



# Indicators and methodologies for wage setting

An ILO project supported by the Ministry of Foreign Affairs of the Netherlands



## Executive summary:

The project seeks to develop indicators and methodologies that will strengthen the capacity of governments and social partners to negotiate and set adequate wage levels, which take into account improved estimations of the needs of workers and their families along with economic factors. The methodologies and tools developed at the global level in this project will be tested in selected pilot countries which have requested technical assistance from the ILO on wage policies. Indicators developed and tested in this project will subsequently be incorporated in the ILO technical toolkit for future ILO support to member states on wage fixing. Studies will also look at the issue of wages and working condition in specific supply chains and tools will be developed to assess the effect of adequate wages on production costs at different levels of the global supply chains.

## The project at a glance:

**Donor:** The Ministry of Foreign Affairs of the Netherlands

**Partners:** Rainforest Alliance

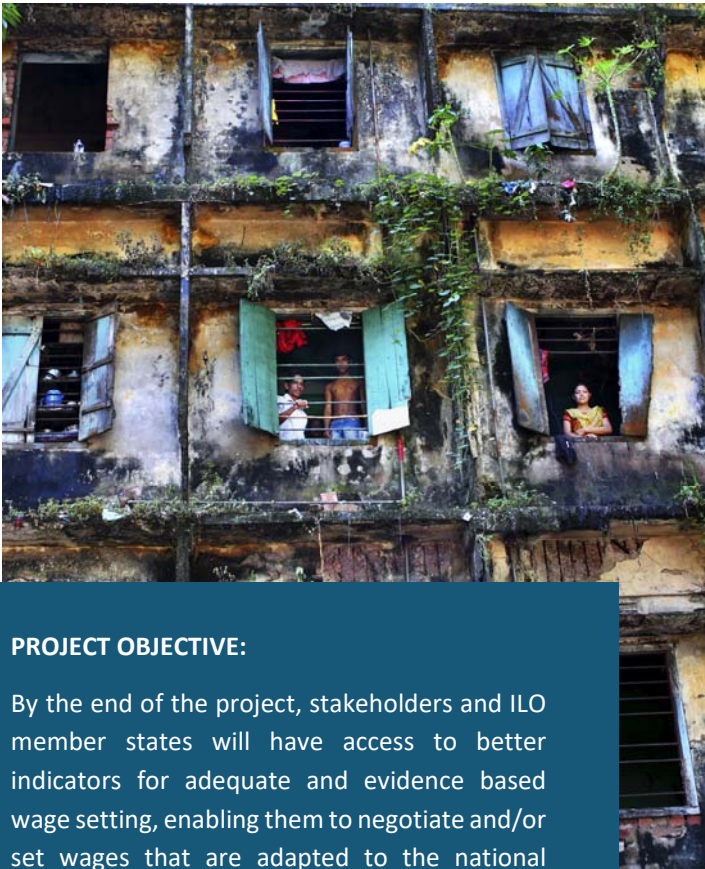
**Duration:** September 2018-August 2021

**Target beneficiaries:** governments, employers' and workers' organizations in the countries covered; low-paid workers in the formal and informal economy; supply chain actors in targeted agricultural and manufacturing supply chains (tea, coffee, banana, and garment sector).

**Geographical focus:** Costa Rica; Ethiopia; India; Indonesia; Vietnam.

## PROJECT CONTEXT:

Many workers around the world continue to suffer from very low wages, which sometimes do not fulfil the needs of workers and their families. By developing better indicators of needs of workers and their families, which reflect national circumstances, the project seeks to fill a knowledge gap and strengthen the capacity of governments and social partners to set minimum wages and other wage policies that take into account both social and economic factors. The maintenance of an appropriate balance between these two sets of considerations (social and economic) is crucial to ensuring that wages are adapted to the national context.



## PROJECT OBJECTIVE:

By the end of the project, stakeholders and ILO member states will have access to better indicators for adequate and evidence based wage setting, enabling them to negotiate and/or set wages that are adapted to the national context.

## PROJECT ACTIVITIES:

- Studies on the needs of workers and their families in pilot countries, in consultation with national stakeholders
- Training to constituents on how to use and adapt indicators based on their preferences for the purpose of wage bargaining or other mechanisms of wage determination
- Tripartite workshops on minimum wages
- Studies on workers' wages in selected supply chains, and the impact of wages on production costs and potentially prices through the chain
- A final guidance document on indicators for adequate wage setting, for future inclusion in ILO technical assistance