

Recommendations for Living Wage Estimates by Country

In accordance with the OECD due diligence guidance for the garment and footwear sector, member companies of the Partnership for Sustainable Textiles (PST) should analyze the wages paid to workers in the supply chain and identify countries where wages do not meet the basic needs of workers and their families. Furthermore, as part of the PST Review Process, member companies are required to address the sector risk of wages in their Roadmap as a mandatory topic. In order to determine whether prevailing wages meet basic needs of workers, it is important to use an appropriate living wage estimate. To this end, the PST is issuing a list of living wage estimates (see Annex).

The list of estimates has been compiled and is regularly updated by PST's strategic partner Fair Wear Foundation. Based on a review of available estimates/benchmarks, Fair Wear makes country-specific recommendations for estimates that brands can use in calculating their share of living wage increases. For countries not listed in the Annex, please refer to data provided by the Wage Indicator Foundation: <https://wageindicator.org/salary/wages-in-context>.

In providing these estimates (see Annex), PST's recommendation to member companies is to calculate the gap that currently exists between wages paid and prevailing living wage estimates. Beyond the analysis of the current wage situation in the supply chain, members of the PST are expected to take steps to close the wage gap (see PST's social standards¹). This requirement holds, regardless of whether they source from different shared production locations or wholly-owned facilities. Moving towards financing wage increases, a mix of approaches is possible, depending on the nature of the member company and relation with the supplier. For further information and practical examples, please refer to our [guidance on living wages](#).

Ideally, such estimates are the result of social dialogue processes at country level. The provided recommendations are not intended for use in any other context, most notably in the context of minimum wage setting or contexts where PST and Fair Wear would defer strongly to local stakeholders – notably local trade unions – and other specialised partners to lead the way on benchmark setting and collective bargaining.

¹ <https://www.textilbuendnis.com/download/buendnisziele-sozialstandards/>

Annex: Recommendations for Living Wage Estimates by Country

The list of living wage estimates has been compiled and is regularly updated by PST's strategic partner Fair Wear. The recommendations will be reviewed semi-annually in order to capture new and improved living wage estimates. (**The current version was updated July 2020**).

The provided living wage estimates are designed for use alongside *Fair Wear's wage ladder tool* (which better illustrates the available benchmarks, particularly in relation to current wage levels in a given facility) and labour minute costing tools (i.e. the *Labour Minute Costing (LMC) calculators* and wage calculation templates).

Wherever possible, Fair Wear has organised these estimates according to region – particularly in countries where cost of living varies considerably in different parts of the country. Where applicable, Fair Wear considered cost of living studies, which are methodologically different from living wage estimate calculations. In the absence of a reliable LW estimate, cost of living studies can provide valuable insights into estimating the amount needed by workers to have a decent living in the local economy.

It remains clear that the quality and consistency of methodology of living wage estimates remains spotty, at best. In developing this guidance, Fair Wear sought to provide as much consistency as possible. The quality and consistency of such calculations will hopefully continue to improve as local and international partners recognise the applicability of such calculations to garment price calculations.

It is for this reason that Fair Wear is supportive of ongoing dialogue between organisations conducting such research – particularly between the global and local experts.

In selecting the estimates, Fair Wear considered two main criteria:

- Estimates that are calculated and/or endorsed by a legitimate and representative local organisation, typically a trade union federation and/or confederation;
- Estimates that are methodologically strong, aligning with established approaches for calculating various living costs, family size, etc.

Fair Wear recognises there is a gender component to any living wage estimate. Moving forward, Fair Wear will integrate gender as one of its criteria for selection and update benchmarks accordingly.

About the estimates currently recommended by Fair Wear

Based on a review of available estimates/benchmarks in all of the countries where Fair Wear works, Fair Wear has endeavored to make country-specific recommendations for estimates that brands can use in calculating their share of living wage increases. Please note: Fair Wear's guidance on benchmarks should not be misconstrued as recommendations influencing legal minimum wage negotiations or other local discussions. In these cases, Fair Wear adheres to its ongoing policy to defer to local partners – notably local trade unions – to determine the appropriate benchmark to cite for such discussions. Fair Wear is clear that it is not a wage benchmarking organisation.

