

Executive Summary



**Living Wages In Africa: Learnings
from the AIM-Progress Africa Hub
Pilot Project On Living Wages**



About the project partners



AIM-Progress is a global initiative of fast-moving consumer goods manufacturers and their common suppliers, joining forces to drive positive change in their supply chains. AIM-Progress works in a pre-competitive environment with 45+ members from a diverse set of international brands and suppliers linked through the commonality of their supply chains.

Our mission is to positively impact people's lives and ensure respect for human rights while delivering value to our members and their supply chains. This is done across four areas: human rights priorities and respective Working Groups, the Regional Hubs, Mutual Recognition work stream to create synergies in approaches, and the Capability Building work stream to equip our members with knowledge and ability to execute strong, responsible and sustainable sourcing programmes.



Partner Africa is a registered NGO with a mission to improve the working conditions and livelihoods of vulnerable African employees and producers, addressing all forms of exploitation. In addition to their London office, they are based throughout Africa, with offices in Nairobi and Cape Town.

Our work is guided by the United Nations Guiding Principles on Business and Human Rights, and through our auditing and advisory services, we identify and address the salient human rights risks in African supply chains. By doing this, we aim to improve our clients' systems and practices so that they can achieve their responsible business goals.

About this Executive Summary

This is an Executive Summary of a learning paper discussing the AIM-Progress Africa Hub pilot project on Living wages. This Executive Summary highlights the key findings, learnings and recommendations from the project. The project was commissioned by the AIM-Progress Africa Hub and implemented by Partner Africa whilst working with six African suppliers who supply to AIM-Progress Africa Hub members.

The project aimed to support these suppliers in commencing their Living Wage journeys through:

Training delivery

Identifying and understanding current Living Wage gaps for their employees

Providing suggestions and recommendations for closing (potential) Living Wage gaps

The project also aimed to identify trends and patterns of the 6 suppliers' Living Wage journeys and to disseminate the key learnings of the project amongst AIM-Progress members whilst providing them with recommendations on engaging with their suppliers on the topic of Living Wage.

Six suppliers from the bottling, security, printing, alcohol, plastic products and non-food manufacturing sectors were selected by AIM-Progress Africa Hub members to participate in the project. First, Living Wage benchmarks for each supplier's region were identified using the Wage Indicator methodology. Suppliers were then trained on the Living Wage and the IDH Salary Matrix online tool, which calculates employees' remuneration considering their wages, in-kind benefits and bonuses and compares it against Living Wage benchmarks. Next, Partner Africa's associates, certified IDH Living Wage Auditors, verified the inputted data via on-site visits. Incorrectly inputted data was then amended to ensure accurately, automatically generated IDH Salary Matrix Living Wage reports could be generated. Finally, confidential annexes with key findings and tailor-made advice for each supplier on getting closer to the Living Wage benchmark were provided to suppliers.

In case you would like to know more about the project or access the whole Learning Paper, please reach out to advisory@partnerafrica.org

The project's key takeaways

LIVING WAGE GAPS

55% earn below a Living Wage



55% of the 973 employees within this project's scope (across all participating suppliers) earn below a Living Wage

with an average gap size of

42%

equating to an average gap of **\$164** a month

Most employees with Living Wage gaps are:

CASUAL • UNSKILLED • AGENCY • PIECE RATE EMPLOYEES

For many suppliers, **retrieving remuneration data** from labour brokers or agencies and outsourced service providers **was difficult**. Therefore, the Living Wage gaps of many of those employees could not be identified. These workers are often some of the **most vulnerable in supply chains**. As such, **Living Wage gaps would likely be more and wider** if all these workers were included in the Matrix calculation.

CAPACITY BUILDING

Training received was crucial for suppliers to understand better the concept of Living Wage and how to complete the Salary Matrix.

●○○○○○ **1** supplier was familiar with the definition and concept of a Living Wage. At the start of the project, only

At the end of the project, all suppliers had a very good understanding of the Living Wage concept and calculations.

100% of suppliers

said the **ongoing troubleshooting support** from Partner Africa was either **very helpful or extremely helpful** with **57%** saying it was **extremely helpful**.

In addition, the on-site visit by trained auditors was also highly beneficial to suppliers to ensure correctly calculated wages, in-kind benefits and bonuses.

BENCHMARKS

For all participating suppliers, the pilot used the

WageIndicator Typical Family - Lowest Value benchmark,

as the free Anker Methodology benchmarks were unavailable for all regions the suppliers were based in. Benchmarks include a low and a high range; the former can be considered a stepping stone, but wages should ultimately be above the latter. In this project the lowest yearly average per region was used as the first step in the right direction to pay Living Wages. **Suppliers still considered these benchmark figures (too) high**. To promote better uptake of business engagement with the Living Wage, it's **important that more benchmarks** are made **freely available** and regularly updated and that suppliers agree with the benchmark figure.

THE IDH SALARY MATRIX

The IDH Salary Matrix is currently one of the easiest and free-to-use tools that any business

in any industry can use to understand their remuneration and their Living Wage gaps. Therefore, **the tool has a lot of value**. However, during the implementation of this project, **participating suppliers experienced some issues**. Whilst it is commendable that the tool utilises user feedback to optimise its system and, therefore, regularly updates, some **suppliers were confused** with the new elements of the Matrix, and some **experienced a loss of data**.

TIME COMMITMENT

Completing the Salary Matrix was a time-consuming process for all participating suppliers. The **average time** it took **differed per number of employees** (e.g. the more employees, the more data you need to collect and insert). **Some businesses**, especially those with 300 employees, **took over 56 hours** to complete the matrix. For others, **with 12 employees took less than 7 hours**. It is important to recognise, acknowledge, and reward the significant time commitment from suppliers in completing the Matrix.

The project's key takeaways continued

COLLABORATION

This project illustrated that

an enabling, encouraging and collaborative environment is essential

for suppliers to start with their Living Wage journey and to pay Living Wages to be achievable.

Participating suppliers stressed the important roles that governments (for setting a Living Wage agenda), buyers (for improving purchasing practices), supporting organisations (for capacity building on the topic of Living Wage) and industry bodies (for setting an industry-wide benchmark) can play to make progress on Living Wages jointly.

THE BUSINESS CASE

To engage suppliers on the topic of Living Wage,

it is key to provide them with the 'business case' for paying Living Wages.

Explaining the benefits of paying Living Wages for the business ('what's in it for them') and the risk associated with low wages will tremendously help suppliers with starting their Living Wage journeys.

Part of this is the importance of rewarding those businesses that commit to Living Wages – financial or reputational rewards – incentivising suppliers to commit to Living Wages.

CONTINUOUS IMPROVEMENT



To encourage suppliers to pay Living Wages, it is important to stress that the Living Wage journey is about continuous improvement.

It is helpful for suppliers to break down the living benchmark target and set a realistically specific goal with a yearly target increase to ensure that Living Wages are met over a specific time period.



