



Pilot Living Wage by DAWs

Short summary of findings

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Fair Prices

First two points of Resolution (Rio) WFTO on Fair Prices-Fair Wages:

- Fair wages and prices crucial for fighting poverty and therefore key standard Fair Trade
- Fair wages and prices key to credibility

Yes, we / DAWS fully agree(!)

Fair prices/wages, what is fair?

DAWS-system :

Fair prices/wages = Living prices/wages =
a wage/remuneration for a full time worker/
producer sufficient to provide a minimum living
standard for a family of four

- obligation since 2008 importers calculate living wage per region
- basis for this calculation is a food-basket, importers do this individually

DAWs System of Fairtrade Recognition

- based on the principle of chain responsibility
- importers are contractually required to verify that production and working conditions satisfy fair trade criteria
- system has been designed to be simple as it is warranted and used by importers themselves
- importers collect the necessary data (food items and prices for the composition of a food basket and determining cost calculation) and check these with producers

Living Wage methodology

Two important questions:

- How to estimate living wage rates; what methodology to use?
- How to implement living wages?

Methodology should be internationally accepted & practical enough to be used

DAWs Living Wage methodology

Core of the methodology:

- the calculation of the cost of a sufficiently nutritious and varied food basket which is culturally appropriate and agrees with local food habits. This cost is multiplied by 3 (three adults = 2 adults & 2 children, dependent on living wage) and by a factor for non-food costs.
- this methodology is generally accepted (e.g. SA8000) as a basis to estimate poverty lines, it has been developed further by Richard Anker (ILO)

DAWs Pilot Living Wage

DAWs system till 2012:

Foodbasket multiplied by 3 (that should cover familysize, food and non-food costs)

Pilot Living Wage:

After research DAWs multiplication factor was changed (higher & differentiated factors for low income and middle income countries) so as to better reflect the cost of living for producers.

DAWs Pilot Living Wage

The revision was tested during a pilot in 2013, to find out:

Are living wages calculated according to the new method economically (business wise) viable; what practical problems are met when using the DAWS-system; what extra tools and guidance are needed.

DAWs Pilot Living Wage

Secondary goal of the pilot was:
to improve the consistency and
reliability of data, efficiency of the
system, co-operation between
importers in collecting the necessary
data

Outcome of the DAWs Living Wage pilot:

- ✓ Revised calculation method is viable and desirable in view of the need for a realistic living wage
- ✓ Collecting data has to be systematized and information on food ingredients and standard calories will have to be made systematically (and centrally) available
- ✓ Model diets/food baskets will have to be developed
- ✓ Co-operation with other fair trade actors is necessary such as FLO/SAI/Good Weave, WFTO and others who work on living wages
- ✓ Participants expressed concerns to introduce the revision in 2 years related to labour-intensive products & products produced by (part-time) homeworkers.

DAWs Pilot Living Wage

Different tools have been developed:

- Living Wage calculation form + Manual
- Living Wage Cost calculation form + Manual

DAWs Pilot Living Wage

Future activities:

- The pilot will be continued within new DAWs-CBI Upscaling Gifts & Living project (Dutch Ministry of Foreign Affairs)
- Participation in WFTO working group Fair Wages/Prices
- Cooperation with FLO/SAI/Good Weave and Universities



Thanks for your attention !

Any questions?