Global Living Wage Coalition (GLWC), otherwise referred to as the Anker methodology

The Global Living Wage Coalition (GLWC) was formed by various certification initiatives to provide living wage estimates based on a common definition of living wages. GLWC uses the methodology developed by Richard Anker and Martha Anker, who are former ILO and UN experts on wages and collecting and processing social data. (See review by Richard Anker, *Estimating a Living Wage: A Methodological Review*, ILO 2011 for the basis of the benchmarking methodology.)

The Ankers have worked with researchers in various regions and countries to develop living wage estimates that integrate local practices, based on consultation with local stakeholders –with regard to what workers tend to consume, average family size, and number of workers per family. The methodology is labour-intensive, and the Ankers conduct strict quality control, so GLWC benchmarks can take some time to produce.

On wage ladders, Anker estimates tend to be lower than the AFW estimates for the same countries. The differential may be partially explained by way of the regionally-specific nature of Anker’s estimates. These are specific to regions and sectors within countries. For this reason, Anker estimates for a single country can vary significantly between rural workers (where cost of living is often more affordable) and urban workers. In both instances, there are differences in what is consumed, the cost of such consumables, as well as family size and number of wage earners. By this reasoning, the Anker estimates for expensive urban settings would align generally with the AFW. In limited cases, there seems to be some parity, e.g. Anker’s estimate for urban Shanghai is nearly even with the AFW estimate for China. However, based on Fair Wear’s research of relevant Anker estimates, some calculations assume an average family size of 1.5 earners, while other regions have an average family size of 1.87. AFW, on the other hand, only calculates one wage earner per family. Given this divergence in assumptions around how many incomes per family, it stands to reason that AFW benchmarks would be higher. We suspect Anker and AFW calculations for cost of living may be comparable, particularly in urban settings.

Given the rigor of Anker calculations, which are vetted through local stakeholders prior to publishing, Fair Wear endorses the use of these estimates in the calculation of brand’s share of living wages. It should be noted, however, that brands usually should use Anker estimates only for factories located in the same region for which the Ankers calculated the LW estimate. In some limited cases, however, it may be possible to apply an Anker estimate for one region (e.g. Ho Chi Minh City) to another (e.g. Hanoi) where cost of living is comparable.

PST brands should consult the Secretariat when seeking to apply any Anker estimate beyond the specific region for which they are intended.

For more information about Anker benchmarks, visit <https://www.globallivingwage.org>. The complete Anker methodology can be accessed [here](#).

Asia Floor Wage (AFW)

The Asia Floor Wage (AFW) proposes a wage for garment workers across Asia that would be enough for workers in the various countries in Asia to live on, while working to prevent competition on wages across national boundaries. AFW is a very conscious act of cross-border solidarity, whereby workers/trade unions seek to avoid the ‘race to the bottom’, i.e. where wage increases in one country drive manufactures to move production to a country where wages are lower. AFW uses purchasing power parity (PPP\$) to calculate a value that covers basic living costs, regardless of currency exchange rates, etc (in 2017, the AFW living wage benchmark was pinned at PPP\$ 1,181). The AFW is based on a food basket of 3,000 calories per day, which represents 50% of workers’ income (food in Asia tends to be expensive relative to the costs of basic housing, etc). An additional 50% of workers’ wages is estimated to cover the costs of housing, clothing, travel costs, children’s education, health costs and 10% discretionary spending/savings.

The AFW assumes one wage earner per family, covering their own living costs plus either

- two other adults, or
- one other adult and two children, or
- no other adults and four children

AFW tends to be the highest among the existing living wage estimates in countries where Fair Wear is active. This is most likely due to AFW's assumption of only one wage earner per family, whereas other estimates tend to assume another (often part-time) source of income in the average family in garment producing countries.

