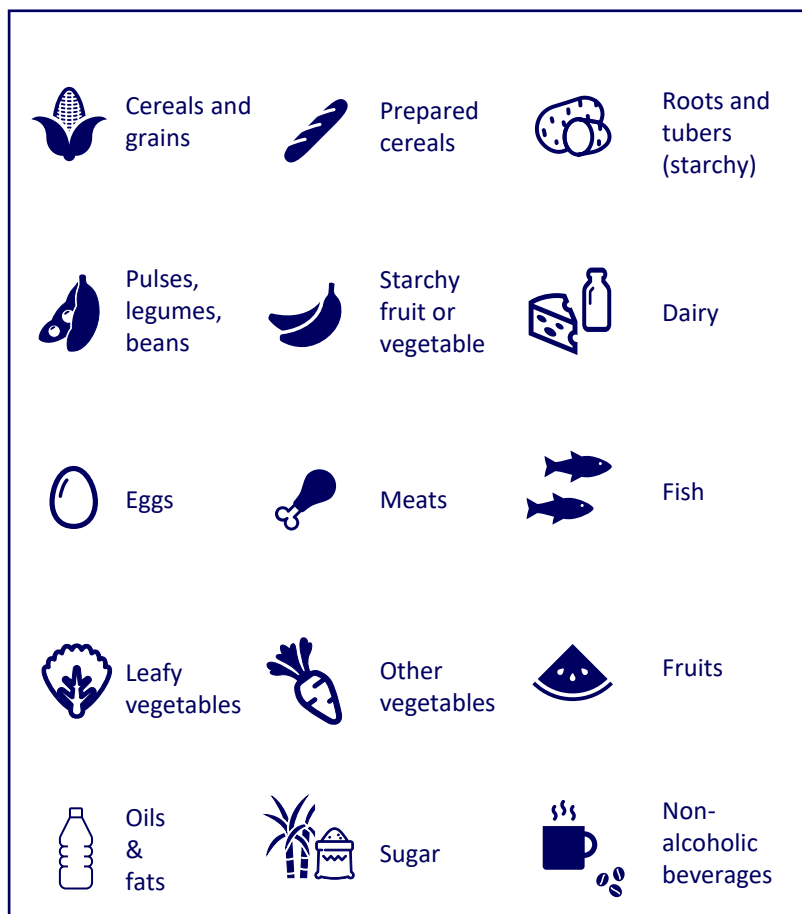
- *Daily calorie intake*: Family nutritional needs are calculated based on family members' BMI and physical activity level. Following the Anker methodology, the calculation of the number of calories is based on the Schofield equations, widely used to estimate calorie needs based on age, sex, height and activity level.
- *Nutritional values*: country-specific data on calorific content, edible portion, share and amount of carbohydrates, proteins, fats of the selected food items are gathered from the FAO database INFOODS. If not available, we rely on the USDA global database.
- *Food prices*: we collect primary data from local venues that are typically visited by the target communities. We collect data for 38 food items

An automated mathematical optimization model ensures the selection of the cheapest options available for a healthy and nutritious diet (19 food items). The model diet is calculated for an adult male. We then use conversion factors to estimate the equivalent cost for adult female and children in the household (gathered from scientific literature¹).



Results | Methodological considerations for determining a low-cost nutritious model diet that takes into account local food availability and preferences

