

IDH's position on living wage benchmarks

29 June 2023



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transforming markets



Statement

At IDH, we envision a world in which sustainable and inclusive production at scale exists in global supply chains. We exist to accelerate and scale-up sustainable trade by building impact-oriented coalitions of front running companies, civil society, governments, knowledge institutions, and other stakeholders in several sectors. We believe in the power of convening the interests, strengths, and knowledge of public and private partners in programs that aim to mainstream sustainability in international and domestic commodity markets. We jointly formulate strategic intervention plans with public and private partners and co-invest with such partners in activities to develop and test innovative solutions to improve the overall sustainability of supply chains.

We work towards that vision by driving systemic market transformation towards the following impact themes: *better jobs, better income, and better environment*, with *gender equality* as a cross-cutting objective, in accordance with the Sustainable Development Goals.

As stated in our 2025 strategic plan, “IDH aims to achieve *better jobs* in agriculture (estates, processing industries) and manufacturing (textiles and apparel) for women and men across the value chains and landscapes we operate in by improving remuneration towards a living wage, improving worker engagement and representation, and improving working conditions.”

Better jobs are those that provide living wages¹ to workers, protection of freedom of association and the right to collective bargaining, while providing a safe workplace (for both men and women) and equal opportunities. To support our work on better remuneration towards living wages, IDH launched the [Roadmap on Living Wages](#), which aims to drive alignment and transparency on this critical topic by creating a set of tools to support companies, regardless of the sector in which they operate, and other stakeholders.

The starting point for any employer wanting to advance living wages in their own companies and supply chains is the calculation of what a living wage should be in the country/region where the company operates or sources from. Living wages are, per definition, the minimum remuneration (salary, bonuses and in-kind benefits) that workers should earn to be able to cover their basic living expenses, while recognizing that in certain sectors and geographies, this journey will take time. Hence, calculating the living wage becomes the first step in the Roadmap on Living Wages. To support that task, there are multiple organizations, consultancy firms, research institutes, and more recently, governmental agencies, that undertake research to provide us all with living wage benchmarks that can be used as reference to advance actions towards living wages.

Ultimately, IDH believes that the setting up of living wages should be undertaken by local governments in coordination with employers, unions, and worker representatives through social dialogue processes. The engagement with organizations such as ILO to support such efforts and building capacity of governments to do so is paramount. Meanwhile, living wage benchmarks produced by independent organizations can help companies and other stakeholders move forward, identifying potential gaps vis-a-vis current remuneration, and taking action to close them. To support stakeholders in the identification of sound living wage calculation methodologies, the Roadmap on Living Wages launched a [recognition process](#), which assesses interested methodologies against a set of [predefined criteria](#).

Through this process, stakeholders wanting to work on the topic can at least do so with living wage benchmarks that are calculated based on methodologies that meet the criteria. As a complementary tool, the Roadmap on Living Wages has also developed a [benchmark finder](#) to assist

¹ Earning a living wage means the basic cost of living for a family is attainable by the adult wage earners each month. A living wage is paid when a worker receives remuneration that is sufficient to afford a decent standard of living for the worker and her or his family in their location and time. Elements of a decent standard of living include food, water, housing, education, health care, transportation, clothing, and other essential needs including provision for unexpected events.



interested parties in identifying the [recognized methodologies](#) that have calculated living wage benchmarks for a given country/region.

Today, several recognized methodologies are further aligning on their own with the aim to provide us all with publicly available benchmarks, through a consortium called WageMap. At IDH, we commend such efforts and encourage all recognized methodologies to further communication among each other, so we can all access sound living wage benchmarks available as a public good.

We will continue to support the coordination of recognition process aforementioned and the complementary tools until perceived necessary by the living wage community, specifically, our [partners in the Roadmap on Living Wages](#) and the [sectorial platforms](#) working on this topic with our support.