Fair Wear recommends brands to consider using AFW in calculations of their share of living wages. The AFW project makes an important contribution to progress on wages – through its provision of consistent calculations of living wages across various countries, and its efforts to prevent against the 'race to the bottom' from competition on wage levels and working conditions. Fair Wear modelling in various production countries has shown that the impact of living wages on prices is usually quite small – even as measured using the AFW benchmark. In many cases brands represent a small percentage of production at a factory (e.g. 2-5%). Therefore, opting to use a slightly higher living wage benchmark to calculate the additional amount to be passed along to workers can have a more significant impact for workers' lives – and help create more financial space for wage negotiations.

For more about AFW and to access any updates to the calculations, visit <https://asia.floorwage.org>

Trade union benchmarks

As mentioned above, sustainable wage increases are ideally realized through collective bargaining. If functional industrial relations systems are the end goal, it is critical that current efforts to work towards living wages support local stakeholders who will play a key role in such systems down the road, most notably trade unions.

In various countries, trade unions continue to undertake cost of living calculations – to support their wage negotiations and ensure that annual adjustments to workers' wages allow for a stable standard of living. For a relevant country where such estimates exist, a cost of living estimate should be included in considerations of living wage estimates. It is important to note, however, that 'cost of living' estimates are not necessarily synonymous with 'living wage' estimates, which is a common misconception in our work. Cost of living estimates can be undertaken in various ways. They may integrate most, or in limited cases even all, of the factors included in the definition of a living wage (food, housing, clothing, health care, transportation, education, and discretionary income). Cost of living estimates, however, do not account for average wage earners per family, etc.

It is important to clarify the exact methodology of each trade union cost of living estimate before being able to contextualise it in a living wage discussion. In some cases, however, trade unions have calculated an actual living wage benchmark, based on calculations of living costs, family size, and average earners per family. In such cases, Fair Wear pays special attention to these benchmarks with an eye towards supporting local systems for functional social dialogue.

CCC Living Wage Estimates in Eastern Europe

Clean Clothes Campaign uses AFW estimates in Asia and to complement those has conducted extensive research on wages in Eastern Europe. Between 2014 and 2017, in consultation with workers and local stakeholders, CCC endeavoured to provide living wage estimates for garment producing countries in this region.

Notably, AFW does not extend beyond Asia, and Anker, to date, has not undertaken living wage studies in these countries. Therefore, for countries in this region, the CCC living wage estimate is often the only available, relevant 'living wage' calculation.

Fair Wear has noted that some of the numbers provided by CCC for Eastern Europe need to be updated. Fair Wear will continue to consult with CCC and local partners in this regard.

Details		Amount	Recommendations - per country
Bangladesh (amounts in Taka)			
National benchmarks/estimates			Fair Wear Recommended LW Estimates for Use in Calculating Living Wage Factor for Facilities in Bangladesh
Legal minimum wage	EPZ 2018	₹ 8,000.00	- In Dhaka: AFW or GLWC's LW estimate for Dhaka.
Trade union demand	2018 Union Min Wage demand	₹ 16,000.00	- Outside of Dhaka: use AFW, GLWC's LW Estimate for Dhaka, or the trade union minimum wage demand of 2018.
AFW LW estimate	From 2020	₹ 48,280.00	<i>Please note: Fair Wear has not recommended the GLWC Estimate for satellites of Dhaka, because it falls below the trade union demand.</i>
Dhaka-specific			
GLWC living wage estimate - Dhaka	May 2016	₹ 16,460.00	
Bulgaria (amounts are in BGN)			
Legal min wage	For 2020	473.35 BGN	Fair Wear Recommended LW Estimates for Use in Calculating Living Wage Factor for Facilities in Bulgaria
60% of national wage average	CCC demand for all garment workers NOW, with progressive improvement towards LW. <i>Estimate based on Q1 2020 preliminary data from the National Statistical Institute here: gross country average in private sector = 1317 BGN. Hence, net country average = 1021.98</i>	612.60 BGN	Use CCC's LW estimate for Bulgaria, which is based on local research. <i>Please note: As of writing, the only existing LW estimate for Bulgaria is the one provided by CCC.</i>