Local model diet and food prices



How did we define the local model diet

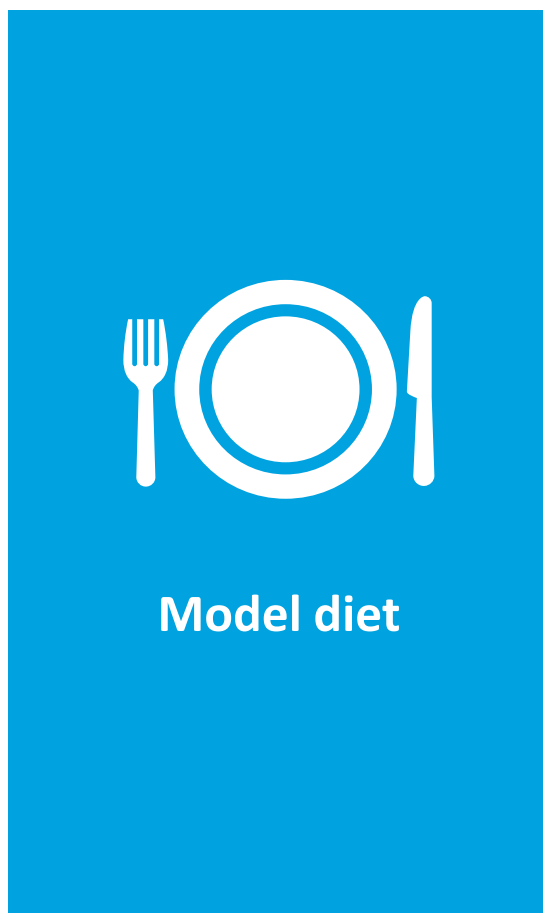
A Living Income should meet the expenditures for a low-cost nutritious diet that considers local food availability and preferences and that is in line with World Health Organization (WHO)/FAO recommendations. According to the WHO/FAO, a nutritious model diet covers all basic food groups (see image on the left). It should contain: **(a)** 50%-75% energy from carbohydrates; at least 10% of energy from high-quality proteins (animal-based proteins, pulses, legumes); 15-30% energy from fats; **(b)** it includes most affordable food items in each food groups; **(c)** at least 300 grams of vegetables & fruits per day (excluding starchy fruits and tubers); **(d)** at least 56 grams/day for pulses, legumes & beans; **(e)** It is consistent with local preferences and accounts for local availability; **(f)** Includes 15% additional cost to account for variability; **(g)** it does not include unhealthy foods (e.g. alcohol, cookies, soft drinks)

Our approach to design a local model diet consists of three steps: **(1)** consult with local nutritional expert to design long-list of food items; **(2)** collect food prices from 3 food venues in the region of the study; **(3)** define model diet based on most available and low-cost items

Venues to collect food prices were defined based on the geographical focus and the type of markets that are accessible to the target-group of the study.

Annex | Methodology to estimate the cost of a local model diet

Composition of a Model Diet – Togo Wawa prefecture price estimates April 2023



Food category	Food item	Grams/day	Related cost (CFA/day)
Cereals and Grains	Maize	300	78
Prepared cereals	Bread	75	68
Roots & tubers (starchy)	Cassava	300	30
Starchy fruit or vegetable	Plantain	160	48
Pulses, legumes, beans	Kidney beans	84	39
Pulses, legumes, beans	White beans	84	42
Dairy	Milk	60	188
Eggs	Eggs	29	45
Meats	Chicken	32	54
Fish	Frozen Akpala	32	54

Food category	Food item	Grams/day	Related cost (CFA/day)
Green leafy vegetables	Lettuce	100	33
Other vegetables	Onion	60	26
Other vegetables	Peppers	60	40
Other vegetables	Eggplant	60	27
Fruits	Banana	60	12
Fruits	Orange	60	12
Oils & Fats	Palm oil	34	27
Non-alcoholic beverages	Coffee	2	20
Other	Sugar	30	15

How we estimate the cost for decent housing



How we estimate the cost for decent housing

Adequate housing standards may vary depending on the region and setting. Our 4-step approach to define local decency standard and estimate related housing cost:

1. *Identify participants for primary data collection:* with support of local partners and relevant organizations we identify participants under the conditions that are relevant to the area and sector of the of study. In total, 15 households are surveyed to establish 1 Living Income benchmark.
2. *Carry out Cost-of-Living Survey:* we developed a survey that guides interviewers on collecting data on variables that constitute the cost of housing. These include monthly cost of rent, electricity, water, cooking fuel, heating. In cases where the house is owned by the household, we adopt the following strategies:
 - we ask participants the potential rent rate they would charge if they would rent their house
 - we gather data on the construction cost of the building to determine the monthly cost of *ownership*
3. *Assess condition of the house:* based on the local decent housing standard, we determine if interviewed participants meet the minimum standards of decency. Our local decent housing standard include verifying the wall materials, roofing materials, number of rooms, amenities, etc.
4. *Estimate the cost of decent housing:* The cost of housing constitutes the equivalent rent cost and other essential costs such as utilities and fuel.

Results | Methodological considerations to determine local decency housing standards and estimate housing costs

Local decent housing standard for rural Wawa prefecture in Togo

Mandatory criteria	Local decent housing standard in Rural Wawa Prefecture
Living space	2 or less persons per room excluding kitchen and toilet
Walls material	Walls in good conditions and made of semi-hard bricks (mix of soil and cement) are considered acceptable
Roof material	Permanent material. Accepted: Brick/cement/stone/well-joined walls/metal sheets
Floor material	Permanent material. Accepted: Cement/stone/tile/wood floor

Additional criteria	Local decent housing standard in Rural Wawa Prefecture
Toilet	Safe toilet in or near house. Unaccepted: Pit latrine without slab or open pit is unacceptable
Access to water	Borehole water for drinking and river water for non-drinking purposes is considered acceptable (<3 km distance)
Adequate cooking facility	Cooking can be done outside the house. if indoors, adequate ventilation required (minimum of a window in the kitchen)
Availability of electricity	Grid may not be available. Solar panels, alternative fuels or flashlights to provide at least adequate lighting.

How did we define the local housing standard and related costs

Producers and their families should live in decent conditions, protected from environmental elements and other hazards. Housing must be in line with (international) minimum housing standards as defined by the UN, ILO, and WHO, but tailored to the geographical context of the study. We developed a guideline to determine the acceptable conditions for decent housing in rural Togo, based on the Anker methodology. The approach includes a set of mandatory and non-mandatory criteria (*see left table*). To be considered decent, a surveyed house must meet all mandatory criteria and three out of four additional criteria. Housing costs include cost of dwellings (rent equivalent value) and costs of essential services such as water, electricity, and fuel.

Our 4-step approach to estimating cost of housing:

1. With the support of local partners, we identified 15 households to interview
2. We collected primary data on housing costs and household expenditures
3. We assessed the conditions of households to determine if minimum standards of decency are met
4. We estimate the cost of decent housing using collected primary data



Annex | Methodology to estimate Non-food, non-housing (NFNH) costs

How we estimate NFNH costs



Non-food, non-housing costs

How we estimate non-food, non-housing costs

Non-food, non-housing costs for a *Reference Household* include expenditure on health, transportation, education, clothing and on other essential needs depending on the focus region. For this estimation, a mix of methods of data collection is used:

1. *Collect data on the share of household expenditure:* National level data can be collected from the International Monetary Fund (IMF) global database on the share of household expenditure in the country of the study. If available, the share of household expenditure at a regional level is retrieved from national household surveys from the country of the study.
2. *Estimate NFNH costs:* NFNH are estimated using the food to NFNH ratio and the estimated cost of food for the reference family:

$$\text{NFNH costs} = \frac{\text{share of NFNH expenditure categories}}{\text{share of food expense}} \times \text{estimated cost of food for the reference family}$$

- *Cross-check secondary and primary data:* Cross-checks are done against estimated NFNH costs by comparing them with primary data collected through the Cost-of-living Survey. Expenditure categories undergoing cross-checking are healthcare, education and transportation. When significant and clear deviation is identified compared to NFNH, costs are adjusted to reflect the costs observed in the primary data collection.

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Report

Living Income Benchmark for rural Togo, focusing on coffee-producing households in the Wawa prefecture

