

# Role of Standards Systems for Living Wage

## Agriculture/Food Supply Chains





Standards Systems and Living Wage

# **AGREEMENT AND COLLABORATION**

# Agreement Among Standards Systems

- *We commit to adopt a common definition of living wage and to apply a common methodology for setting living wage levels and for evaluating wages and other forms of remuneration against those levels.*
- *We commit to applying all functions of our organizations towards the long term goal of improving wages.*
- *We commit to seeking support from brands, buyers, and retailers to make wage growth at the primary production level possible.*
- *We commit to working together and working with the relevant stakeholders in these processes.*

Living wage group partners:



Supported by:

# Goals of Collaboration

## Support and encourage wage growth

- Directly through living wage references in standards
- Indirectly by influencing other organisations (power of standards as a united front)
- increasing transparency on wages and living wages (public information)
- Empowering other actors to use the living wage concept and benchmarks to support wage growth and increased transparency

## Align on:

- definition, methodology for ‘living wage’
- approach to assessing current wages, wage growth, and wage gap

## Learn about:

- How to use standards and living wage benchmarks to encourage wage growth



Bio Farmers Tea Club, Vietnam © Didier Gentilhomme, Fairtrade International

## Living Wage Definition Within Standards



# What is a Living Wage?



*Living wage is the remuneration received for a standard work week by a worker in a particular place sufficient to afford a decent standard of living for the worker and her or his family. Elements of a decent standard of living include food, water, housing, education, health care, transport, clothing, and other essential needs, including provision for unexpected events.*

▪Elements of a decent standard of living include:

▪food,

▪water,

▪housing,

▪education,

▪health care,

▪transport,

▪clothing, and

▪other essential needs including provision for unexpected events

**Important note:**

•living wage is based on costs in a particular location – not sector specific.

•Paying a living wage won't guarantee decent standard of living for all families – only for an 'average' family.

# Living Wage Approaches

## Varied Application

- › Requirement that living wage be paid
- › Plan to raise wages faster than inflation toward a living wage
- › Negotiated or collectively bargained plan to progress toward living wage payment
- › Partnerships Beyond Standards to Raise Wages

## Standards Use in Practice – Malawi Tea

- › Unique agreement between major tea buyers, tea producers, trade unions, Oxfam, 3 social certifiers





Fairtrade International

# CASE OF STANDARD INTEGRATION OF LIVING WAGE



FAIRTRADE



# Fairtrade's Principles for Living Wage



- ❑ A Living Wage is a **human right** for all
- ❑ Wage issues are **value chain** issues
- ❑ It is a **journey** depending on:
  - ✓ Organisational commitment
  - ✓ Economic conditions
  - ✓ Collaboration in the sector and the chain
- ❑ Fairtrade is **facilitator** to this process by partnering with certified companies, unions and buyers of certified commodities

# The Fairtrade mix for Living Wage: no *silver bullet*



- 1. Standards:** ensuring workers' rights are respected:
  - ✓ bargaining mandatory when LW not reached,
  - ✓ wage increases need to exceed inflation
- 2. Collective bargaining:**
  - ✓ Requires protection of right to organize and bargain;
  - ✓ Support through information, training and organisational strengthening of workers organisations;
- 3. Living Wage benchmarks:** project with 6 other certifiers  
→ setting benchmarks, based on agreed definition and methodology



## 4. Improving livelihoods through Premium:

- Workers can opt for Fairtrade bonus of 20% cash, meaning for some an extra income equal to one month salary (depending on Premium/worker).
- Impact of Premium projects on workers' disposable income (cost savings re education, health and housing)

5. **Advocacy:** In the North (e.g. consumer campaigns, EU level lobbying) and South (appeal to governments)

6. **Value chain dialogue:** working with companies, their buyers and unions along the value chain →

**Thank You!**



**Global Living Wage Coalition**

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