Trade union estimate: cost of living (per person)	Per person for family of four, not including discretionary income (Confederation of Independent Trade Unions in Bulgaria (CITUB), November 2019).	618.00 BGN	
Industry average wage	Manufacturing - NACE section C, 2018, net (National Statistical Institute, data for Q4 2018, manufacturing).	891.59 BGN	
Living wage estimate for family of 4 net	CITUB, November 2019	1236.13 BGN	
CCC LW estimate net	Based on interviews with workers (2018)	2,239.00 BGN.	
China (Amounts in CNY)			
Shanghai			<p>Fair Wear Recommended LW Estimates for Use in Calculating Living Wage Factor for Facilities in China</p> <ul style="list-style-type: none"> - Asia Floor Wage (AFW) - Global Living Wage Coalition (GLWC/Anker) LW estimates, for the relevant city/region <p>FW staff has listed cities that have comparable costs of living as some of the cities where Anker LW studies have taken place, as follows:</p> <ul style="list-style-type: none"> - Asia Floor Wage can be used for cities of Dongguan, Xiamen - Asia Floor Wage is also the recommended estimate for Shenzhen, where the Fair Wear local team considers the GLWC estimate quite low - GLWC LW estimate for Suzhou can also be used for cities of Wengzhou, Ningbo
Legal minimum wage	Shanghai local govt - Apr 2019	¥2,480.00	
GLWC LW estimate	Shanghai as of Aug 2019 (based on family of 3.5 with 1.78 workers).	¥4,502.00	
AFW LW estimate	From 2020	¥5,410.00	
Hangzhou			
Legal minimum wage	As defined by local government, as of 1 Dec 2017	¥2,010.00	
GLWC LW estimate	Hangzhou as of Aug 2019 (based on family of 3.5 with 1.78 workers).	¥4,159.00	

AFW LW estimate	From 2020	¥5,410.00	Please contact Fair Wear's China team for further guidance.
Shenzhen			
Legal minimum wage	As defined by local government, as of 1 July 2018	¥2,200.00	
GLWC LW estimate	Shenzhen as of Aug 2019 (based on family of 3.5 with 1.78 workers).	¥3,004.00	
AFW LW estimate	From 2020	¥5,410.00	
Suzhou			
Legal minimum wage	As defined by local government, as of 1 Aug 2018	¥2,020.00	
GLWC LW estimate	Suzhou as of Aug 2015 (based on family of 3.5 with 1.78 workers).	¥3,875.00	
AFW LW estimate	From 2020	¥5,410.00	
India (amounts in INR)			
Noida			
Legal minimum wage	Unskilled incl. VDA, Oct. 2019	₹ 8,278.94	Fair Wear Recommended LW Estimates for Use in Calculating Living Wage Factor for Facilities in India - Asia Floor Wage - Trade union demand
Legal minimum wage	Skilled, incl. VDA, Oct. 2019	₹ 10,201.09	
Trade union demand	By Hind Mazdoor Sabha TU, 2019	₹ 18,000.00	
AFW LW estimate	2020	₹ 29,323.00	
Tirupur			
<i>Please note: For Tirupur, the GLWC LW estimate (which is based on 1.58 workers per family) reinforces the applicability of at least the trade union</i>			

Legal minimum wage	Hosiery, 2019	₹ 4,956.00	<p><i>demand, given the GLWC's' estimate is nearly ₹15,000. It is worth noting the GLWC calculated that a basic but decent living for a family of 4 = ₹20,118. This aligns more closely to the AFW estimate.</i></p> <p><i>The GLWC LW estimate for Uttar Pradesh does <u>not</u> apply. It was calculated for use in a rural agricultural setting.</i></p>	
Legal minimum wage	Cutting/sewing, 2019	₹ 7,358.00		
GLWC LW estimate - Tirupur	Urban Tirupur - based on family of 4 with 1.58 workers (updated August 2019)	₹ 15,570.00		
Trade union demand	By Hind Mazdoor Sabha TU, 2019	₹ 18,000.00		
AFW LW estimate	2020	₹ 29,323.00		
Indonesia (amounts are in IDR)				
Jakarta region				
Legal minimum wage	2020	Rp 4,276,349.00	<p>Please note the legal minimum wage is different across districts. For example, Jakarta has 5 districts, which means there are 5 different minimum wages. This policy includes only the provincial minimum wage.</p> <p><i>Please note: in the absence of GLWC LW estimates or reliable trade union estimates for cost of living - Fair Wear is experimenting with the use of WageIndicator.org estimates as a fallback estimate. It is worth noting that WageIndicator does not meet Fair Wear's main criteria for LW estimates, i.e. to be provided by a locally representative organisation (i.e. trade union) and/or have strong methodological basis. These figures are therefore being used as a placeholder until LW estimates that meet Fair Wear's criteria are published.</i></p>	
AFW LW estimate	As of 2020	Rp 7,249,086.00		
Wage Indicator LW estimate	As of 2019, based on family of 4, 1 worker	Rp 4,684,100.00		
Central Java				
Legal minimum wage	2020	Rp 1,742,015.00		
AFW LW estimate	As of 2020	Rp 7,249,086.00		
Wage Indicator LW estimate	As of 2019, based on family of 4, 1 worker	Rp 4,684,100.00		
West Java				
Legal minimum wage	2020	Rp 1.810.350.00		
AFW LW estimate	As of 2020	Rp 7,249,086.00		
Wage Indicator LW estimate	As of 2019, based on family of 4, 1 worker	Rp 4,684,100.00		
North Macedonia (amounts are in MKD)				

Legal minimum wage	As of December, 2019	14,500.00 МКД	Fair Wear Recommended LW Estimates for Use in Calculating Living Wage Factor for Facilities in North Macedonia <i>Please note: As of writing, the only existing LW estimate for Macedonia is the cost of living estimate provided by CCM, the Federation of Trade Unions.</i>
CCC - first step towards a living wage	60% of 2019 average national wage ² (25,213 МКД)	15,127 МКД	
Industry average	Net wages paid in the garment industry (March 2020 ³)	17,150.00 МКД	
Average national wage	According to National Bureau of Statistics (March 2020)	26,422.00 МКД	
Trade union cost of living estimate	For family of 4, by CCM (Federation of Trade Unions of Macedonia ⁴), March 2020	32,941.00 МКД	
Myanmar (amounts in Burmese Kyat)			
Legal minimum wage	As of May 2018 (1/3 increase from previous LMW)	K144,000.00	Fair Wear Recommended LW Estimates for Use in Calculating Living Wage Factor for Facilities in Myanmar Use the CTUM trade union demand, which is the only relevant estimate currently accessed for Myanmar by Fair Wear staff.
Trade Union cost of living estimate	By CTUM, 2018	K198,000.00	
AFW LW estimate	As of 2020	K516,312	
Romania (amounts are in ROM)			
Legal minimum wage	As of January 2020	1,297.00 RON	Fair Wear Recommended LW Estimates for Use in Calculating Living Wage Factor for Facilities in Romania Use the CCC LW estimate. Note the estimate from the Institute for Quality of Life was added in June 2020, following research on the Institute's methodology. Note that this is
Average wage in garment industry	NACE division 14 (March 2019)	1,987.00 RON	
CCC- first step towards a living wage	60% of average national wage	1,894.00 RON	

² <https://rafajlovski.com.mk/plata-tekoven.nspk>

³ Manufacture of wearing apparel, http://www.stat.gov.mk/pdf/2020/4.1.20.47_mk.pdf

⁴ <http://www.ssm.org.mk/mk/vrednosta-na-smk-za-mart-2020-godina>

Average national wage	Feb-19	3,157 RON		an estimate for a basic consumer basket for a family of 4 with 2 wage earners, and not a take-home wage level of one worker. For more information regarding this methodology, please contact the Fair Wear team.
CCC LW estimate for a family of 4	Based on interviews with workers in 2017/2018	3,500 RON		
Cost of living estimate for a basic consumer basket necessary for a decent standard of living	Calculated by the Institute for Quality of Life, net amount for family of 4 (2019)	6,762.00 RON		
Tunisia (amounts in TND)				
Legal minimum wage	For single worker with no children (2019)	TND	397.00	Fair Wear Recommended LW Estimates for Use in Calculating Living Wage Factor for Facilities Tunisia Given limited available figures and the absence of a living wage estimate for Tunisia, use UGTT's cost of living estimate. <i>Please note: Fair Wear is investigating other sources for appropriate estimates.</i>
CBA wage	For single worker with no children (2019)	TND	456.20	
Cost of living estimate	UGTT (Tunisian General Labour Union) - household of 4 people	TND	850.00	
Turkey (amounts are in YTL)				
Legal minimum wage	For 2020	2,324.70 ₺		Fair Wear Recommended LW Estimates for Use in Calculating Living Wage Factor for Facilities Turkey Use cost of living estimate from trade union federation, Turk-Is.
Starvation level estimate family of 4.	TURK-IS, May 2020	2,438.00 ₺		

Trade union estimate - cost of living family of four	TURK-IS, May 2020	7,942.00 ₺	<i>Please note: Fair Wear was not able to access any published living wage estimates for Turkey. Fair Wear staff have also noted the need to differentiate for regional differences in cost of living and are investigating options in this regard.</i>
Vietnam (amounts in VND)			
Region 1			<p>Fair Wear Recommended LW Estimates for Use in Calculating Living Wage Factor for Facilities in Vietnam</p> <p>- Region 1: Asia Floor Wage (2015) or Global Living Wage Coalition LW estimate</p> <p><i>Please note: the GLWC LW estimate for Region 1 (2016) is expected to be updated. Until then, it is advisable to use primarily AFW LW estimate for this region. It is also worth noting that in 2016 the Ankers (GLWC) calculated that a basic but decent living for a family of 4 in Region 1 = <u>₫10,928,741</u></i></p> <p>- Region 2 and Region 3: Asia Floor Wage (2020) or, in cases where the AFW figure is not achievable, the LW estimate from WageIndicator.org can be experimented with.</p> <p><i>Please note: in the absence of GLWC LW estimates or reliable trade union estimates for cost of living in Regions 2 and 3 -- Fair Wear is experimenting with the use of WageIndicator.org estimates as a fallback estimate for these two regions. It is worth noting that WageIndicator does not meet Fair Wear's main criteria for LW estimates, i.e. to be provided by a locally representative organisation (i.e. trade union) and/or have strong methodological basis. These figures are therefore being used as a</i></p>
Legal minimum wage	Region 1 - as of Jan 2020	4,420,000.00 <u>₫</u>	
GLWC - LW estimate	Zone 1 Urban Ho Chi Minh City - based on family of 4 with 1.78 workers (updated March 2016)	6,435,864.00 <u>₫</u>	
AFW LW estimate	As of 2020	13,183,848.00 <u>₫</u>	
VGCL proposal	VGCL estimate of minimum earnings needed to cover food, non-food and childcare (updated 2019)	4,298,400.00 <u>₫</u>	
Region 2			
Legal minimum wage	Region 2 - as of Jan 2020	3,920,000.00 <u>₫</u>	
WageIndicator living wage estimate	Sept 2019, based on a family of 4, 1.8 workers.	7,634,900.00 <u>₫</u>	
AFW LW estimate	As of 2020	13,183,848.00 <u>₫</u>	
VGCL proposal	VGCL estimate of minimum earnings needed to cover food, non-food and childcare (updated 2019)	4,298,400.00 <u>₫</u>	
Region 3			
Legal minimum wage	Region 3 - as of Jan 2020	3,430,000.00 <u>₫</u>	

WageIndicator living wage estimate	Sept 2019, based on a family of 4, 1.8 workers.	7,634,900.00 đ	<i>placeholder until LW estimates that meet Fair Wear's criteria are published.</i>
AFW LW estimate	As of 2020	13,183,848.00 đ	
VGCL proposal	VGCL estimate of minimum earnings needed to cover food, non-food and childcare (updated 2019)	4,298,400.00 đ	
Vietnam region 4			
Legal minimum wage	As of Jan 2020	3,070,000.00 đ	
AFW LW estimate	As of 2020	13,183,848.00 đ	
VGCL proposal	VGCL estimate of minimum earnings needed in Region 1 to cover food, non-food and childcare (updated 2019)	4,298,400.00 đ	